E. Dall[illegible] Talbert

DMEA-Contr. Admr. & Audit Div.

14X4401(01) Revolving Fund, Defense Production Act, Interior, (Transfer to Office of Secretary)

TELETYPE JUN 24 1958

J. W. TOWNSEND, Alternate/ACTING EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION 111
224 NEW CUSTOMHOUSE BUILDING
DENVER 2, COLORADO

REURTEL JUNE 23, DMEA-4411, IDM-E1052, TREASURE URANIUM AND RESOURCES, INC. ACCOUNT MAY BE CLOSED ON RECEIPT OF OBLIGATION DOCUMENT NOW BEING PROCESSED THROUGH BUDGET AND FINANCE BRANCH, BUREAU OF MINES.

George C. Selfridge
CHAIRMAN, OPERATING COMMITTEE

AAlley/GMcC (6/24/58)

cc: Admr. Reading File
Operating Committee
T. H. Kiilsgaard
Mr. Chambers
Confirmation (Region 111)

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

Re: Docket No. DMEA-4411 (Uranium)
Treasure Uranium & Resources, Inc.
NW¼ Sec. 6, T. 13 N., R. 9 W.,
N.M.P.M.
McKinley County, New Mexico
Contract No. Idm-E1052

Dear Mr. Hershman:

We are answering your teletype by letter for explanatory reasons. The waiting period of 90 days for claims was established for operators because that time would usually be enough. In this case doubtless the Operator did not understand the audit report of review or he may have failed to receive it. Probably the report of review will have to be clarified for the average operator. This is under consideration by the Contract Administration and Audit Division.

The fact is that we would have to pay the claim at any reasonable time the Operator presented it. It would appear to be less trouble for you to hold the account open 90 days from March 20, 1958, than to close it and have a claim presented where the refinancing of the project would have to be done.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

Frank D. Lamb
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

Copy to: Docket
Admr. Reading File
Operating Committee
Mr. Kiilsgaard, USGS
Mr. Paone, USBM
Mr. Chambers

JLChambers/ama
April 2, 1958

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Treasure Uranium and Resources, Inc.
531 South State Street
Salt Lake City, Utah

pertaining to Exploration Project Contract No. Idm-E1052, Docket No. DMEA-4411, including Amendment No. 1, and Termination Agreement dated Aug. 26, 1957, for the months of March, 1957 to June, 1957, inclusive, covering a project for the exploration of Uranium on property known as N.W. ¼, Sec. 6, T. 13 N., R. 9 W., located in McKinley County, New Mexico.

My review included an examination of the Monthly Reports (Form MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, conference with the Acting Executive Officer, DMEA Field Team, Region III, and a determination of the reasonableness and propriety of the costs.

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

(a) the administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible disallowance thereunder;

(b) the monthly reports were supported by documentary proof of the costs claimed under the contract provisions for contribution by the Government on the basis of actual costs incurred;

(c) a major portion ($14,353.62) of the costs incurred covered work performed at unit rates under independent contract; and

(d) the balance ($4,370.19) of the costs incurred were under a contract provision by the Government on the basis of fixed unit costs for work actually performed.

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

Total cost as billed by Contractor:		$18,444.84
Add: Allowable item not claimed (Schedule attached)		278.97
Subtotal		$18,723.81
Exceptions		
By DMEA Finance Officer	$0.00	
Herewith	0.00	0.00
Total Accepted Cost		$18,723.81

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Fourteen thousand, forty-two and 86/100ths Dollars

** $14,042.86 **

is considered valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Donald T. Finch

November 13, 1957

Donald T. Finch, Auditor

TREASURE URANIUM AND RESOURCES, INC.

SCHEDULE OF ALLOWABLE ITEM NOT CLAIMED BY CONTRACTOR

CONTRACT Idm-E1052 DOCKET IMEA-4411.

New Mexico school tax of 2% was invoiced to Operator by subcontractor. This item was not claimed by Operator. The unit cost per foot of drilling invoiced to Operator by subcontractor, including provision for the 2% school tax, was less than the allowable maximum unit cost per foot of drilling. This item, applicable to drilling, therefore is allowable under the terms of the contract. Analysis of the category follows:

	Invoiced Cost of Drilling	Tax
March, 1957	$ 5,805.69	$116.11
May, 1957	3,862.32	77.25
June, 1957	4,280.64	85.61
	$13,948.65	
Total Allowable Tax Not Claimed		$278.97

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

Re: Docket No. DMEA-4411 (Uranium)
Treasure Uranium and Resources, Inc.
NW¼ sec. 6, T. 13 N., R. 9 W.,
N.M.P.M.
McKinley County, New Mexico
Contract No. Idm-F 1052

Dear Mr. King:

Please refer to the last paragraph of your memorandum of December 5, 1957, to the Operating Committee, concerning the above-cited project.

We thought your suggesting that 90 days' time for an operator to make a claim on audit allowances might work a hardship on some operators. Therefore, we have established a time of four months (120 days) after issuance of an audit certificate or report of review. See Special Notice in the minutes of the Operating Committee, dated December 16, 1957.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

APPROVED:

Frank D. Lamb
Member, Bureau of Mines

N. E. Nelson
Member, Geological Survey

Copy to: Docket
Admr. Reading File
Operating Committee
Mr. Crawford, USBM
Mr. Killsgaard, USGS
Mr. Chambers

JLChambers/wb
December 16, 1957

Mr. Donald T. Finch
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Report of Review
Idm-K1052, DMEA-4411
Treasure Uranium and
Resources, Inc.

Dear Mr. Finch:

Your Report of Review, in lieu of a final audit of the referenced project, is acceptable and distribution is authorized after correction in the first paragraph of the date of the Termination Agreement. The date "June 26, 1957" has been corrected to "August 26, 1957" on the Washington copies.

Relative to the proper method of reporting additional allowances, please refer to my letter of this date in regard to your review of E940, DMEA-4017, Calmar Corporation.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

EDTalbert/wb
November 19, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

(Signed) J. L. Chambers

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 3 1957

DATE	INITIALS	CODE

RECEIVED DEC 3 1957 AUDITS BUREAU OF MINES REGION IV DENVER, COLO.

224 New Customhouse
Denver 2, Colorado
November 29, 1957

Memorandum

To: T. A. Christensen

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

Subject: Docket DMEA-4411 (Uranium) Contract Idm-E1052,
Treasure Uranium and Resources, Inc.,
(NW¼ Sec. 6, T 13 N, R 9 W, N.M. P.M.) McKinley County,
New Mexico - TENTATIVE FINAL PAYMENT

Reference is made to our memorandum of August 7, 1957, whereby we transmitted the final Form MF-104, Operator's Monthly Report and Voucher, for the month of June, 1957, and requested that you withhold the amount of $500.00, from reimbursement to the Operator, pending resolution of matters prerequisite to closing the account.

The Operator's final report has been received, therefore we recommend that tentative final payment to the Operator be made on the following basis, which is in conformance with the Report of Review of reported project costs by the Contract Administration and Audit Division, dated November 13, 1957.

Basis for Tentative Final Payment

Total allowable cost	$18,723.81	
Portion of allowable cost not reported by Operator on Form MF-104	278.97	
Allowable costs reported by Operator to date		18,444.84
Government participation at 75 percent		13,833.63
Total prior payments		13,333.63
Tentative payment due the Operator		$ 500.00

Note: Sufficient funds must be retained in the account to reimburse the Operator for 75 percent of the allowable costs of $278.97 not reported on Form MF-104, until such time as an acceptable claim voucher is filed by the Operator, or until the account is otherwise closed.

JDC:hmh

Original signed by
J. W. TOWNSEND
for E. N. Harshman

cc: Chmn. Op. Comm. (2)
Harshman
Hasler
DMEA/DFC
DMEA/G.Jet.
Townsend
MF-104 file, Reg. III
Corres. file, Reg. III
Chron

$500.00
NB
12/4/57 DMEA 58-67

RECEIVED
DEC 3 1921

224 New Customhouse
Denver 2, Colorado

August 7, 1957

DATE		CODE
		800

Mr. B. H. Robinson, Managing Director
Treasure Uranium and Resources, Inc.
531 South State Street
Salt Lake City 11, Utah

Re: Docket ~~DMEA-1411 (Uranium)~~
Contract Idm-E1052
Treasure Uranium and Resources, Inc.
(NW¼, Sec. 6, T 13 N, R 9 W, NMPM)
McKinley County, New Mexico

Dear Mr. Robinson:

Form MF-104, Operator's Monthly Report and Voucher, for June, 1957, has been received in this office and is being processed for payment.

All of the currently approved work under the contract has been completed, therefore an amount of $500.00 is withheld from reimbursement to Treasure Uranium and Resources, Inc., pending possible performance of additional work under the contract. If additional work is not approved by the Government, and performed by Treasure Uranium and Resources, Inc., the amount of $500.00 will continue to be withheld pending resolution of matters prerequisite to closing the account, and which include:

1. Execution by the parties to the contract of a suitable agreement to terminate the contract in its present status without performance of the balance of the work outlined in the contract.

2. Rendering to the Government a final report as required under Article 7(e) of the contract.

3. Release to this office of an Audit Report or Report of Review of the reported contract expenditures by the Contract Administration and Audit Division, DMEA.

Yours very truly,

Original signed by
E. N. HARSHMAN

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

JDC:hmh
cc: Chmn. Op. Comm. (2)
Harshman
Hasler
DMEA/DFC
DMEA/G.Jet.
Townsend
Corres.file, Reg.III

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

Budget Bureau No. 42-R1036.5

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

Month of June, 1957 Docket No. DMEA 4411 Contract No. Idm-E105 2
Operator's Name Treasure Uranium & Resources, Inc. Minerals Uranium
Address 531 South State Street, Salt Lake City, Utah
Contract Amount, $25,832.00 Government Participation: 75 % Amount, $19,374.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling	$4280.64	$9668.01	$13,948.65			
Bulldozing						
Crosscutting						
Drifting						
Standby Time	60.00	60.00	126.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
~~Sampling and~~ Analysis	55.00	35.00	90.00			
Payroll Taxes						
Liability Insurance						
Core Boxes		140.00	140.00			
Incidental Allow.	1019.20	3120.99	4140.19			
(8) Contingencies (specify):						
TOTALS	$5414.84	$13,030.00	$18,444.84	5414.84	13,030.00	18,444.84

RECEIVED AUG 13 1957 D.M.E.A.

DMEA DEPARTMENT OF THE INTERIOR JUL 23 1957 REGION III DENVER, COLORADO

I certify that the above bill is correct and just and that payment therefor has not been received.
Date July 20, 1957 *Payee Treasure Uranium & Resources Inc
Per B H Robinson Title Managing Director

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

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
$3561.13
Signature
(Authorized Certifying Officer)
Date 8/8/57 Vou. No. DMEA 58-13
(See other side)

Note: Withhold 500.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E1052 in accordance with the terms of the contract.

Signature [illegible] (Sd 406113) Title Min. Engr Date 7/29/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title acting Executive Officer Date AUG 7 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 1957 Docket No. DMEA 4411 Contract No. Idm-E1052

Operator's Name Treasure Uranium & Resources, Inc. Minerals Uranium

Address 531 South State Street, Salt Lake City 11, Utah

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	ft	---	---	4112.25	1370.75	3.00	1510	4.00
~~Churn~~ Plug	ft	4280.64	5096	9836.40	11,064.75	.84	13580	1.00
~~Water~~ Standby	hr	60.00	5	126.00	10.5	12.00	34	12.00
~~Stripping~~ Chem. Anal.	ea	55.00	11	90.00	18	5.00	66	5.00
~~Trenching~~ Core Boxes	ea	---	---	140.00	112	1.25	150	1.25
Test Pits								
Roads and Trails							1140 @	.20
Incidental Allow.	ft	1019.20	5096	4140.19	13,080.75		3550 @	.65
TOTAL DISTRIBUTED COSTS		$5414.84		$18,444.84				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$5414.84		$18,444.84				

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

Date July 20, 1957 Operator Treasure Uranium & Resources

Per R H Johnson Title Managing Director

REMARKS: Washing out (standby) costs on hole G-11, a total of 11 hours, are not listed since the work was done at the operator's request.

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

(Instructions on reverse)

(For Government use only)

RECEIVED AUG 13 1957 D.M.E.A.

DMEA DEPARTMENT OF THE INTERIOR JUL 23 1957 REGION III DENVER, COLORADO

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION

MADE AUG 9 1957.

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III
221 New Custom House, Denver 2, Colorado
Administrative Audit Difference Statement

Treasure Uranium & Resources, Inc.
531 South State Street
Salt Lake City, Utah

Date: August 8, 1957
Payee's Reference: June 1957

Gentlemen:

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

Amount Claimed $ 5,414.04

Difference $

Amount Approved $ 5,414.04

The reason for the difference was due to:

Withheld: $500.00 pending resolution of matters prerequisite to closing the account.

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 13 1957

DATE	INITIALS	CODE

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

224 New Customhouse
Denver 2, Colorado

August 7, 1957

OFFICIAL FILE COPY
DMEA
AUG 13 1957
INITIALS | CODE

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket-4411, (Uranium), Contract Idm-K1052, Treasure Uranium and Resources, Inc. (NW¼, Sec. 9, T 13 N, R 9 W, NMPM) McKinley County, New Mexico - Operator's Monthly Progress Report for the month of June, 1957

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

The work is being performed partly under independent subcontract and partly at fixed unit costs. The drilling and standby costs are as low or lower than the rates contained in the lowest and best bid submitted with the application. Although provided for in the contract no bulldozer work has been performed. Under the circumstances the costs for the work performed under independent subcontract are considered to be reasonable.

We consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended for 75 percent of the amount reported on Form MF-104 for June, 1957, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deduction :

<u>Withhold</u> an amount of $500.00 pending resolution of matters which are prerequisite to closing the account.

Note: Eight of the holes completed during June, 1957, penetrated more than five feet into the Westwater Canyon member of the Morrison formation. The excess footage and costs were not reported by the Operator on Forms MF-104 and MF-104A, therefore no adjustment for the excess drilling is required.

Remarks:

Date of Report----------July 20, 1957
Date Received in Field Office----------July 25, 1957
Date Received in Region Office----------July 30, 1957

Original signed by
E. N. HARSHMAN

E. N. Harshman

ENCLOSURES

JDC:hmh

cc: Chmn. Op. Comm. (2)
DMEA/DFC
MF-104 file, Reg.III
} w/copy of complete report

Harshman
DMEA/G.Jct.
Hasler
Townsend
Chron.
} w/copy of Engr's report

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 13 1957
DATE | INITIALS | CODE

DMEA
DEPARTMENT OF THE INTERIOR
JUL 30 1957
REGION III
DENVER, COLORADO

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
July 29, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: W. D. McMillan

Subject: DMEA Docket 4411 (Uranium) Contract Idm-E1052, Treasure Uranium and Resources, Inc., NW¼ sec. 6, T. 13 N., R. 9 W., NMPM, McKinley County, N. M. -- Progress report for June 1957

An inspection of progress was made on June 4, 1957, accompanied by Max Hemminger, geologist for the applicant.

During June 1957, 12 non-core drill holes on Stage II were completed. Summary data on the 12 completed holes are given in the following table:

Hole No.	Non-core feet	Approved Footages: Recapture feet	Approved Footages: Excess Recap. ft.	Mineralization % U_3O_8: Gamma Ray	Mineralization % U_3O_8: Chemical
I-11	442.0	8.0	3	Nil to trace	
H-4.5	452.0	4.0	0	Nil to 0.015	
I-13.5	462.0	6.0	1	Nil to 0.025	400.0-410-0.013
H-11	472	17.0	12	Nil to trace	
I-4.5	435.0	4.0	0	Nil to trace	
C-8.75	392.0	3.5	0	Nil to trace	
D-11	396.0	2.5	0	Nil to 0.010	
B-65	382.0	6.0	1	Nil to trace	
J-6.5	450.0	8.0	3	Nil to 0.025	380.0-396.0-0.027
D-2	402.0	8.0	3	Nil to trace	
H-2	436.0	6.0	1	Nil to 0.030	
C-13.5	402.0	6.0	1	Nil to 0.060	338-342-0.014
	5,123.0		25		
less	25				
approved	5,098				

The locations of all holes were checked in the field. Bit size was 4¼ to 4½ inches. Two foot samples were collected from the approximate middle of the Brushy Basin member through the Westwater member of the Jurassic Morrison formation. Holes were bottomed in the Recapture member.

The operator's narrative report was adequate with drill hole tabulations, drill hole structure maps, lithologic logs and MP-104's in quintuplicate and assay certificates and drilling contractor's invoices in duplicate. Only one copy of the driller's logs were submitted and these are being retained in this office.

Eight of these holes had excess footage of 25 feet in the Recapture member in excess of the contract specifications of 5 feet, as shown in the table of summary data, as compared with 27 feet excess shown on page 3 of the drill hole tabulation sheet.

The following cost items are recommended as allowable, these being the same as claimed by the operator:

5096 ft. of non-core drilling at $0.84/ft.	$4,280.64
Standby time, 5 hrs. at $12.00/hr.	60.00
Chemical analyses - 11 at $5.00/ea.	55.00
Incidental allowances - 5096 ft. at $0.20/ft.	1,019.20
Total allowable cost	$5,414.84

It is recommended that 75 percent of the total allowed costs or $4,061.13 be approved for payment.

In the narrative report the operator stated that exploration had not penetrated any uranium ore, but felt that a minimum of three additional holes should be drilled to complete the exploration. The operator has been requested to submit in quintuplicate a request for this additional work.

W. D. McMillan
Mining Engineer

WDM/mw
cc: 6
Idm-E1052
chron

DMEA
DEPARTMENT OF THE INTERIOR
JUL 23 1957
REGION II
DENVER, COLOR.

Treasure
URANIUM AND RESOURCES, INC.
531 SOUTH STATE STREET — SALT LAKE CITY 11, UTAH
PHONE EM 4-3426

Narrative Report July, 1957

During June, 1957, twelve plug drill holes were completed on the NW¼ Sec. 6, T13N, R9W, Mckinley County, New Mexico. Total footage drilled was 5,123 feet. Of this amount 27 feet were drilled to excessive depths into the Recapture member leaving the total amount of authorized footage drilled a total of 5,096 feet. Drilling was in progress at the beginning of the month and the last hole was bottomed on June 10. Drilling was done with two Mayhew 1500 drilling rigs operated by Four Corners Exploration Company of Grants, New Mexico.

The twelve holes completed during June were the last of twenty three holes authorized in stage 2, DMEA Docket 4411, Contract Idm-E1052.

All holes were plug drilled to total depth and all holes were bottomed in the Recapture member of the Morrison formation of Jurrassic age. Bit size was 4¼-4½ inches. Two foot samples were collected from the approximate middle of the Brushy Basin shale member to the total depth. These samples are properly labeled and stored with Four Corners Exploration Company a few miles west of Grants, New Mexico.

All holes were probed for gamma radiation and cuttings showing significant mineralization were assayed chemically for uranium.

A lithologic log was made of each hole and a drill hole structure map showing structure of the area was prepared.

All holes required water as a drilling fluid in order to be bottomed. Holes I-11 and C-8.75 were each skidded less than eight feet after attempts to remove metal objects from each hole failed.

The accompanying drill hole map and the lithologic logs show the lithology, location and mineralization of the holes drilled. Two of the holes drilled during June showed significant mineralization.

At the present time no drill holes have penetrated any uranium ore horizons. It is felt that any future drilling in this area should be concentrated in the areas of general mineralization. It is felt that a minimum of three holes, located at D-4.5, E-6.5 and J-8.75, are needed are needed to complete the basic exploration on this quarter section.

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Max Hemminger
Max Hemminger
Geologist

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

Budget Bureau No. 42-R1036.5

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

Month of May, 1957 Docket No. DMEA 4411 Contract No. Idm-E1052

Operator's Name Treasure Uranium & Resourses Inc. Minerals Uranium

Address 531 South State Street, Salt Lake City 11, Utah

Contract Amount, $ 25,832.00 Government Participation: 75 % Amount, $ 19,374.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling	3862.32	5805.69	9668.01			
Bulldozing						
Crosscutting						
Drifting						
Standby time	24.00	42.00	66.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
~~Assaying~~ and Analysis	10.00	25.00	35.00			
Payroll Taxes						
Liability Insurance						
Core Boxes		140.00	140.00			
Incidental Allow	919.60	2201.31	3120.99			
(8) Contingencies (specify):						
TOTALS	4815.92	8214.08	13030.00	4815.92	8214.08	13,030.00

RECEIVED JUL 5 1957 D.M.E.A.

Two original copies submitted by Operator

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

Date June 18, 1957 *Payee Treasure Uranium & Resources Inc

Per J. H. Robinson Title Managing Director

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

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

(Instructions on reverse)

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

$ 3611 94

Signature (Authorized Certifying Officer)

Date 6/28/57 Voucher DMA 57-143

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. John-E 1052 in accordance with the terms of the contract.

Signature W W McMillan ($3611.94) Title Min. Engr Date 6/25/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W H King Title Executive Officer Date JUN 27 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May 1957 Docket No. DMEA 4411 Contract No. Idm-E1052
Operator's Name Treasure Uranium & Resourses Inc. Minerals Uranium
Address 531 South State Street, Salt Lake City 11, Utah

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	ft			4112.25	1370.75	3.00	1510	4.00
~~Churn~~ xxx plug	ft	3862.32	4598	5555.76	5968.75	.84	13580	1.00
~~xxx~~ Standby	hr	24.00	2	66.00	5.5	12.00	34	12.00
~~xxxxx~~ Chem Anal	ea	10.00	2	85.00	7	5.00	66	5.00
~~xxxxxx~~ Core Boxes				140.00	112	1.25	150	1.25
Test Pits								
Roads and Trails								
Incidental Allow.	ft	919.60	4598	3120.99	7984.75		.65 @ .20	3550 units 11540units
TOTAL DISTRIBUTED COSTS		~~4815.92~~ 4815.92		~~13030.00~~ 13030.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
		4815.92		13030.00				
TOTAL COSTS		~~4815.92~~		~~13030.00~~				25,832.00

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

Date June 18, 1957 Operator Treasure Uranium & Resources Inc.
Per B H Robinson Title Managing Director

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

(Instructions on reverse)

REMARKS:

(For Government use only)

Leon C. Miller

RECEIVED JUL 5 1957 D.M.E.A.

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION

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7/5	Com	100
		800

224 New Customhouse
Denver 2, Colorado

June 27, 1957

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket-4411, (Uranium) Contract Idm-El[illegible]
Treasure Uranium and Resources, Inc.,
(NW¼ Sec. 6, T13N, R9W) McKinley County, New Mexico -
Operator's Monthly Progress Report for the month of
May, 1957

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

The work is being performed partly under independent subcontract and partly at "Fixed Unit Costs." The reported costs for drilling and standby time are as low or lower than the rates contained in the lowest and best bid submitted with the application, therefore the reported costs are considered to be reasonable.

We consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended for 75 percent of the amount reported on Form MF-104 for May, 1957, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

The Operator performed a total of 10 feet of excess drilling in six of the eleven holes completed during May, but did not report the excess footage and costs on Forms MF-104 and MF-104A.

Remarks:

Date of Report----------June 18, 1957
Date Received in Field Office----------June 24, 1957
Date Received in Region Office----------June 26, 1957

Original signed by
W. H. KING

W. H. King

Enclosures
JDC:hmh
cc: Chmn. Op. Comm. (2)
DMEA, DFC
Harshman - w/copy of Engr's report
MF-104 file, Reg. III
Chron.

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DATE	INITIALS	CODE

DMEA
DEPARTMENT OF THE INTERIOR
JUN 26 1957
REGION III
DENVER, COLORADO

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
June 25, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: W. D. McMillan

Subject: Docket DMEA 4411 (Uranium) Contract IAm-E1052, Treasure Uranium and Resources, Inc., NW¼ Sec. 6, T. 13 N., R. 9 W., NMPM, McKinley County, New Mexico -- Progress report for May 1957

An inspection of progress was made on June 4, 1957, accompanied by Max Hemminger, geologist for the applicant.

During May 1957, 11 holes were completed on Stage II, and the remaining twelve holes of Stage II were also completed on June 4, 1957.

Summary data on the 11 completed holes are given in the following table:

Summary Data of May Drill Holes, NW¼, Sec. 6, T. 13 N., R. 9 W., NMPM

Hole No.	Approved Footages			Mineralization	% U_3O_8
Feet	Non-Core Feet	Recapture Feet	Excess Recapture Feet	Gamma Ray	Chemical
E-11	394	8.0	3.0	0.0 to trace	
E-13.5	404	5.0	1.0	"	
F-13.5	410	5.0	-	"	
G-13.5	444	5.0	-	"	
G-11.0	439	5.0	-	"	
G-8.75	434	6.0	1.0	0.0 to 0.015	
F-8.75	412	7.0	2.0	0.0 to 0.035	3.5'-0.038 11.0'-0.012
F-6.5	416	5.0	-	0.0 to trace	
F-4.5	408	2.0	-	0.0 to 0.010	
E-8.75	401	6.0	2.0	0.0 to 0.025	
	4608		10.0		
	- 10				
	4598 approved				

The locations of all holes were checked in the field. Bit size was 4⅛ to 4½ inches. Two-foot samples were collected from the approximate middle of Brushy Basin and Westwater Canyon members of the Jurassic Morrison formation and were bottomed in the Recapture member.

The operator's narrative report was adequate with drill hole tabulations, drill hole structure maps, lithologic logs, and MF-104's in quintuplicate, assay certificates, drilling contractor's invoices in duplicate. Only one copy of the driller's logs were submitted and these are being retained in this office.

Six of the 11 holes had excess footage of 10 feet in the Recapture member in excess of the contract of 5 feet as shown in the table of summary data.

The following cost items are recommended as allowable:

4598 feet of non-core drilling at $0.84 a foot	$3862.32
Standby time, 2 hours at $12.00/hr.	24.00
Chemical analyses, 2 at $5.00/ea.	10.00
Incidental allowance, 4598 ft. at $6.20/ft.	919.60
Total approved costs	$4815.92

It is recommended that 75 percent of the approved total or $3611.94 be approved for payment.

W. D. McMillen
Mining Engineer

WDM/mw
cc: 6
Idm-E1052
chron

Treasure
URANIUM AND RESOURCES, INC.
531 SOUTH STATE STREET — SALT LAKE CITY 11, UTAH
PHONE EM 4-3426

RECEIVED JUL 5 1957 D.M.E.A.

June 10, 1957

Narrative Report

During May, 1957, eleven drill holes were completed on the NW¼ Sec. 6, T13N, R11W, McKinley County, New Mexico. Total footage drilled was 4608 feet but ten feet were drilled to excessive distances into the Recapture member hence only 4598 feet were authorized. Drilling commenced May 14 and was continuous throughout the remainder of the month. Four Corners Exploration Company, of Grants, New Mexico were contracted to do the drilling. Drilling was done with a Mayhew 1500 rig. During the latter part of the month another similar rig was brought into the area.

The eleven holes completed during May were a portion of the twenty three holes authorized in stage 2 of DMEA Contract Idm-E1052, Docket 4411.

All holes were plug drilled to total depth and all holes were bottomed in the Recapture member of the Morrison formation of Jurrassic age. Bit size was 4¼-4½ inches. Two foot samples were collected from the approximate middle of the Brushy Basin shale member to total depth. These samples are properly labeled and stored with Four Corners Exploration Company a few miles west of Grants, New Mexico.

All holes were probed for gamma radiation and cuttings showing significant mineralization were assayed chemically for uranium.

A lithologic log was made of each hole and a drill hole location and structure map of the area was prepared.

All holes required water as a drilling fluid in order to be bottomed. Hole I-11, after penetrating to the Dakota sandstone, was skidded less than 8 feet after attempts to recover a wrench accidentally dropped into the hole failed.

The accompanying drill hole map and the lithologic logs show the lithology, location and mineralization of the holes drilled. The upper contact of the Dakota ss was so indefinite that the contouring horizon was changed to the top of the carbonaceous shale facies within the Dakota ss. This shale member was well developed and easily discerible in all of the holes drilled.

Three of the eleven holes completed contained favorable weak mineralization and all holes north of an east-west line drawn through F-11 contained good amounts of bleached sands.

No definite mineralized trend could be discerned and no change of the location of the remaining holes authorized seemed advisable.

Max Heminger
Max Heminger
Geologist

Treasure
URANIUM AND RESOURCES, INC.
531 SOUTH STATE STREET — SALT LAKE CITY 11, UTAH
PHONE EM 4-3426

DRILL HOLE TABULATION SHEET

(Holes drilled on NW¼ Sec. 6, T13N, R9W, McKinley County, New Mexico during May, 1957.)

Hole	Completed	From	To	%U_3O_8	Total Depth	Excess Depth
E-11	5/15	0.0	270.0	0	394'	3'
		270.0	274.0	Tr		
		274.0	312.0	0		
		312.0	314.0	Tr		
		314.0	324.0	0		
		324.0	326.0	Tr		
		326.0	334.0	0		
		334.0	350.0	Tr		
		350.0	394.0	0		
E-13.5	5/16	0.0	248.0	0	404'	1'
		248.0	249.0	Tr		
		249.0	291.0	0		
		291.0	292.0	Tr		
		292.0	380.0	0		
		380.0	384.0	Tr		
		384.0	404.0	0		
F-13.5	5/20	0.0	196.0	0	410'	0'
		196.0	197.0	Tr		
		197.0	387.0	0		
		387.0	390.0	Tr		
		390.0	410.0	0		
G-13.5	5/21	0.0	438.5	0	444'	0'
		438.5	439.0	Tr		
		439.0	444.0	0		
G-11	5/22	0.0	312.0	0	439'	0'
		312.0	314.0	Tr		
		314.0	363.0	0		
		363.0	364.0	Tr		
		364.0	439.0	0		

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Treasure
URANIUM AND RESOURCES, INC.
531 SOUTH STATE STREET — SALT LAKE CITY 11, UTAH
PHONE EM 4-3426

DRILL HOLE TABULATION SHEET
(continued)

Hole	Completed	From	To	%U_3O_8	Total Depth	Excess Depth
G-8.75	5/24	0.0	349.5	0	434'	1'
		349.5	353.0	Tr		
		353.0	360.0	0		
		360.0	362.0	0.01		
		362.0	363.5	0.015		
		363.5	365.0	0.01		
		365.0	394.0	0		
		394.0	399.0	0.01		
		399.0	408.0	Tr		
		408.0	434.0	0		
F-8.75	5/27	0.0	290.0	0	412'	2'
		290.0	291.0	0.015		
		291.0	310.5	0		
		310.5	314.0	Tr		
		314.0	321.5	0		
		321.5	324.0	0.01		
		324.0	327.5	0.02	(0.038 chem)	
		327.5	330.5	0.015		
		330.5	334.0	0.020		
		334.0	335.0	0.01		
		335.0	336.5	0.03		
		336.5	337.5	0.01		
		337.5	355.0	0		
		355.0	357.0	0.01		
		357.0	359.0	0.015		
		359.0	361.0	0.02		
		361.0	362.5	0.04		
		362.5	366.0	0.035		
		366.0	368.0	0.01	(0.012 chem)	
		368.0	370.0	0.06		
		370.0	372.0	0.04		
		372.0	374.0	0.015		
		374.0	378.0	0.01		
		378.0	398.0	0		
		398.0	400.0	Tr		
		400.0	412.0	0		
F-6.5		0.0	323.0	0	416'	0'
		323.0	325.0	Tr		
		325.0	358.0	0		
		358.0	360.0	Tr		
		360.0	412.0	0		
		412.0	414.0	Tr		
		414.0	416.0	0		

Treasure
URANIUM AND RESOURCES, INC.
531 SOUTH STATE STREET — SALT LAKE CITY 11, UTAH
PHONE EM 4-3426

DRILL HOLE TABULATION SHEET

Hole	Completed	From	To	%U_3O_8	Total Depth	Excess Depth
E-8.75	5/30	0.0	278.0	0	401.0'	2'
		278.0	279.0	0.01		
		279.0	298.0	0		
		298.0	314.0	Tr		
		314.0	338.0	0		
		338.0	344.0	0.01		
		344.0	346.0	00.025		
		346.0	348.0	0.02		
		348.0	350.0	0.01		
		350.0	364.0	0		
		364.0	366.0	Tr		
		366.0	370.0	0.01		
		370.0	372.0	Tr		
		372.0	392.0	0		
		392.0	398.0	Tr		
		398.0	401.0	0		
I-8.75	5/31	0.0	318.0	0	446'	1'
		318.0	322.0	Tr		
		322.0	324.0	0		
		324.0	326.0	Tr		
		326.0	410.0	0		
		410.0	413.0	0.020		
		413.0	415.0	0.025		
		415.0	446.0	0		
F-4.5	5/31	010	292.0	0	408'	0'
		292.0	294.0	Tr		
		294.0	311.0	0		
		311.0	312.0	0.01		
		312.0	327.0	0		
		327.0	329.0	0.01		
		329.0	338.0	0		
		338.0	341.0	Tr		

Total footage	4,608'
Less excess footage	70'
Total authorized footage	4,538

MF-104 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

RECEIVED
APR 10 1957
Div. of Mineral Technology
BUREAU OF MINES
Denver Experiment Station
Denver, Colorado

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of March, 1957 Docket No. DMEA 4411 Contract No. Idm-E 1052
Operator's Name Treasure Uranium & Resourses Inc. Minerals mUranium
Address 531 South State Street, Salt Lake City 11, Utah
Contract Amount, $10,943 (stage 1) Government Participation: 75 % Amount, $8,207

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Expenditures~~ Short Form Contracts:						
Drilling	5,842.44	none	5,842.44			
Bulldozing						
Crosscutting						
Drifting						
Standby time	42.00	none	42.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
~~Sample~~ Analysis	25.00	none	25.00			
Payroll Taxes						
Liability Insurance						
Core Boxes	144.00	none	144.00			
Incidental Allow.	2209.35	none	2209.35			
(8) Contingencies (specify):						
TOTALS	8262.79	none	8262.79	8214.08	—	8214.08

RECEIVED JUN 3 1957 D.M.E.A.

I certify that the above bill is correct and just and that payment therefor has not been received.
Date April 8, 1957 *Payee Treasure Uranium & Resources Inc
Per R H Johnson Title Managing Director

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

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

(Instructions on reverse)

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

$6,160.56

Signature [signature]
(Authorized Certifying Officer)
Date 5/27/57 Vou. No. DMA 57-129
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 19m-E1052 in accordance with the terms of the contract.

Signature Verne Mullan (6/6/56) Title Min. Engr Date 5/9/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title acting Executive Officer Date MAY 24 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-194A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March 1957 Docket No. DMEA 4411 Contract No. Idm-E 1052
Operator's Name Treasure Uranium & Resourses Inc. Minerals Uranium
Address 531 South State Street, Salt Lake City 11, Utah

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core	ft	4149.00	1383	4149.00	1383	3.00	1510	4.00
~~[illegible]~~ plug	ft	1693.44	2016	1693.44	2016	.84	2040	1.00
~~[illegible]~~ Standby	hr	42.00	3.5	42.00	3.5	12.00	8	12.00
Stripping								
~~[illegible]~~ Chem Anal	ea	25.00	5	25.00	5	5.00	16	5.00
~~[illegible]~~ Core Boxes	ea	144.00	112	144.00	112	1.25	150	1.25
Roads and Trails								
Incidental Allow	ft	2209.35	3399	2209.35	3399	.65	3550	.65
TOTAL DISTRIBUTED COSTS		8262.79		8262.79				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		8262.79		8262.79				10,943.00

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

Date April 8, 1957 Operator Treasure Uranium & Resources Inc.

Per R H Robinson Title Managing Director

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

REMARKS: 3.5 hrs. were spent in washing out hole for gamma logger. Delay was due to breakdown of Century Geophysical's equipment.

(Instructions on reverse)

(For Government use only)

Wm C Allen

RECEIVED JUN 3 1957 DMEA

INSTRUCTIONS

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

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

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

GPO 872894

NAL DISTRIBUTION

MADE MAY 31 1957

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

Administrative Audit Difference Statement

Date: May 27, 1957
Payee's Reference: March 1957

Treasure Uranium & Resources, Inc.
531 South State St.
Salt Lake City, Utah

Gentlemen:

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

Amount Claimed	$	8,262.79
Difference	$	18.71
Amount Approved	$	8,244.08

The reason for the difference was due to:

Disallowances:

1. Core drilling.
   12.25 ft. excess core drilling @ 3.00 per foot. 36.75

2. Incidental Allowance.
   12.25 ft. drilling @ .65 per ft. 7.96

3. Core Boxes
   Claimed 112 core boxes at a total cost of 144.00
   Acceptable cost, 112 core boxes @ 1.25 per box 140.00
   Amount to be disallowed 4.00
   @ 18.71

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

Very sincerely yours,

N. E. Stokes
Audit Section

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DMEA
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DATE	INITIALS	CODE
6/3	C	220
		~~100~~
		800
		100

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

224 New Customhouse
Denver 2, Colorado

May 24, 1957

DMEA
RECEIVED

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket-4411, (Uranium) Contract Idm-21052, Treasure Uranium and Resources, Inc., (NW¼, Sec. 6, T13N, R9W) McKinley County, New Mexico - Operator's Monthly Progress Report, for the month of March, 1957

Enclosed are the original and four copies each of Forms MF-164 and MF-104A, Operator's Narrative Report, and Engineer's Report for the above period.

The work is being performed partly under independent subcontracts and partly at "Fixed Unit Costs". The standby time and drilling costs are as low or lower than the rates contained in the lowest tentative bid submitted with the application, therefore the standby time and drilling costs are considered to be reasonable.

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

The contract stipulates that the holes shall be bottomed at a point not more than five feet below the lower contact of the Westwater Canyon member of the Morrison formation. Four of the holes drilled during March, 1957, penetrated in excess of five feet below the contact as follows:

Hole No.	Excess core footage
E-11	3.5
F-2A	4.25
F-20	2.0
D-15.5	2.5
Total excess core footage----------	12.25

Disallowances:

1. **Core Drilling**
   Disallow reported cost of 12.25 feet excess core drilling at $3.00 per foot----------$36.75

2. **Incidental Allowance**
   Disallow Incidental allowance for 12.25 feet of drilling at $0.65 per foot---------- 7.96

3. **Core Boxes**
   Amount reported, 112 core boxes at total cost of ----------$144.00

   Acceptable cost, 112 core boxes at $1.25 per box---------- 140.00

   Amount to be disallowed---------- 4.00

Total amount to be disallowed----------$48.71

Reconciliation with Amount Reported by the Operator on Form MF-104 for March, 1957

Amount reported on Form MF-104 for March, 1957----------$8262.79
Amount to be disallowed---------- 48.71
Total acceptable cost for March, 1957----------$8214.08

Government participation at 75 percent----------$6160.56

Remarks

Date of Report----------April 8, 1957
Date Received in Field Office----------April 10, 1957
Date Received in Region Office---------- May 21, 1957

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures

JDC:hmh
cc: Chmn. Op. Comm. (2)
Konselman (2)
Harshman) w/copy of Engr's
Townsend) report
MF-104 file, Reg. III
Chron.

DMEA
DEPARTMENT OF THE INTERIOR

MAY 21 1957
REGION III
DENVER, COLORADO

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
May 21, 1957

Memorandum

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

Through: A. S. Konselman ASK
Mining Engineer

From: W. D. McMillan

Subject: Docket DMEA 4411 (Uranium) Contract Ida-21052, Treasure Uranium and Resources, Inc., NW¼ sec. 6, T. 13 N., R. 9 W., NMPM, McKinley County, New Mexico -- Progress report for March 1957

An inspection of progress was made on May 6, 1957, accompanied by Forest Finnker, geologist for Four Corners Exploration Company, who are the drilling contractors. Max Remminger, geologist for the applicant was in Las Vegas, Nevada.

During March, 1957, Stage I was completed, with 8 holes aggregating 2016 feet of non-core drilling and 1383 feet of core drilling.

Summary data on the 8 completed holes are presented in the following table.

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Summary Data of March Drill Holes
NW1/4 sec. 6, T. 13 N., R. 9 W., NMPM

Hole No.	Non Core feet	Core Feet	Total Feet	Mineralization Gamma Ray	U_3O_8 Chemical
N-15.5	280	174	454	0 to Tr.	
D-6.5	230	174	404	0 to Tr.	324-325-0.018 356-357-0.055
B-11	210	170	380	Tr. to 0.01	
F-2A*	230	178	408	Tr. to 0.017	
N-6.5	290	170	460	Tr. to 0.015	
F-20	258	184	442	0	
J-11	268	167	435	Cuttings- " Core	384-386-0.051 380-388-0.043 380-388-0.048
D-15.5	250	166	416	0 to Tr.	
Totals	2016	1383	3399		

*Hole relocated according to letter to operator, March 15, 1957.

The locations of all holes were checked in the field. Core diameter was NX and average core recovery was reported as 87.5 percent. The cores and cuttings are stored in a lot west of Four Corners Exploration Company's office. Boxes were examined and found to be correct.

The operator's narrative report was adequate with drill hole tabulations, drill hole structure maps, lithologic logs, in quintuplicate, assay certificates and drilling contractor's invoices, in duplicate. Only one set of the drill contractor's logs was submitted, which are being retained in this office.

The following holes were drilled into Recapture formation beyond limits allowed by the contract and excess drilling is disallowed.

Hole No.	Into Recapture (feet)	Disallowed (feet)
B-11	8.50	3.50
F-2A	9.25	4.25
F-20	7.00	2.00
D-15.5	7.50	2.50
		12.25

The following cost items are recommended as allowable:

2016.00 feet non-core drilling at $0.84 a foot	$1693.44
1370.75 feet core drilling at $3.00 a foot	4112.25
3386 feet incidental allowance at $0.65 a foot	2201.39
3½ hours standby time at $12.00 an hour	42.00
5 chemical assays at $5.00 each	25.00
112 core boxes at $1.25 each	140.00
Total Allowable	$8214.08

It is recommended that 75 percent of the approved total or $6160.56 be approved for payment.

W. D. McMillan
Mining Engineer

WDK/mw
cc: 6
Idm-21052
chron

April 5, 1957
Idm-E 1052
Docket # 4411

Narrative Report

During March 1957, eight holes, a total of 3399 feet, were completed on the NW¼ Sec. 6, T13N, R9W, Mckinley County, New Mexico. Drilling commenced March 4 and was completed March 30. These eight holes constitute the entire stage 1 of Contract Idm-E 1052, Docket # 4411.

This total is composed of 2016 feet of plug drilling to the approximate middle of the Brushy Basin member and 1383 feet of coring from that horizon through the Westwater Canyon member to the Recapture member all of the Morrison formation of Jurassic age.

Core diameter was 2 5/16". Average recovery was 87.5%. Cuttings at two foot intervals were collected throughout the cored interval.

All holes except H-15.5 and F-20 were wet and had to be drilled with water. One hole, F-2, was abandoned after 36 hours of trying to regain circulation failed. An offset, F-2A, was authorized and offset 75 feet in a southerly direction.

All core and cuttings are properly labeled and stored with the drilling company, Four Corners Exploration Company, a few miles west of Grants, New Mexico.

The accompanying drill hole map and the lithologic logs show the lithology, location and mineralization of the eight holes drilled.

A very favorable zone extends in an east-west direction across the central portion of this quarter section. Although mineralization is weak it is noteworthy that F-2A has 44 feet, J-11 has 25 feet and D-6.5 has 18 feet of continuous mineralization in the Westwater member. All holes except F-20, H-16.5 and D-15.5 has an abundance of bleached Westwater sands and can be considered very favorable looking holes.

Due to the relatively small aerial extent possible for an ore body in this area the 13 holes can easily be "bracketing" a very commercial body. Further drilling, especially in the central favorable zone, is necessary for a clear evaluation of this quarter section.

COPY

OFFICIAL FILE COPY
DMEA
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DATE | INITIALS | CODE

Max Hemminger
Max Hemminger
Geologist

DRILL HOLE TABULATION

N ½ SEC. 6, T12N, R9W, McKINLEY COUNTY, NEW MEXICO

Hole No.	Plus	Core	Depth	From	To	Gamma Value (%U3O8)
H-15.5	280	174	454	0.0	429.0	0
				429.0	435.0	Tr
D-6.5	230	174	404	0.0	288.0	0
				288.0	289.0	Tr
				289.0	311.0	0
				311.0	324.0	Tr
				324.0	325.0	0.018 Chem
				325.0	329.0	Tr
				329.0	353.0	0
				353.0	356.0	Tr
				356.0	357.0	0.055Chem
				357.0	363.0	Tr
				363.0	396.0	0
				396.0	400.0	Tr
				400.0	404.0	0
B-11	210	170	380	0.0	227.5	0
				227.5	229.0	Tr
				229.0	248.5	0
				248.5	249.5	Tr
				249.5	250.0	0
				250.0	260.0	Tr
				260.0	265.0	0
				265.0	267.0	0.01
				267.0	380.0	0
F-2A	230	178	408	0.0	268.0	0
				268.0	269.0	Tr
				269.0	270.0	0.017
				270.0	272.5	Tr
				272.5	311.0	0
				311.0	312.0	Tr
				312.0	335.0	Tr
				335.0	340.0	Tr
				348.0	249.0	0.017
				249.0	255.0	Tr
				255.0	408.0	0
H-6.5	290	170	460	0.0	310.0	0
				310.0	311.5	0.015
				311.5	329.0	0
				329.0	330.5	Tr
				330.5	377.0	0
				377.0	378.0	0.015
				378.0	387.0	0
				387.0	396.0	Tr

DRILL HOLE TABULATION

(cont')

Hole No.	Plus	Core	Depth	From	To	Gamma Value (%U3O8)
F-20	258	184	442	0.0	442.0	0
J-11	268	167	435	0.0	299.5	0
				299.5	300.5	Tr
				300.5	312.5	0
				312.5	314.0	Tr
				314.0	354.0	0
				354.0	355.5	Tr
				355.5	378.0	0
				378.0	380.0	0.03
			chem-	380.0	388.0	0.046 (core)-0.043(cutt)
			chem-	384.0	386.0	0.051
				388.0	399.0	0
				399.0	400.0	0.016
				400.0	401.0	0.010
				401.0	402.5	0.017
				402.5	403.5	0.010
				403.5	435.0	0
D-15.5	250	166	416	0.0	408.0	0
				408.0	409.0	Tr
				409.0	416.0	0
Totals	2016	1383	3399			

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

Mr. Ken Garff, President
Treasure Uranium and Resources, Inc.
531 South State Street
SaltLake City, Utah

Re: Docket No. DMEA-4411 (Uranium)
Contract No. I6m-X1052
NW¼ sec. 6, T. 13 N., R. 9 W.,
N.M.P.M.
McKinley County, New Mexico

Dear Mr. Garff:

Reference is made to your terminated exploration contract with the Government.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this project. Your attention, however, is called to the provisions of the contract which require the operator to keep and preserve certain records for the period indicated.

Your interest in the DMEA exploration program and participation therein are fully appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

MChing/gla
12-3-57
cc to: Admr.'s Reading File
Contract Adm. & Audit Division
Mr. Ching
DMEA Field Team, Region III (2)

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

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

Mr. Dale Barton
Attorney-in-Fact
United Pacific Insurance Company
1112 Continental Bank Building
Salt Lake City, Utah

Re: Docket No. DMEA-4411 (Uranium)
Contract No. Idm-21052
Treasure Uranium and Resources, Inc.
NW¼ sec. 6, T. 13 N., R. 9 W., N.M.P.M.
McKinley County, New Mexico

Dear Mr. Barton:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the above-cited contract.

The property as set forth in the contract is covered by your Performance Bond, dated January 17, 1957, under the captioned name and contract number.

In the absence of certification, the Government retains no claim against the bonding company that assumed the responsibility for performance under the contract.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

MChing/gla
12-3-57
cc to: Admr.'s Reading File
Contract Adm. & Audit Division
Mr. Ching
DMEA Field Team, Region III (2)

Audit copy

TERMINATION AGREEMENT

It is agreed this 26th day of August, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Treasure Uranium and Resources, Inc., hereinafter called the "Operator," parties to Exploration Project Contract Idm-E1052 (Docket No. DMEA-4411), dated January 17, 1957, as amended, hereinafter called the "Contract," that:

1. Effective June 18, 1957, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the cost of work performed prior to said effective date.

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

4. All rights of the Government provided for in the Contract with respect to a certification of discovery or development, percentage royalty and liens for its payment, records, audit, and recovery of any overpayment, are preserved.

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

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

THE UNITED STATES OF AMERICA

By C P Mistendorf
Administrator, Defense Minerals
Exploration Administration

TREASURE URANIUM AND RESOURCES, INC.

By Ken Sorg

Title President

Bond Release

224 New Customhouse
Denver 2, Colorado

December 11, 1957

RECEIVED
DATE
800

orig to 400

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA-4411 (Uranium), Contract No. Idm-E1052
Treasure Uranium and Resources, Inc.
(NW¼ Sec. 6, T 13 N, R 9 W, N.M.P.M.)
McKinley County, New Mexico

Enclosed are the original and two copies of a letter dated December 9, 1957, from the Dale Barton Agency, requesting evidence of release of liability under the subject contract. Also enclosed are two copies of our acknowledgment to the agency, advising the disposition of their request.

The matter is forwarded for your reply to the Dale Barton Agency.

Original signed by
W. H. KING

W. H. King

Encls.

JWT:bh

cc: Townsend
Corres. File
Chron.

JWC:bh

cc: Townsend
Corres. File
Tyron.

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 16 1957
DATE CODE

224 New Customhouse
Denver 2, Colorado

December 11, 1957

Dale Barton Agency
Continental Bank Building
Salt Lake City 1, Utah

Re: Docket No. DMEA-4411 (Uranium)
Contract No. Idm-E1052
Treasure Uranium & Resources, Inc.
(NW¼ Sec. 6, T 13 N, R 9 W, NMPM)
McKinley County, New Mexico

Gentlemen:

Your letter of December 9, 1957, regarding release of liability under Contract No. Idm-E1052 has been referred to the Washington Office, DMEA, for reply.

Very truly yours,

Original signed by
W. H. KING
W. H. King,
Executive Officer, DMEA
Field Team, Region III

JWT:bh

cc: Chairman, Op. Comm. (2)
Townsend
Corres. File
Chron.

DEPARTMENT OF THE INTERIOR

DEC 11 1957

REGION III

DENVER, COLORADO

DALE BARTON AGENCY

INSURANCE - SURETY BONDS

CONTINENTAL BANK BLDG. • SALT LAKE CITY 1, UTAH

TELEPHONE DA 2-5511

December 9, 1957

CONTRACT BONDS

Defense Minerals Exploration Administration
222 New Custom House
Denver, Colorado

Re: Bond No. 271927
Treasure Uranium & Resources, Inc.
Contract No. IDM-E1052

WORKMEN'S COMPENSATION

Gentlemen:

We have been advised that the captioned contract was closed by agreement and that there is no necessity to renew it. Will you please furnish us with evidence of release of liability under this contract.

Thank you in advance for your prompt attention to this matter.

Very truly yours,

DALE BARTON AGENCY

By Maline Sandell

COMPREHENSIVE LIABILITY

MS

cc: United Pacific Insurance Company

Audit Copy

EXPLORATION PROJECT CONTRACT
TREASURE URANIUM AND RESOURCES, INC.
DOCKET NO. DMEA 4411
CONTRACT NO. IAm-E1052

AMENDMENT NO. 1

It is agreed this 30th day of July, 1957 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Treasure Uranium and Resources, Inc., hereinafter called the "Operator," parties to that certain Exploration Project Contract No. IAm-E1052, Docket No. DMEA 4411, dated January 17, 1957, hereinafter called the "Contract," that:

1. The date fixed in Article 3, on or before which the work is to be completed, is extended from August 1, 1957 to September 15, 1957.

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

Executed in quintuplicate the day and year first above written.

TREASURE URANIUM AND RESOURCES, INC.

By D H Lehman

Title Managing Director

(Seal)

UNITED STATES OF AMERICA

By P M Hendleman

acting Executive Officer
DMEA Field Team, Region III

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 8 1957
DATE | INITIALS | CODE

224 New Customhouse
Denver 2, Colorado

August 6, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4411 (Uranium), Contract No. Idm-E1052, Treasure Uranium and Resources, Inc. (NW¼ Sec. 6, T 13 N, R 9 W, N.M. P.M.), McKinley County, New Mexico

Enclosed are the Government's and Audit copies of Amendment No. 1 to Contract No. Idm-E1052, which has been executed to extend the date fixed for completion of the work from August 1, 1957 to September 15, 1957.

Also enclosed are three copies of the Operator's letter of July 26, 1957, requesting the time extension.

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

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures

JWT:prl

cc: Finance Office,
Region III - w/copy of Amendment No. ~~1~~.
Harshman) w/copy of Amendment No. 1
DMEA/DPC) and Operator's request.
Hasler)
Corres.file)
Townsend
Chron.

EXTRA COPY
DMEA
RECEIVED AUG 8 1957
DATE | INITIALS | CODE
800

TREASURE URANIUM & RESOURSES INC.
531 SOUTH STATE STREET
SALT LAKE CITY 11, UTAH

July 26, 1957

Re: DMEA Docket 4411 (Uranium)
Contract Idm-E1052
Treasure Uranium & Resourses Inc.
(NW¼ Sec. 6, T13N, R9W, NMPM)
McKinley County, New Mexico

Mr. W.H. King
Executive Officer, DMEA
Field Team Region III
224 New Customhouse
Denver 2, Colorado

DMEA
DEPARTMENT OF THE INTERIOR
JUL 29 1957
REGION III
DENVER, COLORADO

Dear Mr. King:

It is formally requested that the completion date of Contract Idm-E1052, Docket # 4411 concerning uranium exploration on the NW¼ Sec 6, T13N, R9W, NMPM, McKinley County, New Mexico be extended from August 1, 1957 until September 15, 1957.

A forthcoming request for further work within the confines of stage 2 of said contract is the basis for this request.

Yours very truly,

B.H.Robinson
Managing Director

EXTRA COPY
DMEA
RECEIVED
DATE | INITIALS | CODE

EXTRA COPY
D M E A
RECEIVED MAY 2 1957

DATE	INITIALS	CODE
		840

224 New Customhouse
Denver 2, Colorado

May 1, 1957

Mr. B. E. Robinson, Managing Director
Treasure Uranium and Resources, Inc.
531 South State Street
Salt Lake City 11, Utah

Re: Docket No. DMEA 4411 (Uranium)
Contract No. Idm-K1052
Treasure Uranium and Resources, Inc.
(NW¼ Sec. 6, T 13 N, R 9 W, N.M. P.M.)
McKinley County, New Mexico

Dear Mr. Robinson:

In reference to your request of April 12, 1957 and consistent with provisions in the Contract pertaining to work under Stage II, the Government hereby approves for drilling the following twenty-three (23) drill holes:

Approximate Coordinate Location
of Approved Holes

D-2	C-8.75	H-11
H-2	E-8.75	I-11
F-4.5	F-8.75	C-13.5
H-4.5	G-8.75	E-13.5
I-4.5	I-8.75	F-13.5
B-6.5	D-11	G-13.5
F-6.5	E-11	I-13.5.
J-6.5	G-11	

The locations of the approved holes are indicated on the map entitled, "Figure 1. -- Map of NW¼, Sec. 6, T. 13 N., R. 9 W., N.M.P.M., Showing Structure Contours and Existing and Recommended Hole Locations, Treasure Uranium and Resources Inc., McKinley County, New Mexico," which is attached hereto and made a part of this work approval.

The above approved holes shall be drilled in conformance with all the provisions in the Contract pertaining to holes drilled under Stage II of the Contract.

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

Very truly yours,

DSSA Field Team, Region III

By E. H. Hardeman

E. H. Hardeman
Acting Executive Officer

Enclosure

JWT:prl

c: Chmn. Op. Comm-1
Finance Office, Reg. III
Amendment file, Reg. III
Hardeman
Kouselman-2
Sealer
Townsend
Corres. file
Chron.

DMEA
DEPARTMENT OF THE INTERIOR
APR 29 1957
REGION III
DENVER, COLORADO

MINERAL DEPOSITS
DMEA
IN REPLY REFER TO:
RECEIVED
APR 29 1957
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

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

EXTRA COPY
DMEA
RECEIVED MAY 3

DATE	INTERNAL CODE	
routing	executive	officer

April 26, 1957

Memorandum

To: Acting executive officer, DMEA Field Team, Region III

Through: J. William Hasler
W. W. Marshman
John F. Shaw

From: H. F. Albee

Subject: Request for stage II, docket No. DMEA 4411 (Uranium), contract No. Ida-5 1052, Treasure Uranium and Resources, Inc., (Mr. sec. 6, T. 13 N., R. 9 W., N.M.P.M.), McKinley County, New Mexico

The operator has completed the stage I drilling and has requested that drilling under stage II be authorized. Eight drill holes comprise stage I and 5 holes had been previously drilled, making a total of 13 holes on the property.

The holes are spaced at about 1,000 feet east and west and at about 750 feet in southwest-northeast diagonal lines. North of an east line drawn through No. 14 the drill holes show favorable lithology and bleaching. Mineralization encountered was not strong nor has it been either proved or disproved that ore is associated with anticlinal structures. However, on the basis of the favorable lithology, bleaching, and mineralized holes, the proposed holes north of an east line drawn through No. 14 are recommended (fig. 1). Holes E-15.5, F-15.5, and J-15.5 are not recommended.

Howard F. Albee
Howard F. Albee,
Geological Survey

hfA/alr

Enclosures
24 copies fig. 1

Treasure Uranium & Resources Inc.
531 South State Street
Salt Lake City 11, Utah

EXTRA COPY
DMEA
RECEIVED MAY 3 1957

DATE	INITIALS	CODE

April 12, 1957

DMEA
DEPARTMENT OF THE INTERIOR
APR 18 1957
REGION III
DENVER, COLORADO

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

COPY

Sir:

Enclosed are six sets of our request for approval of stage 2 of DMEA Contract Idm-E 1052, Docket No. 4411.

Each set contains one of the following:

1) Evaluation of completed work with a formal request for approval of stage 2.

2) Tabulation of gamma log and chemical assay results.

3) Set of lithologic logs.

4) Drill Hole and Structure Map showing drilled and proposed holes.

It is hoped that the enclosed data will show sufficient justification for further exploratory work.

Very truly yours,

B. H. Robinson

Managing Director

Treasure Uranium & Resourses Inc.
531 South State Street
Salt Lake City 11, Utah

EXTRA COPY
DMEA
RECEIVED MAY 3 1957
DATE | INITIALS | CODE

April 12, 1957

DMEA
DEPARTMENT OF THE INTERIOR
APR 18 1957
REGION III
DENVER, COLORADO

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

COPY

Sir:

During March, 1957, eight drill holes, totaling 3399 feet, were completed in the NW ¼ Section 6, T13N, R9W, NMPM, McKinley County, New Mexico. These eight holes constituted the entire stage 1 of DMEA Contract Idm-1052, Docket No. 4411.

These holes and five others previously drilled form five east-west rows of drill holes on about 1000-foot centers. The rows are approximately 550 feet apart.

Each hole was plugged to the approximate middle of the Brushy Basin member and then cored from that horizon down to the Westwater Canyon-Recapture contact. Average depth of the holes was about 425 feet.

The accompanying structure map, contoured on the top of the Dakota formation, shows a structural upwarp trending in a northeast direction transverse to the regional strike of the beds.

Although the top of the Dakota formation is known to be undulatory to a slight extent it is believed that this horizon most correctly reflects post-Westwater deformation since the Brushy Basin-Dakota contact is unconformable and the Brushy Basin-Westwater Canyon contact commonly intertongues.

Inspection of the drill hole and structure map shows a definite spatial relationship between the most favorable holes and this transverse fold.

Holes J-11, D-6.5, and F-11, a previously drilled ore hole, are the most favorable and they indicate a very favorable zone trending parallel to the regional strike of the beds but localized around this minor upwarp. This upwarp could quite conceivably be a structural trap for an ore body.

In view of the above, it is believed wise to concentrate a good portion of the proposed drilling in this particular area with the remaining drill holes to be placed in a grid pattern so as to leave no large area completely unexplored.

It is therefore formally requested that stage two of Contract Idm-E 1052, with the proposed drill holes located as indicated on the accompanying map, be authorized. The basis of further drilling would be to explore an indicated favorable trend of mineralization in and around a structural anomaly and to further explore relatively large areas of potential mineralization.

Very truly yours,

Managing Director

Treasure Uranium & Resourses Inc.
531 South State Street
Salt Lake City 11, Utah

EXPLOR. COPY
AEC
RECEIVED MAY 8 1957
DATE | INITIALS | CODE

COPY

DRILL HOLE TABULATION

NW¼ SEC. 6, T13N, R9W, McKINLEY COUNTY, NEW MEXICO

Hole No.	Plug	Core	Depth	From	To	Gamma Value (%U308)
H-15.5	260	174	454	0.0	429.0	0
				429.0	435.0	Tr
D-6.5	230	174	404	0.0	288.0	0
				288.0	289.0	Tr
				289.0	311.0	0
				311.0	324.0	Tr
				324.0	325.0	0.018 Chem
				325.0	329.0	Tr
				329.0	353.0	0
				353.0	356.0	Tr
				356.0	357.0	0.055 Chem
				357.0	363.0	Tr
				363.0	396.0	0
				396.0	400.0	Tr
				400.0	404.0	0
B-11	210	170	380	0.0	227.5	0
				227.5	229.0	Tr
				229.0	248.5	0
				248.5	249.5	Tr
				249.5	250.0	0
				250.0	260.0	Tr
				260.0	365.0	0
				365.0	367.0	0.01
				367.0	380.0	0
F-2A	230	178	408	0.0	268.0	0
				268.0	269.0	Tr
				269.0	270.0	0.017
				270.0	272.5	Tr
				272.5	311.0	0
				311.0	312.0	Tr
				312.0	335.0	Tr
				335.0	348.0	Tr
				348.0	349.0	0.017
				349.0	355.0	Tr
				355.0	408.0	0
H-6.5	290	170	460	0.0	310.0	0
				310.0	311.5	0.015
				311.5	329.0	0
				329.0	330.5	Tr
				330.5	377.0	0
				377.0	378.0	0.015
				378.0	387.0	0
				387.0	396.0	Tr

DRILL HOLE TABULATION

(cont')

Hole No.	Plug	Core	Depth		From	To	Gamma Value (%U3O8)
F-20	258	184	442		0.0	442.0	0
J-11	268	167	435		0.0	299.5	0
					299.5	300.5	Tr
					300.5	312.5	0
					312.5	314.0	Tr
					314.0	354.0	0
					354.0	355.5	Tr
					358.5	378.0	0
					378.0	380.0	0.03
				chem-	380.0	388.0	0.048 (core)-0.043(cutt)
				chem-	384.00	386.0	0.051
					388.0	389.0	0
					398.0	400.0	0.016
					400.0	401.0	0.010
					401.0	402.5	0.017
					402.5	403.5	0.010
					403.5	435.0	0
D-15.5	250	186	416		0.0	408.0	0
					408.0	409.0	Tr
					409.0	416.0	0
Totals	2016	1383	3390				

COPY

22½ New Customhouse
Denver 2, Colorado

March 13, 1957

SECRETARY'S OFFICE
DREA
RECEIVED MAR 13 1957
DATE
CODE
800

Mr. Max C. Meninger
Treasure Uranium and Resources, Inc.
Grants Motel
1009 East Santa Fe Avenue
Grants, New Mexico

Re: Docket No. DMEA 4411 (Uranium)
Contract No. IAm-21052
Treasure Uranium and Resources, Inc.
(NW¼ Sec. 6, T 13 N, R 9 W, N.M. P.M.)
McKinley County, New Mexico

Dear Mr. Meninger:

In reference to your 'phone call to M. H. Salsbury March 13, 1957, approval is granted to move Hole F-2 from the position originally indicated on the map, "Figure 3," attached to the Contract, to a new location not to exceed a distance of 75 feet in a southerly direction from the originally indicated position.

It is understood that the move is necessitated because of the extremely fractured condition of the ground encountered when attempting to drill the hole at the originally indicated location.

Very truly yours,

DMEA Field Team, Region III

By E. M. Harshman
E. M. Harshman
Acting Executive Officer

JWT:prl

cc: Chairman, Op. Comm. (4)
Harshman
Shaw (2)
Hasler
Finance Office, Reg. III
Amendment file, Reg. III
Townsend
Carres. file
Chron.

} w/copy of memorandum from M. H. Salsbury, dated March 13, 1957.

EXTRA COPY
DMEA
RECEIVED MAR 18 1957
DATE | INITIALS | CODE

DMEA
DEPARTMENT OF THE INTERIOR
MAR 14 1957
REGION III
DENVER, COLORADO

March 13, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III
Through: John F. Shea
R. H. Kerschmann

From: M. H. Salsbury

Subject: Docket No. DMEA 4411 (Uranium), Contract Idm-21052, Treasure Uranium and Resources, Inc., (SW 1/4 Sec. 4, T. 13 N., R. 9 W., N.M.P.M.) McKinley County, New Mexico.

Mr. Max Hemminger, Grants Hotel, 1009 E. Santa Fe Avenue, Grants, New Mexico, field geologist for the subject operator phoned today requesting a change in location of hole No. F-2 as shown on Figure 3 with the subject contract.

The hole has been attempted at the location shown on Figure 2 but had to be abandoned because of loss of circulation, possibly in faulted ground. Mr. Hemminger believes that a new location 75 feet south of the site shown on Figure 3 would be out of the faulted ground and the hole could be completed.

The contract provides for holes in Stage I to be in fences 550 feet apart and on approximately 1,000-foot centers in each fence. The proposed new location for hole No. F-2 will not change the hole pattern materially, and, in my opinion, can be authorized without a contract amendment. H. F. Albee, Geological Survey geologist, who participated in the project examination, has been consulted and states that the proposed new location is satisfactory geologically.

If the Field Team agrees with this requested change without an amendment, please notify Mr. Hemminger at his address in Grants as soon as possible. If not, please notify him to make the usual request for an amendment. He is not planning to start the hole until notified. He also understands that the abandoned hole cannot be claimed.

It is recommended that a location for hole No. F-2 be permitted at a point not more than 75 feet in a southerly direction from the position designated in Figure 3.

M. H. Salsbury
Mining Engineer

MHS:jg
cc: 8
Idm-21052
Kerschmann

DMEA Form 14

Contract No. Idm-E 1052

Docket No. 4411

DEPARTMENT OF THE INTERIOR

Reobligation

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
January 17, 1957	III	New Mexico	Uranium

Name and Address of Operator: Treasure Uranium & Resources, Inc.
531 South State Street
Salt Lake City, Utah

	Reserve	Obligation
Prior Amount	0	13,624.40
Increase	0	209.23
Decrease	0	0
Revised Amount	0	13,833.63

Remarks:

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

Date delivered to Bureau of Mines, Washington 8/19/58

22845

DMEA Form 14

Contract No. Idm-E 1052

Docket No. 4411

DEPARTMENT OF THE INTERIOR

Additional release

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
January 17, 1957	III	New Mexico	Uranium

Name and Address of Operator: Treasure Uranium & Resources, Inc.
531 South State Street
Salt Lake City, Utah

	Reserve	Obligation
Prior Amount	0	13,833.63
Increase	0	0
Decrease	0	209.23
Revised Amount	0	13,624.40

Remarks:

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

Date delivered to Bureau of Mines, Washington 7/28/58

22845

DMEA Form 14

Contra[illegible] No. Idm-E 1052

Docket No. 4411

DEPARTMENT OF THE INTERIOR

Additional release

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
January 17, 1957	III	New Mexico	Uranium

Name and Address of Operator: Treasure Uranium & Resources, Inc.
531 South State Street
Salt Lake City, Utah

	Reserve	Obligation
Prior Amount	0	14,042.86
Increase	0	0
Decrease	0	209.23
Revised Amount	0	13,833.63

Remarks:

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

Date delivered to Bureau of Mines, Washington 6/24/58

22845

DMEA Form 14

Contract No. Idm-E 1052

Docket No. 4411

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
January 17, 1957	III	New Mexico	Uranium

Name and Address of Operator: Treasure Uranium & Resources, Inc.
531 South State Street
Salt Lake City, Utah

	Reserve	Obligation
Prior Amount	0	19,374.00
Increase	0	0
Decrease	0	5,331.14
Revised Amount	0	14,042.86

Remarks:

ALLEN S. DAKAN
(Name)

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

Date delivered to Bureau of Mines, Washington 12/3/57

22845

Contract No. Idm-E 1052

Docket No. 4411

DEPARTMENT OF THE INTERIOR

Executed contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Date of Contract	Region	State	Commodity
January 17, 1957	III	New Mexico	Uranium

Name and Address of Operator: Treasure Uranium & Resources, Inc.
531 South State Street
Salt Lake City, Utah

	Reserve	Obligation
Prior Amount	$19,374.00	0
Increase	0	$19,374.00
Decrease	$19,374.00	0
Revised Amount	0	$19,374.00

Remarks:

ALLEN S. DAKAN
(Name)

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

Date Delivered to Bureau of Mines, Washington 2/8/57

98963

Government's Copy

OFFICIAL FILE COPY DMEA RECEIVED FEB 7 1957		
DATE	INITIALS	CODE
2-8	C	220
		800

MF-200
(Revised June 1954)

Docket No. DMEA 4411

Commodity Uranium

Contract No. Idm-E 1052

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 17 JAN 1957 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] Treasure Uranium and Resources, Inc., a Nevada corporation, whose mailing address is 531 South State Street, Salt Lake City, Utah, 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 map (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 New Mexico, County of McKinley, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: Royalty as set forth in the lease.

(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: Performance Bond furnished in lieu of Consent to Lien of Indian Allottee Dan Delgarito

(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 March 15, 1957, shall commence the work, and on or before August 1, 1957 (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 an amount not less than the estimated total allowable cost set forth in Exhibit "A"~~ except as otherwise provided in Exhibit "A" with respect to stages of work. 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 $25,832.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $19,374.00: *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 the excess of 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 [redacted] 8 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. See Article 13.

(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. (g) In Article 8(b), the phrase "all minerals" shall mean "all minerals which the Operator at any time during the royalty period has or had the right to mine."

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mitteudorf
Administrator, Defense Minerals
Exploration Administration

TREASURE URANIUM AND RESOURCES, INC.
(Operator)

By Ken Garff

Title Pres.

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

David A. Robinson

[CORPORATE SEAL]

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

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 7 1957

DATE	INITIALS	CODE

EXPLORATION PROJECT CONTRACT
TREASURE URANIUM AND RESOURCES, INC.
DOCKET NO. DMEA-4411

ANNEX I

The land referred to in Article 2 of the Contract consists of allotted Indian land, legally described as Lots 3, 4, and 5, and the SE$\frac{1}{4}$ of the NW$\frac{1}{4}$ of section 6, T. 13 N., R. 9 W., N.M.P.M. & B., McKinley County, New Mexico, containing 166.81 acres, more or less. The land is essentially the NW$\frac{1}{4}$ of section 6, and is shown on the map entitled "Figure 3 - Plan of Proposed Drill Holes, NW$\frac{1}{4}$ Sec. 6, T. 13 N., R. 9 W., NMPM, Treasure Uranium and Resources, Inc., McKinley County, New Mexico. DMEA 4411," attached hereto and made a part hereof.

The lease of the land from Navajo Indian Allottee, Mr. Dan Delgarito (Allottee No. 3174), to New Park Mining Company, approved by the U. S. Bureau of Indian Affairs as Contract No. 14-20-603-1229, was assigned by New Park Mining Company to the Operator by assignment dated July 9, 1956, which assignment was approved by the Bureau of Indian Affairs on October 7, 1956.

The lease confers upon the Operator the right to prospect for and mine uranium and other minerals associated therewith (other than oil and gas).

STANDARD FORM 25
REVISED NOVEMBER 1950
PRESCRIBED BY GENERAL
SERVICES ADMINISTRATION
GENERAL REGULATION NO. 5

PERFORMANCE BOND

(See Instructions on Reverse)

DATE BOND EXECUTED
1/17/57

PRINCIPAL TREASURE URANIUM AND RESOURCES, INC., A Corporation of the State of Nevada

SURETY UNITED PACIFIC INSURANCE COMPANY, A Corporation of the State of Washington authorized to do business in the State of Utah

PENAL SUM OF BOND (*express in words and figures*)	CONTRACT NO.	DATE OF CONTRACT
NINETEEN THOUSAND THREE HUNDRED SEVENTY-FOUR AND 99/100 - - - - - - - - - - - - - - Dollars	IDM-E1052	1/17/57

KNOW ALL MEN BY THESE PRESENTS, That we, the PRINCIPAL and SURETY above named, are held and firmly bound unto the United States of America, hereinafter called the Government, in the penal sum of the amount stated above, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the principal entered into a certain contract with the Government, numbered and dated as shown above and hereto attached;

NOW THEREFORE, if the principal shall well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term of said contract and any extensions thereof that may be granted by the Government, with or without notice to the surety, and during the life of any guaranty required under the contract, and shall also well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of said contract that may hereafter be made, notice of which modifications to the surety being hereby waived, then, this obligation to be void; otherwise to remain in full force and virtue.

IN WITNESS WHEREOF, the above-bounden parties have executed this instrument under their several seals on the date indicated above, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

In Presence of:

WITNESS		INDIVIDUAL PRINCIPAL	
1.	as to		[SEAL]
2.	as to		[SEAL]
3.	as to		[SEAL]
4.	as to		[SEAL]

WITNESS		INDIVIDUAL SURETY	
1.	as to		[SEAL]
2.	as to		[SEAL]

Attest:
David A. Robinson
David A. Robinson - Secretary

CORPORATE PRINCIPAL
TREASURE URANIUM AND RESOURCES, INC.
BUSINESS ADDRESS
531 So State St., Salt Lake City, Utah
BY Ken Garff
TITLE Ken Garff - President
AFFIX CORPORATE SEAL

Attest:
Maxine Sandall
Maxine Sandall

CORPORATE SURETY
UNITED PACIFIC INSURANCE COMPANY
BUSINESS ADDRESS
1112 Cont. Bank Bldg., Salt Lake City, Ut.
BY Dale Barton
TITLE Dale Barton
Attorney-in-Fact
AFFIX CORPORATE SEAL

THIS BOND EXECUTED UNDER CARD POWER OF ATTORNEY ON FILE WITH TREASURY, WAR DEPARTMENT AND POST OFFICE DEPARTMENT, WASHINGTON, D.C.

STANDARD FORM 25
NOVEMBER 1950 EDITION

10—30441-2

The rate of premium on this bond is 12.50 per thousand.

Total amount of premium charged, $ 242.19

(The above must be filled in by corporate surety)

CERTIFICATE AS TO CORPORATE PRINCIPAL

I, David A. Robinson, certify that I am the secretary of the corporation named as principal in the within bond; that Ken Garff, who signed the said bond on behalf of the principal, was then President of said corporation; that I know his signature, and his signature thereto is genuine; and that said bond was duly signed, sealed, and attested for and in behalf of said corporation by authority of its governing body.

David A. Robinson

David A. Robinson [CORPORATE SEAL]

INSTRUCTIONS

1. This form shall be used for construction work or the furnishing of supplies or services, whenever a performance bond is required. There shall be no deviation from this form except as authorized by the General Services Administration.

2. The surety on the bond may be any corporation authorized by the Secretary of the Treasury to act as surety, or two responsible individual sureties. Where individual sureties are used, this bond must be accompanied by a completed Affidavit of Individual Surety for each individual surety (Standard Form 28).

3. The name, including full Christian name, and business or residence address of each individual party to the bond shall be inserted in the space provided therefor, and each such party shall sign the bond with his usual signature on the line opposite the scroll seal, and if signed in Maine or New Hampshire, an adhesive seal shall be affixed opposite the signature.

4. If the principals are partners, their individual names shall appear in the space provided therefor, with the recital that they are partners composing a firm, naming it, and all the members of the firm shall execute the bond as individuals.

5. If the principal or surety is a corporation, the name of the State in which incorporated shall be inserted in the space provided therefor, and said instrument shall be executed and attested under the corporate seal as indicated in the form. If the corporation has no corporate seal the fact shall be stated, in which case a scroll or adhesive seal shall appear following the corporate name.

6. The official character and authority of the person or persons executing the bond for the principal, if a corporation, shall be certified by the secretary or assistant secretary, according to the form herein provided. In lieu of such certificate there may be attached to the bond copies of so much of the records of the corporation as will show the official character and authority of the officer signing, duly certified by the secretary or assistant secretary, under the corporate seal, to be true copies.

7. The date of this bond must not be prior to the date of the instrument in connection with which it is given.

U. S. GOVERNMENT PRINTING OFFICE 16—30441-2

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DATE	INITIALS	CODE

EXPLORATION PROJECT CONTRACT
TREASURE URANIUM AND RESOURCES, INC.
DOCKET NO. DMEA-4411

EXHIBIT "A"

Description of the Work

General Provisions

The work consists of exploration by core and non-core drilling to test the lower half of the Brushy Basin member and the whole of the Westwater Canyon member of the Morrison formation. The location of the work is indicated on the map (Figure 3) referred to in Annex I.

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.

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

No payment shall be made for uncompleted drill holes.

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

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

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

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

Stage I

Prepare access roads and drill sites and drill 8 holes, with a total footage of not more than 3,550 feet, as indicated on the map (Figure 3). The 8 holes, together with 5 holes previously completed by the Operator, form a pattern in which there are five east-west rows approximately 550 feet apart, with the holes staggered in alternate rows and approximately 1,000 feet apart.

Each hole shall be drilled non-core through the upper formations to a point approximately at the middle of the Brushy Basin member. Core drilling shall follow until the hole is bottomed in the underlying Recapture Creek member at a point not more than 5 feet below the lower contact of the Westwater Canyon member. Drilling depths of these 8 holes are expected to average 444 feet; the cored sections of the holes are expected to average 189 feet in length. Minimum size of core shall be BX.

All core and cuttings from the cored section of drill holes shall be saved and checked for radioactivity. Sections indicating significant mineralization shall be split for samples, and such samples shall be analyzed chemically for uranium. All the remaining core and cuttings saved shall be properly labeled and stored for inspection, and shall be disposed of by the Operator upon authorization by the Government.

If the 8 holes require more than 3,550 feet to reach the desired horizon, the additional footage and funds required may, upon the written approval of the Government, be transferred to this stage from Stage II and equivalent footage and funds deducted from Stage II.

Stage II

Prepare access roads and drill sites and drill not more than 26 holes, aggregating not more than 11,540 feet, either as offsets to previously drilled holes showing significant mineralization, or as projections of favorable trends resulting from previous drilling. No hole shall be drilled closer than 200 feet from any previously drilled hole.

All holes shall be drilled non-core throughout and bottomed in the Recapture Creek member at a point not more than 5 feet below the lower contact of the Westwater Canyon member. Drilling depths of these 26 holes are expected to average 444 feet.

Samples shall be taken at 2-foot intervals from a point approximately at the middle of the Brushy Basin member to the bottom of the holes. Drill cuttings shall be collected with a Duclone sample collector or equivalent unit. Samples shall be checked for radioactivity and those indicating significant mineralization shall be analyzed chemically for uranium. A portion of each sample shall be properly labeled and stored for inspection, and shall be disposed of by the Operator upon authorization by the Government.

Estimated Cost of the Project

Stage I

Actual Costs

Category (1) Independent Contracts				
2,040 feet non-core drilling	@ $1.00/ft.	$ 2,040.00		
1,510 feet core drilling	@ $4.00/ft.	6,040.00		
16 hours bulldozing	@ $12.00/hr.	192.00		
8 hours stand-by time for probing	@ $12.00/hr.	96.00		
Categories (2) through (7)	None	--	$ 8,368.00	

Fixed Unit Costs (See Article 13)

Incidental allowance for each foot of core and non-core drilling completed,				
3,550 feet	@ $0.65/ft.	$ 2,307.50		
150 cardboard core boxes	@ $1.25 each	187.50		
16 Chemical sample analyses	@ $5.00/sample	80.00	2,575.00	
Estimated Total Cost of Stage I				$10,943.00

Stage II

Actual Costs

Category (1) Independent Contracts				
11,540 feet non-core drilling	@ $1.00/ft.	$11,540.00		
40 hours bulldozing	@ $12.00/hr.	480.00		
26 hours stand-by time for probing	@ $12.00/hr.	312.00		
Categories (2) through (7)	None	--	$12,332.00	

Fixed Unit Costs (See Article 13)

Incidental allowance for each foot of non-core drilling completed,				
11,540 feet	@ $0.20/ft.	$ 2,308.00		
50 chemical sample analyses	@ $5.00/sample	250.00	2,558.00	
Estimated Total Cost of Stage II				$14,890.00

Summary of Costs

Estimated Total Cost of Stage I	$10,943.00
Estimated Total Cost of Stage II	14,890.00
Estimated Total Cost of the Project (rounded)	$25,832.00
Government Participation @ 75%	$19,374.00

Contract No. Idm-E 1052

Docket No. 4411

DEPARTMENT OF THE INTERIOR

Approved contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Date of Contract	Region	State	Commodity
January 17, 1957	III	New Mexico	Uranium

Name and Address of Operator: Treasure Uranium & Resources, Inc.
531 South State Street
Salt Lake City, Utah

	Reserve	Obligation
Prior Amount	0	0
Increase	$19,374.00	0
Decrease	0	0
Revised Amount	$19,374.00	0

Remarks:

ALLEN S. DAKAN
(Name)

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

Date Delivered to Bureau of Mines, Washington 1/17/57

98963

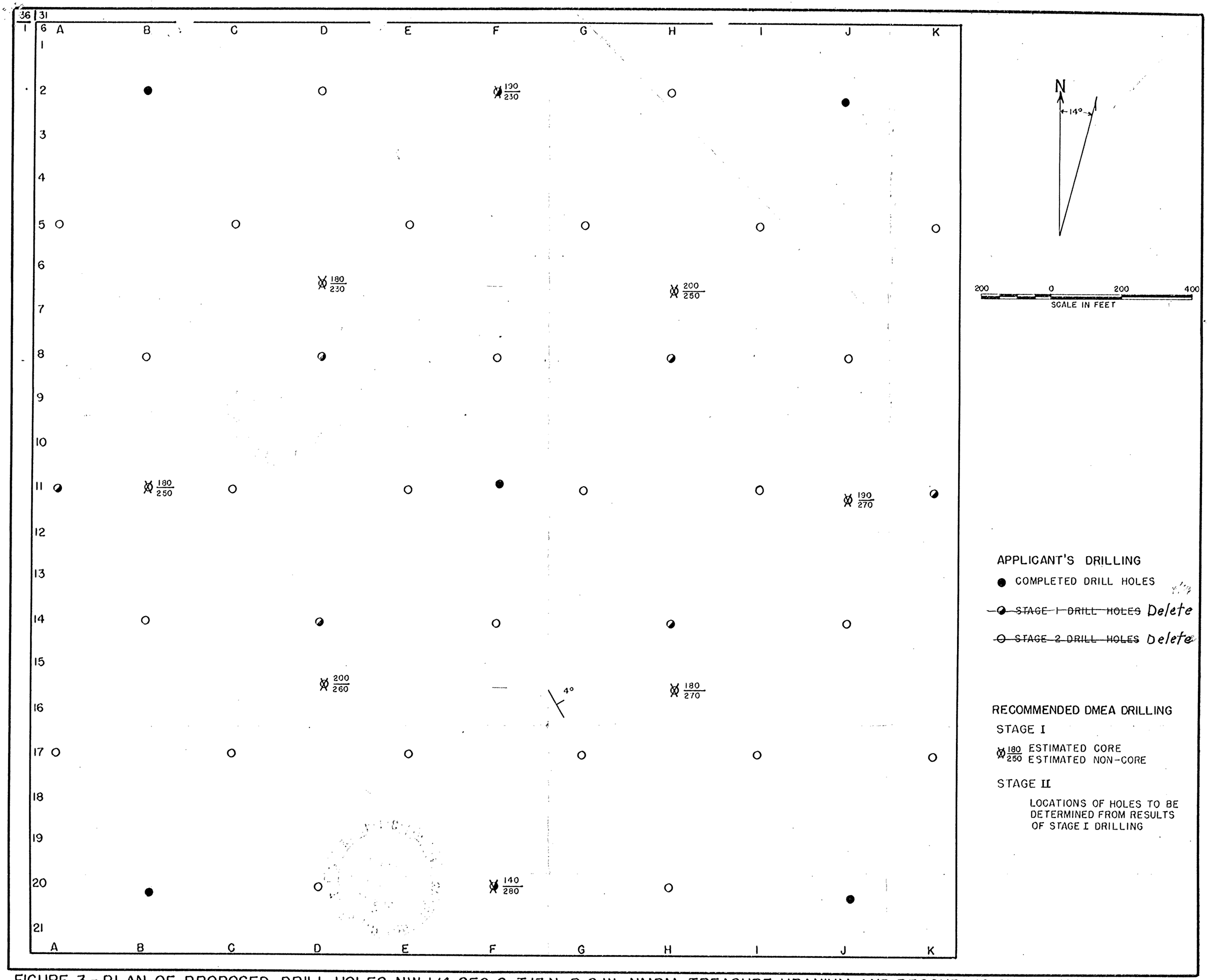

FIGURE 3 - PLAN OF PROPOSED DRILL HOLES, NW 1/4 SEC. 6 T.13 N., R.9 W., NMPM, TREASURE URANIUM AND RESOURCES, INC., McKINLEY COUNTY, NEW MEXICO. DMEA 4411