DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMA Docket No. 1629X

DO NOT DETACH THIS SLIP

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

This document has been recorded as

Application for Exploration

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

Routing Slip

To:	Mr. Lyon	Date	9/20/51
To:	Mr. Mittendorf	Date	" " "
To:	W. W. Alt	Date	9/21/51
To:	Mr. P. Pessonen	Date	9/24/51
To:	Iron & Ferro Alloys	Date	11-17-51
To:		Date	
To:		Date	
To:		Date	
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DO NOT DETACH

CONTROLLED DOCUMENT

400

FILE COPY
SURNAME:

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

MAR 7 1952

Mr. J. K. Allen
The Utah Construction Company
1 Montgomery Street
San Francisco 4, California

Re: Docket No. DMA 1629X - Iron
Dayton iron ore deposit
Lyon and Storey Counties, Nevada

Dear Mr. Allen:

Thank you for your letter of March 1, 1952.

In accordance with your desire expressed therein, we are removing your application from our active files and thereby consider the matter closed.

Sincerely yours,

C. O. Mittenderf (fw)

Acting Administrator
Defense Minerals Exploration
Administration

GCSelfridge:ls
3/7/52

cc: Admn. Reading File
Docket
G. C. Selfridge
J. M. Forbes, USBM
Mrs. Martha Carr, USGS
Field Team, Region 3

GENERAL OFFICES
FIRST SECURITY BANK BUILDING
OGDEN, UTAH

SAN FRANCISCO OFFICE
ONE MONTGOMERY STREET
TEL. GARFIELD 1-6743

SALT LAKE CITY OFFICE
57 EAST 4TH SOUTH STREET
TEL. 3-7676

THE UTAH CONSTRUCTION COMPANY

ENGINEERS AND CONTRACTORS

SAN FRANCISCO 4, CALIFORNIA

CABLE ADDRESS
UTAHCONCO

March 1, 1952

Mr. C. O. Mittendorf
Acting Administrator,
of the Defense Minerals Exploration Administration
Department of the Interior
Washington, D. C.

Dear Sir:

Some time ago Mr. Ault contacted us by telephone regarding an application which we made for assistance on a mining exploration project on the Dayton iron deposit in Nevada. Mr. Ault was requesting us to furnish additional information required before our application could be approved.

The purpose of my letter at this time is to advise you that the short season during which the exploration could be carried out in Nevada, made it necessary that we proceed without the financial assistance of the Defense Minerals Exploration Administration. Inasmuch as so much time was consumed in processing the application in Washington and because the regulation does not permit reimbursement for funds already expended, it is probably best that the matter be considered closed.

In the event, however, exploration is contemplated in which Government assistance is desired, the matter will be reopened by us at that time.

Very truly yours,

J. K. Allen

J. K. Allen

JKA:re:fd

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 3 - 1952

DMA-1629X

The Utah Construction Co.
12/6/51. Phoned Mr. Ayers
of the Co. - need wages -
new Optns - Cost.

Hold.

TO:
George Selfridge
Rm. 3538

(2)

12 drill holes ranging from 164 to 457 feet deep were drilled by the Bureau of Mines for a total of 3,769 lineal feet. Work done in 1944. Was Mineral Report No. 213. dated July 1944

Also Report Investigation. No. 4561. 1949

Telephone Conversation - 12/6/51.
Asked for map.

DMG-1649X (1)

The Utah Construction Co.
One Montgomery Street
San Francisco 4, California

Property - Lyon & Storey Counties, Nevada
Dayton, Nevada

Letter to P. Pesonen, Acting Chief Iron Co. Branch. Oct. 1. Signed H. Ayers. Stating that maps are being prepared showing proposed diversion ditch locks and wooden flumes.

Calco wants to know if work has been completed on the ditch yet. Application of May 29 states that it will be commenced within 10 days and will be completed in 4 months.

Option dated May 4, 1951. 4 months to pay. has expired. Yard the option been extended? Yard lease and option expires to say until July 1, 1952. Knowse says to say hello.

DMA-1629X

Date of application. May 27, 1951

Application states - The time scheduled for this project calls for commencement within 10 days from the date of this application, and the work should be completed with in 4 month's time.

Project should be completed.

The Utah Construction Co.
San Francisco 4, California
One Montgomery St.
Tel. Garfield 1-6743
A. H. Ayers - Vice President & Chief Engr

Was letter of Oct. 1 - answered?

DMA 1629 X

12/6/51 - Phoned C. H. Ayers - The Utah Construction Co.
San Francisco, California - Phone Garfield 1-6743

Replied to letter of Oct. 1, 1951 to Mr. Peonew.
Asked for the maps.
Explained that Option dated May 4, 1951 had expired - What have they done?
Told him to set up the costs of the Project.

He said he would get this in soon.

10-1-51

Telephone call
to A.H. Ayers.
1200 ft. completed
temporarily stopped for
surface exploration
Government exploration
will be continued
to completion.
Asked for
Doc. in lieu of
subordination
agreement - signed
+
map showing location
of D.D.

L OFFICES
TY BANK BUILDING
DEN, UTAH

SAN FRANCISCO OFFICE
ONE MONTGOMERY STREET
TEL. GARFIELD 1-6743

SALT LAKE CITY OFFICE
EAST 4TH SOUTH STREET
TEL. 3-7676

DEFENSE MINERALS
ADMINISTRATION
WASHINGTON, D. C.
OCT 3 1951

THE UTAH CONSTRUCTION COMPANY

ENGINEERS AND CONTRACTORS

SAN FRANCISCO 4, CALIFORNIA

CABLE ADDRESS
UTAHCONCO

October 1, 1951

Mr. Paul Pesonen, Acting Chief
Iron Ores Branch
U. S. Department of the Interior
Defense Minerals Administration
Washington 25, D. C.

Subject: DMA-1629X - Application for Exploration Loan - Dayton, Nevada

Dear Mr. Pesonen:

In accordance with your instructions given to us by telephone today, we are submitting herewith seven executed copies of Annex 1, to be attached to our application for an exploration loan for work at Dayton, Nevada.

Inasmuch as there has been a considerable lapse of time for the processing of this loan application, we have expended a considerable sum of money in connection with the exploration work which has been carried out. This has put us to a disadvantage with respect to the assistance we have been seeking from the Defense Minerals Administration, and we would like you to indicate whether or not our expenditures to date can be included in the amount in which the Government will participate.

Yours very truly,

THE UTAH CONSTRUCTION COMPANY

A. H. Ayers

A. H. Ayers
Vice President & Chief Engineer

AHA:mr
Enc.

Map of drill holes is being prepared and will follow.
Hold up action on this until map received

ANNEX 1

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WHEREAS, the United States of America has agreed to waive requirement of the lessor's subordination agreement.

NOW THEREFORE, in consideration of said exploration project contract and of the foregoing, the Operator hereby undertakes and agrees to pay all sums that may fall due and owing to the United States of America under the terms of said contract in the same manner and to the same extent as if the subordination agreement of the lessor had been given. If for any reason the net smelter returns from operations that would be subject under said contract to such payments to the Government are not available as a means of measuring the amount of such payments, then the Operator agrees and undertakes to make such payments according to the best estimates of the amounts that can reasonably be made, and in the event of dispute as to such estimates, the Operator agrees that the determination thereof by either the Administrator of Defense Minerals Administration or by the Director of the United States Bureau of Mines shall be final and binding upon the Operator.

THE UTAH CONSTRUCTION COMPANY

By E. W. Littlefield

E. W. Littlefield
Vice President

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THE UTAH CONSTRUCTION COMPANY

By E. W. Littlefield

E. W. Littlefield
Vice President

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

DMA-1629X

DEPARTMENT OF THE INTERIOR
RECEIVED
SEP 20 1951
Defense Minerals Administration
Production Expansion Division

SEP 20 1951

Memorandum

To: C. O. Mittendorf, Director, Production Expansion Division

From: Tom Lyon, Director, Supply Division

Subject: DMA-1629X, Application for exploration loan, Dayton, Nevada-Iron Ore deposit - Lyon and Storey Counties - The Utah Construction Company - Total cost $30,000 - Government participation 50 percent.

The Dayton Iron Ore deposits are located 12½ miles northeast of Dayton, Nevada, and 16 miles from the Southern Pacific Railroad (Reno to Mina branch).

The iron-bearing rocks constitute the lowest two of a series of three units of partly metamorphosed and folded sedimentary beds. The lowest unit, at least 400 feet thick, consists mostly of interbedded limestone and green dominantly chloritic rocks, with chloritic quartzose rocks forming the lowermost 10 to 20 feet. The middle unit which is about 200 feet thick, consists of chloritic rocks, chlorite-epidote rocks in part probably feldspathic, and subordinate amounts of micaceous and quartz-mica rocks, which increase in abundance toward the top of the unit. The uppermost unit, which is almost barren of ore, is relatively pure, fine-grained quartzite of undetermined thickness.

These metamorphosed and sedimentary beds have been invaded by granite rocks, and both the bedded and intrusive rocks cut by aplite dikes. Several faults have been recorded, but a complete interpretation of the amount and magnitude of faulting and its significance with respect to distribution or position of ore have been prevented by lack of exposure. In the area where ore crops out, the rocks are folded into an asymmetric and possibly complex anticline, which trends northward and plunges southward from 20 to 30 degrees.

The ore replaces sedimentary beds that have been folded into an asymmetric anticline. The beds east of the anticlinal axis strike north-south and dip nearly vertical. West of the axis, the beds strike nearly east-west and dip 10 to 60 degrees southerly. The largest tonnage and best ore is near, or east of the axis. Two types of ore are present - one high in lime (self-fluxing) and one high in silica. The primary ore is magnetite which is oxidized to hematite to the watertable at a depth of 150 feet. The

unoxidized ore contains some sulphur in the form of pyrite and/or gypsum. The pyrite is oxidized to limonite to a depth of 50 feet and is therefore sulphur free to that depth.

At least five ore bodies are known to exist, some of which have been partially explored by the Bureau of Mines. Other smaller outcrops suggest that geological correlation and mapping followed by exploration will undoubtedly develop ore bodies of commercial importance. Twelve drill holes ranging from 164 to 457 feet deep were drilled by the Bureau of Mines for a total of 3,769 lineal feet.

From the results of the Bureau of Mines exploration the indicated and inferred iron ore reserves have been estimated at about 10 million tons, averaging 43 percent iron. Of this only 1 million tons is direct shipping ore averaging over 45 percent iron and with a permissable phosphorus and sulphur content. The sulphur and iron content of the remainder of the reserves estimated from Bureau exploration indicates that beneficiation will be necessary to increase the iron content and to decrease the sulphur content.

Preliminary metallurgical tests by the Bureau indicate that beneficiation of the iron ore is feasible and that favorable mining and transportation costs are possible. The geological setting and the mode of occurrence of the iron ore is favorable for developing additional ore reserves.

It is imperative that additional reserves be developed to justify the expenditure for a concentrator and probably a sintering plant, if final metallurgical tests deem it nedessary. Western iron ore reserves should be developed to supply the contemplated expansions in pig iron and steel producing facilities on the west coast.

It is therefore recommended that the exploration loan of the applicant of $30,000, with Government participation at 50 percent, be approved.

The Exploration Contracts have been signed by the applicant and the document in lieu of the subordination agreement is also attached.

No field team investigation is necessary in view of the previous work done by the Bureau of Mines, Geological Survey and the examination of the deposit made by the Acting Chief of the Iron Ores Branch.

Tom Lyon

Director, Supply Division.

Attachment

FILE COPY
SURNAME DMA-1629X

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

Person

SEP 20 1951

Memorandum

To: C. O. Mittendorf, Director, Production Expansion Division

From: Tom Lyon, Director, Supply Division

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SURNAME:

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DEPARTMENT OF THE INTERIOR
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Attachment.
PEPesonen:szs
Written 9/19/51
Copy to: Adm. reading file
Mr. Thayer, USGS
Mr. Lyon
Mr. Moon
Mr. Pesonen
DMA Docket File
Files

[redacted] Lyon
Director, Supply Division

not stripped in RKR

FILE COPY
SURNAME:

PESONEN

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

July 25, 1951

Mr. A. H. Ayers, Vice President
The Utah Construction Company
1 Montgomery Street,
San Francisco 4, California

Subject: DMA-1629X - Application for exploration loan - Dayton, Nevada.

My dear Mr. Ayers:

Your letter of July 10, 1951, concerning the subject application has been received.

Attached are 7 copies of form MF-200, Exploration Project Contract, to be filled out in detail, including all exhibits as requested.

As stated in your answer to question 7 of the application form MF-103, the attached statement is suggested for your execution in lieu of the Landlord's Subordination Agreement, form MF-202, or until you can have the form executed.

The date on the contract form MF-200 will be filled in when signed by the Administrator of the Defense Minerals Administration. Your approval of this action is necessary.

Your cooperation in properly filling out the attached forms, including the exhibits, will greatly facilitate the handling of the application.

Very truly yours,

Paul E. Pesonen, Acting Chief
Iron Ores Branch

Enclosures

PEPesonen:md
Copy to: Adm. reading file
Mr. Lyon
Reports & Records Branch
Mr. Pesonen
Files

C
O
P
Y

ANNEX 1

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GENERAL OFFICES
FIRST SECURITY BANK BUILDING
OGDEN, UTAH

SAN FRANCISCO OFFICE
ONE MONTGOMERY STREET
TEL. GARFIELD 1-6743

SALT LAKE CITY OFFICE
57 EAST 4TH SOUTH STREET
TEL. 3-7676

FERROUS METALS BRANCH
Rec 1045

THE UTAH CONSTRUCTION COMPANY

ENGINEERS AND CONTRACTORS

SAN FRANCISCO 4, CALIFORNIA

CABLE ADDRESS
UTAHCONCO

July 10, 1951

Mr. Paul E. Pesonen, Acting Chief
Iron Ores Branch
Defense Minerals Administration
Department of the Interior
Washington 25, D.C.

Subject: DMA-1629X - Application for Exploration Loan - Dayton Iron Ore Deposit, Lyon and Storey Co., Nevada

Dear Mr. Pesonen:

Referring to your letter of June 26, 1951, we wish to state that we are well aware that an extensive program of drilling was carried out by the Bureau of Mines on the property in question, and it is not our desire to duplicate that drilling. However, information about this deposit indicates that the property was not completely drilled, and a portion of the potential iron-bearing ground was not drilled at all.

Our present program has the objective of determining more fully the full extent of the ore body in this immediate locality. We consider this as necessary, inasmuch as the ore contains a high percentage of sulphur. The high percentage of sulphur will have to be removed by sintering through the proper plant facilities. In order to justify the investment for plant facilities of this kind, it is necessary that a large body of ore requiring such treatment be present. For this reason we consider it imperative that the nature and extent of this ore body be determined beyond the program carried out by the Bureau of Mines.

We hope that this will answer your letter and that our application will be given early consideration and favorable action will be taken by you.

Yours very truly,

THE UTAH CONSTRUCTION COMPANY

A. H. Ayers, Vice President

JKA:mr

FILE COPY
SURNAME:

PESONEN

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

June 26, 1951

Via Air Mail

Mr. A. H. Ayers, Vice President
The Utah Construction Company
1 Montgomery Street
San Francisco, California

Subject: DMA-1629X - Application for Exploration Loan - Dayton iron ore deposit, Lyon and Storey Co., Nevada.

My dear Mr. Ayers:

The subject application for exploration loan has been reviewed by the Iron Ores Committee. The application does not explain why exploration in addition to that conducted by the Bureau of Mines in 1942 is needed. Twelve drill holes for a cumulative footage of 3,770 feet were drilled with individual drill holes attaining depths of over 400 feet.

A plat showing the locations of the proposed exploration will be helpful in determining the merits of your application.

While preliminary investigations by the Bureau of Mines indicate that the sulphur content can be reduced to about .2 percent, what method of beneficiation do you contemplate to assure this?

Further processing of your application will await your reply.

Very truly yours,

Paul E. Pesonen, Acting Chief
Iron Ores Branch

PEPesonen:md

Copy to: Adm. reading File
Mr. Lyon
Mr. Strobel
Mr. Pesonen
Files

DMA 1629

8556

dma 16298

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
Region III

1415 Appraisers Bldg.
630 Sansome Street
San Francisco 11, Calif.

June 1, 1951

Memorandum

To: Defense Minerals Administration, Washington, D. C.

From: Executive Officer, DMA Field Team, Region III

Subject: Application for Aid for an Exploration Project

The attached application was received in this office on June 1, 1951.

Applicant: The Utah Construction Company
1 Montgomery Street
San Francisco, California

Date of Application: May 29, 1951

Estimated Cost: $30,000.00

Mineral or Metal: Iron Ore

Percentage of Government Participation: 50%

Location of Mine: Lyon and Storey Counties, Nevada.

H. C. Miller
Executive Officer, DMA Field Team
Region III

P.S. Note that application was mailed at 7:00 PM on May 31, or several hours before deadline.

Defense Minerals Administration

Review of Application for Exploration Assistance

Docket No. DMA 1629X

Commodity Iron Ore

Total Amount 30,000

Govt. Participation 50%

1. Name and Address of Applicant The Utah Construction Company
1 Montgomery St. San Francisco Calif

2. Location of Property Lyon and Storey Counties, Nevada

3. Mineral or metal Iron Ore Is it listed in Section 9 of MO-5? yes

If not, application will be rejected.

4. Geologic probability of discovery -- based on data in application (question #16, 17, 18, 20 and 22).*

Mines or Survey reports, etc., do you rate chances:

a) Good BM Report shows good

b) Poor

c) None

d) Don't know -- needs field examination

e) Is there an alternative and favorable project? no
(If so, attach an explanation)

5. Is the applicant's right to the property clearly stated? yes
(question 5, 6, 7)

6. If applicant is a lessee, is a copy of the lease attached? yes

Does the lease have sufficient time to run to cover a future productive period? yes

*Question numbers are those of MF-103

7. Are subordination agreements necessary? yes

a) MF-201?

b) MF-202 yes

8. From the data presented, does the proposed project appear feasible from the point of view of:

a) Available manpower yes

b) Equipment and supplies none
(question 14 plus general knowledge of availability)

c) Accessibility (question 12) yes

d) Water (question 13) 15 1/2 miles by highway

e) Power (question 13) Power line 2 miles away

Is a field check needed on any of these points? yes

9. Does the experience of the applicant appear to be adequate to assure that he can properly conduct the proposed project? (question 4) yes

Is a field check needed on this point?

10. Exhibit A. (questions 21 and 22)

a) Is the project adequately described? Yes

If not, are there sufficient data given so that you can describe the project? If so, attach a draft.

b) Is there an adequate map or sketch of the proposed work? yes

c) Is the proposed work "exploration" under the definition of Section 8, MD-5? yes

If not, what part of it is?

Is this part a worthwhile exploration project? —

d) Are the cost estimates detailed? yes

Can they be summarized, as on page 2 of Procedural Instruction 5-A, from the available data? _____ If so, attach a draft. see typewritten answer files #23

e) Are the cost estimates reasonable? yes

f) Should more information be requested from applicant? no

g) Is a field examination necessary to complete Exhibit A? yes

11. Exhibit B (question 23-d)

a) Is it applicable? no

b) If so, are sufficient data furnished? — If so, attach a draft.

c) Is a field check needed? yes

12. Exhibit C (question 23-e, f and g)

a) Is it applicable? no

b) Sufficient data? _____ If so, attach a draft.

c) Are rents and charges reasonable? _____

d) Is a field check needed? _____

13. Exhibit D (question 23-a,b)

a) Are there sufficient data? yes

b) Is the schedule adequate for the work proposed? yes

c) Is the schedule excessive for the work proposed? yes

d) Are the proposed wages and salaries reasonable? yes

e) Is a field check needed? yes

14. Exhibit E (question 23-c)

a) Is it applicable? Inapplicable

b) Sufficient data? —

c) Reasonable? —

d) Field check needed? —

15. In your judgment, can the proposed work be done in the proposed time? yes

(All exploration must be completed within two years.)

16. If field examination is not needed, attach your recommendation.

17. If field examination is needed, do you have any special instructions for the field team not indicated by your answers to the foregoing questions? 1 Nearest smelter which would handle the ore. What are applicant's plans in this respect? 2 Expression as to whether a commercial operation is feasible from a technical and organizational standpoint. 3 What are prospects for early repayment of loan. 4 Opinion as to competency of applicant

Reviewed by:

Date

MF-200
(June 1951)

Docket No. DMA _____
Commodity _____

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

EXPLORATION PROJECT CONTRACT [1]

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The Utah Construction Company

hereinafter called the "Operator," as follows:

1. *Authority for contract.* This agreement is entered into under the authority of the Defense Production Act of 1950, pursuant to Mineral Order 5, entitled "Regulations Governing Government Aid in Defense Exploration Projects."

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of Nevada, County of Lyon & Storey described as follows: [3] "Sheba, Sunrise, Sunset, Planet, Emma, Morning Light, Hecla, Lyon, Beor, Dewey, and Norway Iron Claims, located in Lyon and Storey Counties, Nevada"

with respect to which the Operator represents and undertakes: [4]

(*a*) That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: Not applicable, operator is lessee, annex 1 is attached in lieu of subordination agreement.

(*b*) That he is a lessee, in possession and entitled to possession, and the subordination agreement of the lessor is attached.

3. *Exploration project.* The Operator, within (has commenced work) days from the date of this contract shall commence work on a project of exploration for [5] Iron; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] sixty (60) days from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

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6. *Operating equipment.* Any operating equipment to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or depreciation, as the case may be, is listed under appropriate headings in Exhibit "A" attached hereto. As to equipment purchased for the project, the Government will contribute its agreed pro rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro rata share.

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[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property.
[4] Strike out the provision not applicable.
[5] Name of mineral.
[6] Not in excess of 2 years.

7. *Title to and disposition of property.* All facilities, buildings, fixtures, equipment, or other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* An itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project is set forth in Exhibit "A" attached hereto.

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10. *Allowable costs of the project.* The costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, analytical work, accounting, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in this contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, taxes, or any other indirect costs not expressly allowed by these provisions, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

11. *Accounts and audits.* The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract.

12. *Progress reports.* The Operator shall provide the Government with monthly reports of work performed under the contract upon forms to be provided by the Government. Each monthly progress report shall bear the certification of the Operator and shall constitute the Operator's invoice of costs incurred on the project during the period covered by the report.

13. *Payment to the Operator.* The monthly progress report (invoice), to the extent approved by the Government, shall be processed for payment by the Government. Payment shall be made in the amount of 50 percent of the approved costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $15,000., which is 50 percent of the agreed estimated total cost of this project, $30,000.

14. *Final reports by Operator.* Upon completion of the project or termination of this contract, the Operator shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

15. *Repayment by Operator.* If, upon the completion of the exploration project or termination of the contract, the Government considers that a discovery or development has resulted from the work from which commercial production of ore may be made, the Government, within 6 months thereafter, shall so certify to the Operator, particularly describing and delimiting its estimate of the discovery or the development. Thereafter, if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first, as follows:

Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent for each additional full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

This obligation to repay from net returns or proceeds shall be and remain a claim and lien upon the mineral deposit which is the subject of the exploration project and upon any production resulting from such discovery or development, in favor of the Government, until fully paid, or until said 10-year period has elapsed; and this claim and lien and the Government's right to repayment shall survive any termination of the contract, whether by completion of the exploration project or otherwise. This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development.

16. *No assignment of contract.* Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder.

17. *Termination and completion.* The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; shall dispose of any unused materials, supplies, and equipment for the joint account of the Operator and the Government in the proportion of their respective interests; and shall pay to the Government its pro-rata share of any money remaining.

Executed in sextuplicate the day and year first above written.

THE UTAH CONSTRUCTION COMPANY
(Operator)

By Allen B. Christensen
Vice President

THE UNITED STATES OF AMERICA

By

U. S. GOVERNMENT PRINTING OFFICE 16—64066-2

ANNEX 1

WHEREAS, the subordination agreement of the lessor, required by paragraph numbered 2(b) of the annexed contract, has not been obtained; and

WHEREAS, the United States of America has agreed to waive requirement of the lessor's subordination agreement.

NOW THEREFORE, in consideration of said exploration project contract and of the foregoing, the Operator hereby undertakes and agrees to pay all sums that may fall due and owing to the United States of America under the terms of said contract in the same manner and to the same extent as if the subordination agreement of the lessor had been given. If for any reason the net smelter returns from operations that would be subject under said contract to such payments to the Government are not available as a means of measuring the amount of such payments, then the Operator agrees and undertakes to make such payments according to the best estimates of the amounts that can reasonably be made, and in the event of dispute as to such estimates, the Operator agrees that the determination thereof by either the Administrator of Defense Minerals Administration or by the Director of the United States Bureau of Mines shall be final and binding upon the Operator.

EXHIBIT "A"

Proposed diamond drilling program and estimated cost:

Contract diamond drilling for 2500 ft. @ $6.50 per foot		$ 16,250
Cementing & Reaming @ $3.25 on Estimated 1500 feet of above		4,875
Total Contract Drilling		$ 21,125
Supervision		
1 Mining Engineer	@ $600	
1 Surveyor	$400	4,000
4 Months	$1000	$ 25,125
Assaying		2,000
Transportation & Expenses		1,875
Contingencies		1,000
		$ 30,000

MF-200
(June 1951)

Docket No. DMA _____
Commodity _____

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

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THE UNITED STATES OF AMERICA

By _____

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(Operator)

By _____
Vice President

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MF-200
(June 1951)

Docket No. DMA _____
Commodity _____

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8. *Labor and supervision.* An itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project is set forth in Exhibit "A" attached hereto.

9. *Rehabilitation and repairs.* A statement of the cost of any necessary rehabilitation or repairs to put existing facilities, buildings, installations, and fixtures into useful and operable condition and which are to be allowed as costs of the project is included in Exhibit "A."

10. *Allowable costs of the project.* The costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, analytical work, accounting, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in this contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, taxes, or any other indirect costs not expressly allowed by these provisions, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

11. *Accounts and audits.* The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract.

12. *Progress reports.* The Operator shall provide the Government with monthly reports of work performed under the contract upon forms to be provided by the Government. Each monthly progress report shall bear the certification of the Operator and shall constitute the Operator's invoice of costs incurred on the project during the period covered by the report.

13. *Payment to the Operator.* The monthly progress report (invoice), to the extent approved by the Government, shall be processed for payment by the Government. Payment shall be made in the amount of 50 percent of the approved costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $15,000., which is 50 percent of the agreed estimated total cost of this project, $30,000.

14. *Final reports by Operator.* Upon completion of the project or termination of this contract, the Operator shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

15. *Repayment by Operator.* If, upon the completion of the exploration project or termination of the contract, the Government considers that a discovery or development has resulted from the work from which commercial production of ore may be made, the Government, within 6 months thereafter, shall so certify to the Operator, particularly describing and delimiting its estimate of the discovery or the development. Thereafter, if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first, as follows:

Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent for each additional full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

This obligation to repay from net returns or proceeds shall be and remain a claim and lien upon the mineral deposit which is the subject of the exploration project and upon any production resulting from such discovery or development, in favor of the Government, until fully paid, or until said 10-year period has elapsed; and this claim and lien and the Government's right to repayment shall survive any termination of the contract, whether by completion of the exploration project or otherwise. This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development.

16. *No assignment of contract.* Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder.

17. *Termination and completion.* The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; shall dispose of any unused materials, supplies, and equipment for the joint account of the Operator and the Government in the proportion of their respective interests; and shall pay to the Government its pro-rata share of any money remaining.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____

THE UTAH CONSTRUCTION COMPANY
(Operator)

By Allen P. Christensen
Vice President

U. S. GOVERNMENT PRINTING OFFICE 16—64066-2

ANNEX 1

WHEREAS, the subordination agreement of the lessor, required by paragraph numbered 2(b) of the annexed contract, has not been obtained; and

WHEREAS, the United States of America has agreed to waive requirement of the lessor's subordination agreement.

NOW THEREFORE, in consideration of said exploration project contract and of the foregoing, the Operator hereby undertakes and agrees to pay all sums that may fall due and owing to the United States of America under the terms of said contract in the same manner and to the same extent as if the subordination agreement of the lessor had been given. If for any reason the net smelter returns from operations that would be subject under said contract to such payments to the Government are not available as a means of measuring the amount of such payments, then the Operator agrees and undertakes to make such payments according to the best estimates of the amounts that can reasonably be made, and in the event of dispute as to such estimates, the Operator agrees that the determination thereof by either the Administrator of Defense Minerals Administration or by the Director of the United States Bureau of Mines shall be final and binding upon the Operator.

EXHIBIT "A"

Proposed diamond drilling program and estimated cost:

Contract diamond drilling for 2500 ft. @ $6.50 per foot		$ 16,250
Cementing & Reaming @ $3.25 on Estimated 1500 feet of above		4,875
Total Contract Drilling		$ 21,125
Supervision		
1 Mining Engineer	@ $600	
1 Surveyor	$400	4,000
4 Months	$1000	$ 25,125
Assaying		2,000
Transportation & Expenses		1,875
Contingencies		1,000
		$ 30,000

MF-200
(June 1951)

Docket No. DMA _____
Commodity _____

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

EXPLORATION PROJECT CONTRACT [1]

It is agreed this _____ day of _____, 195___, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] _____

The Utah Construction Company

hereinafter called the "Operator," as follows:

1. *Authority for contract.* This agreement is entered into under the authority of the Defense Production Act of 1950, pursuant to Mineral Order 5, entitled "Regulations Governing Government Aid in Defense Exploration Projects."

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of Nevada, County of Lyon & Clark described as follows: [3] [illegible]

with respect to which the Operator represents and undertakes: [4]

(*a*) That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: [illegible]

(*b*) That he is a lessee, in possession and entitled to possession, and the subordination agreement of the lessor is attached.

3. *Exploration project.* The Operator, within (ten calendar days) days from the date of this contract shall commence work on a project of exploration for [5] Iron; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] sixty (60) days from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

4. *Performance of the work.* The work shall be performed by the Operator, under his sole direction and control: *Provided,* That with the consent of the Government and its written approval of the contract or contracts, all or any part of the work may be performed by the Operator through contract or contracts with independent contractors. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

5. *Fixtures and improvements.* The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof. Any additional facilities, buildings, and fixtures, to be purchased, installed, or erected by the Operator, with the estimated cost of each, to which the Government will contribute currently its agreed pro rata share, are listed in Exhibit "A" attached hereto. The difference between the cost of such additional facilities, buildings, or fixtures, and the salvage value thereof at the conclusion of the work, shall be charged as a cost of the project to which the Government has contributed its pro rata share.

6. *Operating equipment.* Any operating equipment to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or depreciation, as the case may be, is listed under appropriate headings in Exhibit "A" attached hereto. As to equipment purchased for the project, the Government will contribute its agreed pro rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro rata share.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property.
[4] Strike out the provision not applicable.
[5] Name of mineral.
[6] Not in excess of 2 years.

7. *Title to and disposition of property.* All facilities, buildings, fixtures, equipment, or other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* An itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project is set forth in Exhibit "A" attached hereto.

9. *Rehabilitation and repairs.* A statement of the cost of any necessary rehabilitation or repairs to put existing facilities, buildings, installations, and fixtures into useful and operable condition and which are to be allowed as costs of the project is included in Exhibit "A."

10. *Allowable costs of the project.* The costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, analytical work, accounting, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in this contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, taxes, or any other indirect costs not expressly allowed by these provisions, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

11. *Accounts and audits.* The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract.

12. *Progress reports.* The Operator shall provide the Government with monthly reports of work performed under the contract upon forms to be provided by the Government. Each monthly progress report shall bear the certification of the Operator and shall constitute the Operator's invoice of costs incurred on the project during the period covered by the report.

13. *Payment to the Operator.* The monthly progress report (invoice), to the extent approved by the Government, shall be processed for payment by the Government. Payment shall be made in the amount of 50 percent of the approved costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $ 15,000., which is 50 percent of the agreed estimated total cost of this project, $ 30,000.

14. *Final reports by Operator.* Upon completion of the project or termination of this contract, the Operator shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

15. *Repayment by Operator.* If, upon the completion of the exploration project or termination of the contract, the Government considers that a discovery or development has resulted from the work from which commercial production of ore may be made, the Government, within 6 months thereafter, shall so certify to the Operator, particularly describing and delimiting its estimate of the discovery or the development. Thereafter, if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first, as follows:

Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent for each additional full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

This obligation to repay from net returns or proceeds shall be and remain a claim and lien upon the mineral deposit which is the subject of the exploration project and upon any production resulting from such discovery or development, in favor of the Government, until fully paid, or until said 10-year period has elapsed; and this claim and lien and the Government's right to repayment shall survive any termination of the contract, whether by completion of the exploration project or otherwise. This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development.

16. *No assignment of contract.* Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder.

17. *Termination and completion.* The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; shall dispose of any unused materials, supplies, and equipment for the joint account of the Operator and the Government in the proportion of their respective interests; and shall pay to the Government its pro-rata share of any money remaining.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

[redacted]
(Operator)

By _____

By Allen D. Christensen
Vice President

U. S. GOVERNMENT PRINTING OFFICE 16—64066-2

ANNEX 1

WHEREAS, the subordination agreement of the lessor, required by paragraph numbered 2(b) of the annexed contract, has not been obtained; and

WHEREAS, the United States of America has agreed to waive requirement of the lessor's subordination agreement.

NOW THEREFORE, in consideration of said exploration project contract and of the foregoing, the Operator hereby undertakes and agrees to pay all sums that may fall due and owing to the United States of America under the terms of said contract in the same manner and to the same extent as if the subordination agreement of the lessor had been given. If for any reason the net smelter returns from operations that would be subject under said contract to such payments to the Government are not available as a means of measuring the amount of such payments, then the Operator agrees and undertakes to make such payments according to the best estimates of the amounts that can reasonably be made, and in the event of dispute as to such estimates, the Operator agrees that the determination thereof by either the Administrator of Defense Minerals Administration or by the Director of the United States Bureau of Mines shall be final and binding upon the Operator.

EXHIBIT "A"

Proposed diamond drilling program and estimated costs

Contract diamond drilling for 2500 ft. @ $6.50 per foot		$ 16,250
Cementing & Reaming @ $3.25 on Estimated 1500 feet of above		4,875
Total Contract Drilling		$ 21,125
Supervision		
1 Mining Engineer	@ $600	
1 Surveyor	$400	4,000
4 Months	$1000	$ 25,125
Assaying		2,000
Transportation & Expenses		1,875
Contingencies		1,000
		$ 30,000

MF-200
(June 1951)

Docket No. DMA _____
Commodity _____

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

EXPLORATION PROJECT CONTRACT [1]

It is agreed this _____ day of _____, 195___, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] _____

_____

_____

_____

_____

hereinafter called the "Operator," as follows:

1. *Authority for contract.* This agreement is entered into under the authority of the Defense Production Act of 1950, pursuant to Mineral Order 5, entitled "Regulations Governing Government Aid in Defense Exploration Projects."

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of _____, County of _____ described as follows: [3] _____

_____

_____

_____

_____

with respect to which the Operator represents and undertakes: [4]

(*a*) That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: _____

_____

_____

_____

(*b*) That he is a lessee, in possession and entitled to possession, and the subordination agreement of the lessor is attached.

3. *Exploration project.* The Operator, within _____ days from the date of this contract shall commence work on a project of exploration for [5] _____; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] _____ from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

4. *Performance of the work.* The work shall be performed by the Operator, under his sole direction and control: *Provided,* That with the consent of the Government and its written approval of the contract or contracts, all or any part of the work may be performed by the Operator through contract or contracts with independent contractors. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

5. *Fixtures and improvements.* The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof. Any additional facilities, buildings, and fixtures, to be purchased, installed, or erected by the Operator, with the estimated cost of each, to which the Government will contribute currently its agreed pro rata share, are listed in Exhibit "A" attached hereto. The difference between the cost of such additional facilities, buildings, or fixtures, and the salvage value thereof at the conclusion of the work, shall be charged as a cost of the project to which the Government has contributed its pro rata share.

6. *Operating equipment.* Any operating equipment to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or depreciation, as the case may be, is listed under appropriate headings in Exhibit "A" attached hereto. As to equipment purchased for the project, the Government will contribute its agreed pro rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro rata share.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property.
[4] Strike out the provision not applicable.
[5] Name of mineral.
[6] Not in excess of 2 years.

7. *Title to and disposition of property.* All facilities, buildings, fixtures, equipment, or other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* An itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project is set forth in Exhibit "A" attached hereto.

9. *Rehabilitation and repairs.* A statement of the cost of any necessary rehabilitation or repairs to put existing facilities, buildings, installations, and fixtures into useful and operable condition and which are to be allowed as costs of the project is included in Exhibit "A."

10. *Allowable costs of the project.* The costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, analytical work, accounting, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in this contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, taxes, or any other indirect costs not expressly allowed by these provisions, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

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13. *Payment to the Operator.* The monthly progress report (invoice), to the extent approved by the Government, shall be processed for payment by the Government. Payment shall be made in the amount of 50 percent of the approved costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $[illegible], which is [illegible] percent of the agreed estimated total cost of this project, $[illegible].

14. *Final reports by Operator.* Upon completion of the project or termination of this contract, the Operator shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

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Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

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17. *Termination and completion.* The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; shall dispose of any unused materials, supplies, and equipment for the joint account of the Operator and the Government in the proportion of their respective interests; and shall pay to the Government its pro-rata share of any money remaining.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____

[illegible]
(Operator)

By Allen D. Christensen
[illegible]

U. S. GOVERNMENT PRINTING OFFICE 16—64066-2

ANNEX 1

WHEREAS, the subordination agreement of the lessor, required by paragraph numbered 2(b) of the annexed contract, has not been obtained; and

WHEREAS, the United States of America has agreed to waive requirement of the lessor's subordination agreement.

NOW THEREFORE, in consideration of said exploration project contract and of the foregoing, the Operator hereby undertakes and agrees to pay all sums that may fall due and owing to the United States of America under the terms of said contract in the same manner and to the same extent as if the subordination agreement of the lessor had been given. If for any reason the net smelter returns from operations that would be subject under said contract to such payments to the Government are not available as a means of measuring the amount of such payments, then the Operator agrees and undertakes to make such payments according to the best estimates of the amounts that can reasonably be made, and in the event of dispute as to such estimates, the Operator agrees that the determination thereof by either the Administrator of Defense Minerals Administration or by the Director of the United States Bureau of Mines shall be final and binding upon the Operator.

EXHIBIT "A"

Proposed diamond drilling program and estimated costs

Contract diamond drilling for 2500 ft. @ $6.50 per foot		$ 16,250
Cementing & reaming @ $3.25 on estimated 1500 feet of above		4,875
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1 Mining Engineer	@ $600	
1 Surveyor	$400	4,000
4 Months	$1000	$ 25,125
Assaying		2,000
Transportation & Expenses		1,875
Contingencies		1,000
		$ 30,000

MF-200
(June 1951)

Docket No. DMA _____
Commodity _____

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

EXPLORATION PROJECT CONTRACT [1]

It is agreed this _____ day of _____, 195__, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] _____

_____

_____

_____

_____

hereinafter called the "Operator," as follows:

1. *Authority for contract.* This agreement is entered into under the authority of the Defense Production Act of 1950, pursuant to Mineral Order 5, entitled "Regulations Governing Government Aid in Defense Exploration Projects."

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of _____, County of _____ described as follows: [3] _____

_____

_____

_____

_____

_____

with respect to which the Operator represents and undertakes: [4]

(*a*) That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: _____

_____

_____

_____

(*b*) That he is a lessee, in possession and entitled to possession, and the subordination agreement of the lessor is attached.

3. *Exploration project.* The Operator, within _____ days from the date of this contract shall commence work on a project of exploration for [5] _____; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] _____ from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

4. *Performance of the work.* The work shall be performed by the Operator, under his sole direction and control: *Provided,* That with the consent of the Government and its written approval of the contract or contracts, all or any part of the work may be performed by the Operator through contract or contracts with independent contractors. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

5. *Fixtures and improvements.* The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof. Any additional facilities, buildings, and fixtures, to be purchased, installed, or erected by the Operator, with the estimated cost of each, to which the Government will contribute currently its agreed pro rata share, are listed in Exhibit "A" attached hereto. The difference between the cost of such additional facilities, buildings, or fixtures, and the salvage value thereof at the conclusion of the work, shall be charged as a cost of the project to which the Government has contributed its pro rata share.

6. *Operating equipment.* Any operating equipment to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or depreciation, as the case may be, is listed under appropriate headings in Exhibit "A" attached hereto. As to equipment purchased for the project, the Government will contribute its agreed pro rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro rata share.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property.
[4] Strike out the provision not applicable.
[5] Name of mineral.
[6] Not in excess of 2 years.

7. *Title to and disposition of property.* All facilities, buildings, fixtures, equipment, or other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* An itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project is set forth in Exhibit "A" attached hereto.

9. *Rehabilitation and repairs.* A statement of the cost of any necessary rehabilitation or repairs to put existing facilities, buildings, installations, and fixtures into useful and operable condition and which are to be allowed as costs of the project is included in Exhibit "A."

10. *Allowable costs of the project.* The costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, analytical work, accounting, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in this contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, taxes, or any other indirect costs not expressly allowed by these provisions, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

11. *Accounts and audits.* The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract.

12. *Progress reports.* The Operator shall provide the Government with monthly reports of work performed under the contract upon forms to be provided by the Government. Each monthly progress report shall bear the certification of the Operator and shall constitute the Operator's invoice of costs incurred on the project during the period covered by the report.

13. *Payment to the Operator.* The monthly progress report (invoice), to the extent approved by the Government, shall be processed for payment by the Government. Payment shall be made in the amount of _____ percent of the approved costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $_____, which is _____ percent of the agreed estimated total cost of this project, $_____.

14. *Final reports by Operator.* Upon completion of the project or termination of this contract, the Operator shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

15. *Repayment by Operator.* If, upon the completion of the exploration project or termination of the contract, the Government considers that a discovery or development has resulted from the work from which commercial production of ore may be made, the Government, within 6 months thereafter, shall so certify to the Operator, particularly describing and delimiting its estimate of the discovery or the development. Thereafter, if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first, as follows:

Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent for each additional full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

This obligation to repay from net returns or proceeds shall be and remain a claim and lien upon the mineral deposit which is the subject of the exploration project and upon any production resulting from such discovery or development, in favor of the Government, until fully paid, or until said 10-year period has elapsed; and this claim and lien and the Government's right to repayment shall survive any termination of the contract, whether by completion of the exploration project or otherwise. This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development.

16. *No assignment of contract.* Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder.

17. *Termination and completion.* The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; shall dispose of any unused materials, supplies, and equipment for the joint account of the Operator and the Government in the proportion of their respective interests; and shall pay to the Government its pro-rata share of any money remaining.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____

_____
(Operator)

By _____

U. S. GOVERNMENT PRINTING OFFICE 16—64066-2

ANNEX 1

WHEREAS, the subordination agreement of the lessor, required by paragraph numbered 2(b) of the annexed contract, has not been obtained; and

WHEREAS, the United States of America has agreed to waive requirement of the lessor's subordination agreement.

NOW THEREFORE, in consideration of said exploration project contract and of the foregoing, the Operator hereby undertakes and agrees to pay all sums that may fall due and owing to the United States of America under the terms of said contract in the same manner and to the same extent as if the subordination agreement of the lessor had been given. If for any reason the net smelter returns from operations that would be subject under said contract to such payments to the Government are not available as a means of measuring the amount of such payments, then the Operator agrees and undertakes to make such payments according to the best estimates of the amounts that can reasonably be made, and in the event of dispute as to such estimates, the Operator agrees that the determination thereof by either the Administrator of Defense Minerals Administration or by the Director of the United States Bureau of Mines shall be final and binding upon the Operator.

EXHIBIT "A"

Proposed diamond drilling program and estimated costs

Contract diamond drilling for 2500 ft. @ $6.50 per foot		$ 16,250
Cementing & Reaming @ $3.25 on Estimated 1500 feet of above		4,875
Total Contract Drilling		$ 21,125
Supervision		
1 Mining Engineer	@ $600	
1 Surveyor	$400	
4 Months	$1000	4,000
		$ 25,125
Assaying		2,000
Transportation & Expenses		1,875
Contingencies		1,000
		$ 30,000

DEPARTMENT OF THE INTERIOR
Bureau of Land Management
RECEIVED
AUG 1 3 1984

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 13 1951

MF-200
(June 1951)

Docket No. DMA _____
Commodity _____

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

EXPLORATION PROJECT CONTRACT [1]

It is agreed this _____ day of _____, 195__, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] _____

The Utah Construction Company

hereinafter called the "Operator," as follows:

1. *Authority for contract.* This agreement is entered into under the authority of the Defense Production Act of 1950, pursuant to Mineral Order 5, entitled "Regulations Governing Government Aid in Defense Exploration Projects."

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of Nevada, County of Lyon & Storey, described as follows: [3] Sheba, Sunrise, Sunset, Planet, Lena, Morning Light, Hecla, Lyon, Deer, Betty, and Torney Iron Claims, located in Lyon and Storey Counties, Nevada

with respect to which the Operator represents and undertakes: [4]

(*a*) That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: Not applicable, operator is lessee, annex 1 is attached in lieu of subordination agreement.

(*b*) That he is a lessee, in possession and entitled to possession, and the subordination agreement of the lessor is attached.

3. *Exploration project.* The Operator, within (has commenced work) days from the date of this contract shall commence work on a project of exploration for [5] Iron; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] sixty (60) days from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

4. *Performance of the work.* The work shall be performed by the Operator, under his sole direction and control: *Provided,* That with the consent of the Government and its written approval of the contract or contracts, all or any part of the work may be performed by the Operator through contract or contracts with independent contractors. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

5. *Fixtures and improvements.* The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof. Any additional facilities, buildings, and fixtures, to be purchased, installed, or erected by the Operator, with the estimated cost of each, to which the Government will contribute currently its agreed pro rata share, are listed in Exhibit "A" attached hereto. The difference between the cost of such additional facilities, buildings, or fixtures, and the salvage value thereof at the conclusion of the work, shall be charged as a cost of the project to which the Government has contributed its pro rata share.

6. *Operating equipment.* Any operating equipment to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or depreciation, as the case may be, is listed under appropriate headings in Exhibit "A" attached hereto. As to equipment purchased for the project, the Government will contribute its agreed pro rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro rata share.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property.
[4] Strike out the provision not applicable.
[5] Name of mineral.
[6] Not in excess of 2 years.

7. *Title to and disposition of property.* All facilities, buildings, fixtures, equipment, or other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* An itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project is set forth in Exhibit "A" attached hereto.

9. *Rehabilitation and repairs.* A statement of the cost of any necessary rehabilitation or repairs to put existing facilities, buildings, installations, and fixtures into useful and operable condition and which are to be allowed as costs of the project is included in Exhibit "A."

10. *Allowable costs of the project.* The costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, analytical work, accounting, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in this contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, taxes, or any other indirect costs not expressly allowed by these provisions, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

11. *Accounts and audits.* The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract.

12. *Progress reports.* The Operator shall provide the Government with monthly reports of work performed under the contract upon forms to be provided by the Government. Each monthly progress report shall bear the certification of the Operator and shall constitute the Operator's invoice of costs incurred on the project during the period covered by the report.

13. *Payment to the Operator.* The monthly progress report (invoice), to the extent approved by the Government, shall be processed for payment by the Government. Payment shall be made in the amount of 50 percent of the approved costs incurred; *Provided;* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $ 15,000., which is 50 percent of the agreed estimated total cost of this project, $ 30,000.

14. *Final reports by Operator.* Upon completion of the project or termination of this contract, the Operator shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

15. *Repayment by Operator:* If, upon the completion of the exploration project or termination of the contract, the Government considers that a discovery or development has resulted from the work from which commercial production of ore may be made, the Government, within 6 months thereafter, shall so certify to the Operator, particularly describing and delimiting its estimate of the discovery or the development. Thereafter, if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first, as follows:

Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent for each additional full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

This obligation to repay from net returns or proceeds shall be and remain a claim and lien upon the mineral deposit which is the subject of the exploration project and upon any production resulting from such discovery or development, in favor of the Government, until fully paid, or until said 10-year period has elapsed; and this claim and lien and the Government's right to repayment shall survive any termination of the contract, whether by completion of the exploration project or otherwise. This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development.

16. *No assignment of contract.* Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder.

17. *Termination and completion.* The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; shall dispose of any unused materials, supplies, and equipment for the joint account of the Operator and the Government in the proportion of their respective interests; and shall pay to the Government its pro-rata share of any money remaining.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____

[illegible]
(Operator)

By Allen D. Christensen
Vice President

U. S. GOVERNMENT PRINTING OFFICE 16—64066-2

ANNEX 1

WHEREAS, the subordination agreement of the lessor, required by paragraph numbered 2(b) of the annexed contract, has not been obtained; and

WHEREAS, the United States of America has agreed to waive requirement of the lessor's subordination agreement.

NOW THEREFORE, in consideration of said exploration project contract and of the foregoing, the Operator hereby undertakes and agrees to pay all sums that may fall due and owing to the United States of America under the terms of said contract in the same manner and to the same extent as if the subordination agreement of the lessor had been given. If for any reason the net smelter returns from operations that would be subject under said contract to such payments to the Government are not available as a means of measuring the amount of such payments, then the Operator agrees and undertakes to make such payments according to the best estimates of the amounts that can reasonably be made, and in the event of dispute as to such estimates, the Operator agrees that the determination thereof by either the Administrator of Defense Minerals Administration or by the Director of the United States Bureau of Mines shall be final and binding upon the Operator.

EXHIBIT "A"

Proposed diamond drilling program and estimated cost:

Contract diamond drilling for 2500 ft. @ $6.50 per feet		$ 16,250
Cementing & Reaming @ $3.25 on estimated 1500 feet of above		4,875
Total Contract Drilling		$ 21,125
Supervision		
1 Mining Engineer	@ $600	
1 Surveyor	$400	4,000
4 Months	$1000	$ 25,125
Assaying		2,000
Transportation & Expenses		1,875
Contingencies		1,000
		$ 30,000

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. dma/ 1629X

Date received

Participation

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION III
RECEIVED
JUN 1 1951
SAN FRANCISCO, CALIFORNIA

The Utah Construction Company
1 Montgomery Street
San Francisco, California

Name and address of applicant

Date 5/29/51

FILL IN THIS BLOCK

Date of application May 29, 1951

Estimated cost $30,000.00

Mineral or metal Iron Ore

Percentage of Government participation 50%

Location of mine Lyon & Storey Counties, Nevada

Date of filing MF-100 Not Filed

DMA Docket Number, if available —

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation?
*2. If a partnership, state names and addresses of partners.
*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.
*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project.
*5. Are you the owner or the lessee of the property?
6. If owner, state what claims, liens, or encumbrances, if any, are against the property.
7. If lessee, attach a copy of the lease and state if it is in good standing.

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract.

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement.
9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)?

*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

16—64067-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.
    (*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

    NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*b*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

*11. State the present and former names of the property, if any.

*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads.

*13. State source and quantity of water available for operations and its sufficiency at all seasons.
State amount of power to be used, rate per hour or other cost, and source.

*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work.

15. State in detail how the ore could be shipped and how and where milled.

*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.
    (*b*) State briefly the known history and production of adjoining and neighboring properties.
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

*17. Production:
    (*a*) If mine is in production, furnish the following information:

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.

19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted?

21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it.

    NOTE.—The Government will not participate in a project that will require more than 2 years to complete.

22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data.

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:
    (*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each.
    (*b*) Supervisors, by numbers and positions, with salaries of each.
    (*c*) Cost of necessary repairs to existing facilities, structures, and buildings.
    (*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings.
    (*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each.
    (*f*) Cost of rental for equipment which the operator proposes to rent.
    (*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work.
    (*h*) Cost of materials and supplies, including items of equipment costing less than $50 each.
    (*i*) Cost of power, water, utilities, and any other items not provided for above.

24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent.

CERTIFICATION

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

The Utah Construction Company
(Name of company)

By R. A. Ayers
(Signature of authorized official)

May 31, 1951
(Date)

Vice President
(Title)

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.

*Same as footnote on page 1.

16—64067-1 U. S. GOVERNMENT PRINTING OFFICE

1. Corporation

2. Not applicable.

3. See financial statement attached for officers and directors. The five largest stockholders are:

Allen D. Christensen &
Carmen Christensen
1 Montgomery Street
San Francisco, California

Thomas D. Dee
Ogden, Utah

Eccles Hotel Company
Ogden, Utah

E. O. Wattis Estate
c/o Shepard Mitchell
815 No. Bedford Drive
Beverly Hills, California

P. L. & Phyllis Wattis
220 Bush Street
San Francisco, California

4. (a) The Utah Construction Company was organized in 1900, and during the past fifty years has engaged in a general contracting business, with emphasis in the heavy construction field. During the past ten years The Utah Construction Company has engaged in mining iron ore for sale to the trade, as well as stripping and mining on contract for users of iron ore on the West Coast and in the Rocky Mountain area.

(b) The person or persons who will manage the project will be selected from the Company's staff, which includes several men with long experience in geology, mining, engineering and construction work.

5. Lessee

6. Not applicable

7. See copy attached, which is in good standing. The Utah Construction Company is prepared to guarantee the government's interest under this contract in lieu of subordination of the lessor's interest until the subordination can be obtained from the lessors.

8. Financial statement attached.

9. Up to $15,000, depending on the requirements for developing the desired information. This is sufficient to pay our part of the cost of the project, as detailed in Question No. 3 of this application form.

10. (a) The property is known as the Dayton Iron Deposit, located in Lyon and Storey Counties, Nevada.

(b) The legal description of the property is as follows: "Sheba, Sunrise, Sunset, Planet, Emma, Morning Light, Hecla, Lyon, Bear, Dewey and Norway Iron Claims, located in Lyon and Storey Counties.

11. No other names are known, except those given above.

12. The deposits, situated in Lyon and Storey Counties, Nevada, can be reached by driving 12-1/2 miles northeast from Dayton, Nevada, on U. S. Highway 50, to a desert-road junction, and thence 2.7 miles northerly on the desert road. The property is 15.5 miles from the Reno to Minna branch of the Southern Pacific railroad. U. S. Highway 50 is a bituminous surfaced road, suitable for heavy all-weather trucking.

13. The nearest source of water is a spring one mile north of the property, now used for watering sheep. The flow is steady but would not amount to more than 10 to 15 gallons per minute. Deep wells and pumps probably could develop only enough water for camp use, since the water table in the project drill holes varied from 100 to 160 ft. The nearest large water supply is the Carson River, 5 miles distant by airline from the property, and 15.5 miles by way of present highways. A road to the river on light grade would be six miles long. A 60-kilovolt power line of the Sierra Pacific Power Company passes two miles south of the property.

14. None

15. The ore could be shipped by truck and rail to the West Coast users and export trade, or to Utah steel mills. A truck haul of approximately 15 miles would be required. It is believed there is a small amount of direct shipping ore that would require no milling. However, the maximum tonnage available in the deposit would require crushing and magnetic separation, which would be carried out near the mine.

16. (a) The Bureau of Mines carried out an exploration of this property in 1944 and the result of this work is described in War Minerals Report No. 213 dated July, 1944, entitled "Dayton Iron Deposits, Lyon and Storey Counties, Nevada". You are referred to this publication for the results of that exploratory work. (See also Report Investigation No. 4561 - 1949)

(b) There has been no commercial production of iron ore in the surrounding territory; however, other iron ore properties are currently being developed in regions out from Lovelock, Nevada.

(c) Reference is made in (a) above to published information.

17. Not applicable.

18. Not applicable.

19. The Dayton property is believed to be one of the best potential sources of iron ore in the State of Nevada.

20. Iron Ore.

21. The exploration program will take approximately four months.

22. Refer to War Minerals Report No. 213 cited in 16(a) above.

23. See Schedule attached.

24. The time scheduled for this project calls for commencement within ten days from the date of this application, and the work should be completed within four months' time.

Question No. 23:

Proposed diamond drilling program and estimated cost:

Contract diamond drilling for 2500 ft. @ 6.50 per foot		$16,250
Cementing & Reaming @ $3.25 on Estimated 1500 feet of above		4,875
Total Contract Drilling		$21,125
Supervision		
1 Mining Engineer @ $600		
1 Surveyor	$400	
4 Months	$1000	4,000
		$25,125
Assaying		2,000
Transportation & Expenses		1,875
Contingencies		1,000
		$30,000

Locations of holes are now being laid out by our engineer, and the depth and extent of the program will be contingent on the progress and results of the work.

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. dma 1629 X

Date received

Participation

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION III
RECEIVED
JUN 1 1951
SAN FRANCISCO, CALIFORNIA

The Utah Construction Company
1 Montgomery Street
San Francisco, California

Name and address of applicant

Date 5/29/51

FILL IN THIS BLOCK

Date of application May 29, 1951

Estimated cost $30,000.00

Mineral or metal Iron Ore

Percentage of Government participation 50%

Location of mine Lyon & Storey Counties, Nevada

Date of filing MF-100 Not Filed

DMA Docket Number, if available --

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation?
*2. If a partnership, state names and addresses of partners.
*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.
*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project.
*5. Are you the owner or the lessee of the property?
6. If owner, state what claims, liens, or encumbrances, if any, are against the property.
7. If lessee, attach a copy of the lease and state if it is in good standing.

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract.

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement.
9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)?

*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

16—64067-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.
    (*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

    NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*b*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

*11. State the present and former names of the property, if any.

*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads.

*13. State source and quantity of water available for operations and its sufficiency at all seasons.
State amount of power to be used, rate per hour or other cost, and source.

*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work.

15. State in detail how the ore could be shipped and how and where milled.

*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.
    (*b*) State briefly the known history and production of adjoining and neighboring properties.
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

*17. Production:
    (*a*) If mine is in production, furnish the following information:

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.

19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted?

21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it.

    NOTE.—The Government will not participate in a project that will require more than 2 years to complete.

22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data.

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:
    (*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each.
    (*b*) Supervisors, by numbers and positions, with salaries of each.
    (*c*) Cost of necessary repairs to existing facilities, structures, and buildings.
    (*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings.
    (*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each.
    (*f*) Cost of rental for equipment which the operator proposes to rent.
    (*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work.
    (*h*) Cost of materials and supplies, including items of equipment costing less than $50 each.
    (*i*) Cost of power, water, utilities, and any other items not provided for above.

24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent.

CERTIFICATION

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

The Utah Construction Company
(Name of company)

By R. H. Ayers
(Signature of authorized official)

May 31, 1951
(Date)

Vice President
(Title)

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.

*Same as footnote on page 1.

16—64067-1 U. S. GOVERNMENT PRINTING OFFICE

1. Corporation

2. Not applicable.

3. See financial statement attached for officers and directors. The five largest stockholders are:

Allen D. Christensen &
Carmen Christensen
1 Montgomery Street
San Francisco, California

Thomas D. Dee
Ogden, Utah

Eccles Hotel Company
Ogden, Utah

E. O. Wattis Estate
c/o Shepard Mitchell
815 No. Bedford Drive
Beverly Hills, California

P. L. & Phyllis Wattis
220 Bush Street
San Francisco, California

4. (a) The Utah Construction Company was organized in 1900, and during the past fifty years has engaged in a general contracting business, with emphasis in the heavy construction field. During the past ten years The Utah Construction Company has engaged in mining iron ore for sale to the trade, as well as stripping and mining on contract for users of iron ore on the West Coast and in the Rocky Mountain area.

(b) The person or persons who will manage the project will be selected from the Company's staff, which includes several men with long experience in geology, mining, engineering and construction work.

5. Lessee

6. Not applicable

7. See copy attached, which is in good standing. The Utah Construction Company is prepared to guarantee the government's interest under this contract in lieu of subordination of the lessor's interest until the subordination can be obtained from the lessors.

8. Financial statement attached.

9. Up to $15,000, depending on the requirements for developing the desired information. This is sufficient to pay our part of the cost of the project, as detailed in Question No. 3 of this application form.

10. (a) The property is known as the Dayton Iron Deposit, located in Lyon and Storey Counties, Nevada.

(b) The legal description of the property is as follows: "Sheba, Sunrise, Sunset, Planet, Emma, Morning Light, Hecla, Lyon, Bear, Dewey and Norway Iron Claims, located in Lyon and Storey Counties.

11. No other names are known, except those given above.

12. The deposits, situated in Lyon and Storey Counties, Nevada, can be reached by driving 12-1/2 miles northeast from Dayton, Nevada, on U. S. Highway 50, to a desert-road junction, and thence 2.7 miles northerly on the desert road. The property is 15.5 miles from the Reno to Minna branch of the Southern Pacific railroad. U. S. Highway 50 is a bituminous surfaced road, suitable for heavy all-weather trucking.

13. The nearest source of water is a spring one mile north of the property, now used for watering sheep. The flow is steady but would not amount to more than 10 to 15 gallons per minute. Deep wells and pumps probably could develop only enough water for camp use, since the water table in the project drill holes varied from 100 to 160 ft. The nearest large water supply is the Carson River, 5 miles distant by airline from the property, and 15.5 miles by way of present highways. A road to the river on light grade would be six miles long. A 60-kilovolt power line of the Sierra Pacific Power Company passes two miles south of the property.

14. None

15. The ore could be shipped by truck and rail to the West Coast users and export trade, or to Utah steel mills. A truck haul of approximately 15 miles would be required. It is believed there is a small amount of direct shipping ore that would require no milling. However, the maximum tonnage available in the deposit would require crushing and magnetic separation, which would be carried out near the mine.

16. (a) The Bureau of Mines carried out an exploration of this property in 1944 and the result of this work is described in War Minerals Report No. 213 dated July, 1944, entitled "Dayton Iron Deposits, Lyon and Storey Counties, Nevada". You are referred to this publication for the results of that exploratory work. (See also Report Investigation No. 4561 - 1949)

(b) There has been no commercial production of iron ore in the surrounding territory; however, other iron ore properties are currently being developed in regions out from Lovelock, Nevada.

(c) Reference is made in (a) above to published information.

17. Not applicable.

18. Not applicable.

19. The Dayton property is believed to be one of the best potential sources of iron ore in the State of Nevada.

20. Iron Ore.

21. The exploration program will take approximately four months.

22. Refer to War Minerals Report No. 213 cited in 16(a) above.

23. See Schedule attached.

24. The time scheduled for this project calls for commencement within ten days from the date of this application, and the work should be completed within four months' time.

Question No. 23:

Proposed diamond drilling program and estimated cost:

Contract diamond drilling for 2500 ft. @ 6.50 per foot		$16,250
Cementing & Reaming @ $3.25 on Estimated 1500 feet of above		4,875
Total Contract Drilling		$21,125
Supervision		
1 Mining Engineer @	$600	
1 Surveyor	$400	
4 Months	$1000	4,000
		$25,125
Assaying		2,000
Transportation & Expenses		1,875
Contingencies		1,000
		$30,000

Locations of holes are now being laid out by our engineer, and the depth and extent of the program will be contingent on the progress and results of the work.

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. dma 162 9X

Date received

Participation

The Utah Construction Company
1 Montgomery Street
San Francisco, California

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION III
RECEIVED
JUN 1 1951
SAN FRANCISCO, CALIFORNIA

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 4 - 1951
LANDON F. STROBEL
Executive Secretary

Name and address of applicant

Date 5/29/51

FILL IN THIS BLOCK

Date of application May 29, 1951

Estimated cost $30,000.00

Mineral or metal Iron Ore

Percentage of Government participation 50%

Location of mine Lyon & Storey Counties, Nevada

Date of filing MF-100 Not Filed

DMA Docket Number, if available —

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation?
*2. If a partnership, state names and addresses of partners.
*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.
*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project.
*5. Are you the owner or the lessee of the property?
6. If owner, state what claims, liens, or encumbrances, if any, are against the property.
7. If lessee, attach a copy of the lease and state if it is in good standing.

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract.

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement.
9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)?

*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

16—64067-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.
    (*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

    NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*b*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

*11. State the present and former names of the property, if any.

*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads.

*13. State source and quantity of water available for operations and its sufficiency at all seasons.
State amount of power to be used, rate per hour or other cost, and source.

*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work.

15. State in detail how the ore could be shipped and how and where milled.

*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.
    (*b*) State briefly the known history and production of adjoining and neighboring properties.
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

*17. Production:
    (*a*) If mine is in production, furnish the following information:

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.

19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted?

21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it.

    NOTE.—The Government will not participate in a project that will require more than 2 years to complete.

22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data.

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:
    (*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each.
    (*b*) Supervisors, by numbers and positions, with salaries of each.
    (*c*) Cost of necessary repairs to existing facilities, structures, and buildings.
    (*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings.
    (*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each.
    (*f*) Cost of rental for equipment which the operator proposes to rent.
    (*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work.
    (*h*) Cost of materials and supplies, including items of equipment costing less than $50 each.
    (*i*) Cost of power, water, utilities, and any other items not provided for above.

24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent.

CERTIFICATION

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

The Utah Construction Company
(Name of company)

By A. H. Ayers
(Signature of authorized official)

May 31, 1951
(Date)

Vice President
(Title)

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.

*Same as footnote on page 1.

16—64067-1 U. S. GOVERNMENT PRINTING OFFICE

1. Corporation

2. Not applicable.

3. See financial statement attached for officers and directors. The five largest stockholders are:

Allen D. Christensen &
Carmen Christensen
1 Montgomery Street
San Francisco, California

Thomas D. Dee
Ogden, Utah

Eccles Hotel Company
Ogden, Utah

E. O. Wattis Estate
c/o Shepard Mitchell
815 No. Bedford Drive
Beverly Hills, California

P. L. & Phyllis Wattis
220 Bush Street
San Francisco, California

4. (a) The Utah Construction Company was organized in 1900, and during the past fifty years has engaged in a general contracting business, with emphasis in the heavy construction field. During the past ten years The Utah Construction Company has engaged in mining iron ore for sale to the trade, as well as stripping and mining on contract for users of iron ore on the West Coast and in the Rocky Mountain area.

(b) The person or persons who will manage the project will be selected from the Company's staff, which includes several men with long experience in geology, mining, engineering and construction work.

5. Lessee

6. Not applicable

7. See copy attached, which is in good standing. The Utah Construction Company is prepared to guarantee the government's interest under this contract in lieu of subordination of the lessor's interest until the subordination can be obtained from the lessors.

8. Financial statement attached.

9. Up to $15,000, depending on the requirements for developing the desired information. This is sufficient to pay our part of the cost of the project, as detailed in Question No. 3 of this application form.

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14. None

15. The ore could be shipped by truck and rail to the West Coast users and export trade, or to Utah steel mills. A truck haul of approximately 15 miles would be required. It is believed there is a small amount of direct shipping ore that would require no milling. However, the maximum tonnage available in the deposit would require crushing and magnetic separation, which would be carried out near the mine.

16. (a) The Bureau of Mines carried out an exploration of this property in 1944 and the result of this work is described in War Minerals Report No. 213 dated July, 1944, entitled "Dayton Iron Deposits, Lyon and Storey Counties, Nevada". You are referred to this publication for the results of that exploratory work. (See also Report Investigation No. 4561 - 1949)

(b) There has been no commercial production of iron ore in the surrounding territory; however, other iron ore properties are currently being developed in regions out from Lovelock, Nevada.

(c) Reference is made in (a) above to published information.

17. Not applicable.

18. Not applicable.

19. The Dayton property is believed to be one of the best potential sources of iron ore in the State of Nevada.

20. Iron Ore.

21. The exploration program will take approximately four months.

22. Refer to War Minerals Report No. 213 cited in 16(a) above.

23. See Schedule attached.

24. The time scheduled for this project calls for commencement within ten days from the date of this application, and the work should be completed within four months' time.

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4 Months	$1000	4,000
		$25,125
Assaying		2,000
Transportation & Expenses		1,875
Contingencies		1,000
		$30,000

Locations of holes are now being laid out by our engineer, and the depth and extent of the program will be contingent on the progress and results of the work.

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. dmw 1629X

Date received

Participation

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION III
RECEIVED
JUN 1 1951
SAN FRANCISCO, CALIFORNIA

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 4 - 1951
LANDON F. STROBEL
Executive Secretary

The Utah Construction Company
1 Montgomery Street
San Francisco, California

Name and address of applicant

Date 5/29/51

FILL IN THIS BLOCK

Date of application May 29, 1951

Estimated cost $30,000.00

Mineral or metal Iron Ore

Percentage of Government participation 50%

Location of mine Lyon & Storey Counties, Nevada

Date of filing MF-100 Not Filed

DMA Docket Number, if available --

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation?
*2. If a partnership, state names and addresses of partners.
*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.
*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project.
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6. If owner, state what claims, liens, or encumbrances, if any, are against the property.
7. If lessee, attach a copy of the lease and state if it is in good standing.

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract.

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement.
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*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

16—64067-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.
    (*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

    NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*b*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

*11. State the present and former names of the property, if any.
*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads.
*13. State source and quantity of water available for operations and its sufficiency at all seasons.
State amount of power to be used, rate per hour or other cost, and source.
*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work.
15. State in detail how the ore could be shipped and how and where milled.
*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.
    (*b*) State briefly the known history and production of adjoining and neighboring properties.
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.
*17. Production:
    (*a*) If mine is in production, furnish the following information:

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.
19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted?
21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it.

    NOTE.—The Government will not participate in a project that will require more than 2 years to complete.
22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data.

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:
    (*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each.
    (*b*) Supervisors, by numbers and positions, with salaries of each.
    (*c*) Cost of necessary repairs to existing facilities, structures, and buildings.
    (*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings.
    (*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each.
    (*f*) Cost of rental for equipment which the operator proposes to rent.
    (*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work.
    (*h*) Cost of materials and supplies, including items of equipment costing less than $50 each.
    (*i*) Cost of power, water, utilities, and any other items not provided for above.
24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent.

CERTIFICATION

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

The Utah Construction Company
(Name of company)

By A. S. Hayne
* (Signature of authorized official)

May 31, 1951
(Date)

Vice President
(Title)

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.

*Same as footnote on page 1.

16—64067-1 U. S. GOVERNMENT PRINTING OFFICE

1. Corporation

2. Not applicable.

3. See financial statement attached for officers and directors. The five largest stockholders are:

Allen D. Christensen &
Carmen Christensen
1 Montgomery Street
San Francisco, California

Thomas D. Dee
Ogden, Utah

Eccles Hotel Company
Ogden, Utah

E. O. Wattis Estate
c/o Shepard Mitchell
815 No. Bedford Drive
Beverly Hills, California

P. L. & Phyllis Wattis
220 Bush Street
San Francisco, California

4. (a) The Utah Construction Company was organized in 1900, and during the past fifty years has engaged in a general contracting business, with emphasis in the heavy construction field. During the past ten years The Utah Construction Company has engaged in mining iron ore for sale to the trade, as well as stripping and mining on contract for users of iron ore on the West Coast and in the Rocky Mountain area.

(b) The person or persons who will manage the project will be selected from the Company's staff, which includes several men with long experience in geology, mining, engineering and construction work.

5. Lessee

6. Not applicable

7. See copy attached, which is in good standing. The Utah Construction Company is prepared to guarantee the government's interest under this contract in lieu of subordination of the lessor's interest until the subordination can be obtained from the lessors.

8. Financial statement attached.

9. Up to $15,000, depending on the requirements for developing the desired information. This is sufficient to pay our part of the cost of the project, as detailed in Question No. 3 of this application form.

10. (a) The property is known as the Dayton Iron Deposit, located in Lyon and Storey Counties, Nevada.

(b) The legal description of the property is as follows: "Sheba, Sunrise, Sunset, Planet, Emma, Morning Light, Hecla, Lyon, Bear, Dewey and Norway Iron Claims, located in Lyon and Storey Counties.

11. No other names are known, except those given above.

12. The deposits, situated in Lyon and Storey Counties, Nevada, can be reached by driving 12-1/2 miles northeast from Dayton, Nevada, on U. S. Highway 50, to a desert-road junction, and thence 2.7 miles northerly on the desert road. The property is 15.5 miles from the Reno to Minna branch of the Southern Pacific railroad. U. S. Highway 50 is a bituminous surfaced road, suitable for heavy all-weather trucking.

13. The nearest source of water is a spring one mile north of the property, now used for watering sheep. The flow is steady but would not amount to more than 10 to 15 gallons per minute. Deep wells and pumps probably could develop only enough water for camp use, since the water table in the project drill holes varied from 100 to 160 ft. The nearest large water supply is the Carson River, 5 miles distant by airline from the property, and 15.5 miles by way of present highways. A road to the river on light grade would be six miles long. A 60-kilovolt power line of the Sierra Pacific Power Company passes two miles south of the property.

14. None

15. The ore could be shipped by truck and rail to the West Coast users and export trade, or to Utah steel mills. A truck haul of approximately 15 miles would be required. It is believed there is a small amount of direct shipping ore that would require no milling. However, the maximum tonnage available in the deposit would require crushing and magnetic separation, which would be carried out near the mine.

16. (a) The Bureau of Mines carried out an exploration of this property in 1944 and the result of this work is described in War Minerals Report No. 213 dated July, 1944, entitled "Dayton Iron Deposits, Lyon and Storey Counties, Nevada". You are referred to this publication for the results of that exploratory work.

(See also Report Investigation No. 4561 - 1949)

(b) There has been no commercial production of iron ore in the surrounding territory; however, other iron ore properties are currently being developed in regions out from Lovelock, Nevada.

(c) Reference is made in (a) above to published information.

17. Not applicable.

18. Not applicable.

19. The Dayton property is believed to be one of the best potential sources of iron ore in the State of Nevada.

20. Iron Ore.

21. The exploration program will take approximately four months.

22. Refer to War Minerals Report No. 213 cited in 16(a) above.

23. See Schedule attached.

24. The time scheduled for this project calls for commencement within ten days from the date of this application, and the work should be completed within four months' time.

Question No. 23:

Proposed diamond drilling program and estimated cost:

Contract diamond drilling for 2500 ft. @ 6.50 per foot		$16,250
Cementing & Reaming @ $3.25 on Estimated 1500 feet of above		4,875
Total Contract Drilling		$21,125
Supervision		
1 Mining Engineer @ $600		
1 Surveyor	$400	
4 Months	$1000	4,000
		$25,125
Assaying		2,000
Transportation & Expenses		1,875
Contingencies		1,000
		$30,000

Locations of holes are now being laid out by our engineer, and the depth and extent of the program will be contingent on the progress and results of the work.

THE UTAH CONSTRUCTION COMPANY

★

BOARD OF DIRECTORS

M. A. Browning . . . . *Ogden, Utah*
L. S. Corey . . . *San Francisco, Calif.*
A. D. Christensen *San Francisco, Calif.*
L. T. Dee . . . . . *Ogden, Utah*
George S. Eccles . . . . *Ogden, Utah*
M. S. Eccles . . . . . *Ogden, Utah*
W. H. Harris . . . . . *Ogden, Utah*
Shepard Mitchell . *Los Angeles, Calif.*
P. L. Wattis . . *San Francisco, Calif.*

★

OFFICERS

M. S. Eccles . . . . . *Ogden, Utah*
Chairman of the Board

L. S. Corey . . . . . *San Francisco, Calif.*
President

A. D. Christensen . . . . . *San Francisco, Calif.*
Executive Vice-President and General Manager

W. H. Harris . . . . . *Ogden, Utah*
Secretary and Treasurer

Vice-Presidents

W. H. Harris . . . . . *Ogden, Utah*
H. N. Stronck . . . . . *San Francisco, Calif.*
A. H. Ayers . . . . . *San Francisco, Calif.*
C. S. Davis . . . . . *San Francisco, Calif.*
G. R. Putnam . . . . . *Salt Lake City, Utah*

BALANCE SHEET

THE UTAH CONSTRUCTION COMPANY

★

OCTOBER 31, 1950

★

General Offices

OGDEN, UTAH

Salt Lake City, Utah
57 E. Fourth South

San Francisco, California
1 Montgomery Street

THE UTAH CONSTRUCTION COMPANY

BALANCE SHEET—OCTOBER 31, 1950

ASSETS

CURRENT ASSETS:		
Cash		$ 2,167,376.33
Receivables—		
Estimates	$3,746,255.53	
Retained percentages	784,805.27	
Other	525,409.29	5,056,470.09
Unbilled costs on work in progress		509,819.43
Inventories, priced at the lower of cost or market—		
Construction materials and supplies	$ 941,292.03	
Iron ore and coal	73,506.46	1,014,798.49
TOTAL CURRENT ASSETS		$ 8,748,464.34
OTHER ASSETS:		
Investment in joint ventures	$2,587,331.23	
Buildings and facilities on construction projects, less reserve for amortization of $837,384.26	309,615.07	
Prepaid royalties	104,671.61	
Other prepaid expenses and miscellaneous	157,164.71	3,158,782.62
INVESTMENTS IN OTHER COMPANIES, at cost (which, in the aggregate, is less than estimated liquidating value):		
Capital stocks of non-controlled companies (proceeds of certain stocks pledged to secure bank loan)	$ 812,641.03	
Capital stocks and receivables of wholly-owned foreign subsidiaries	719,318.14	1,531,959.17

PROPERTY, PLANT AND EQUIPMENT:

Classification	*Cost*	*Reserves for Depreciation and Amortization*	*Net*	
Land ($33,800.00), buildings and improvements	$ 240,119.50	$ 34,610.06	$ 205,509.44	
Coal lands and leases	799,134.89	50,764.19	748,370.70	
Plant and facilities on mining projects	1,653,853.44	751,799.34	902,054.10	
Equipment	8,591,993.76	3,985,436.18	4,606,557.58	
Furniture and fixtures	112,966.22	60,234.07	52,732.15	
	$11,398,067.81	$4,882,843.84	$6,515,223.97	6,515,223.97
				$19,954,430.10

LIABILITIES

CURRENT LIABILITIES:			
Current installments of long-term notes and contracts payable—due within one year			$ 355,242.75
Accounts payable—			
Trade		$ 1,119,892.25	
Other		251,911.17	1,371,803.42
Advances received on construction contracts			740,000.00
Accrued liabilities—			
Salaries and wages		$ 310,696.90	
General taxes and miscellaneous		267,031.46	
Current portion of Federal income taxes		1,500,000.00	2,077,728.36
TOTAL CURRENT LIABILITIES			$ 4,544,774.53
LONG-TERM LIABILITIES:			
Bank loans, 3%—due December 31, 1951—			
Secured by proceeds of stocks of certain non-controlled companies		$ 725,820.00	
Unsecured		1,050,000.00	
		$ 1,775,820.00	
Non-current portion of 3½% bank loan—payable in quarterly installments of at least $45,000.00		585,000.00	
Non-current installments of note and contracts payable for coal lands		358,485.50	
Non-current portion of accrued Federal income taxes (applicable to recorded income from joint ventures not taxable until subsequent years)		227,356.63	2,946,662.13
RESERVE FOR CONTINGENCIES—PRIOR YEARS' FEDERAL INCOME TAXES			500,000.00
CAPITAL STOCK AND RETAINED EARNINGS:			
Capital stock, par value $10 per share—			
Authorized—175,510 shares			
Issued and outstanding—175,507.5 shares		$ 1,755,075.00	
Earnings retained in the business, exclusive of amounts capitalized ($7,244,925.00 not available for dividends under bank loan agreement)—			
Balance, October 31, 1949	$ 8,143,750.21		
Add—Net profit for the year	2,364,384.71		
	$10,508,134.92		
Deduct—Dividends paid in cash ($264,588.75) and property	300,216.48	10,207,918.44	11,962,993.44
			$19,954,430.10

TO THE BOARD OF DIRECTORS OF
THE UTAH CONSTRUCTION COMPANY:

We have examined the balance sheet of THE UTAH CONSTRUCTION COMPANY (a Utah corporation) as of October 31, 1950, and the related statement of profit and loss for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet presents fairly the financial position of THE UTAH CONSTRUCTION COMPANY as of October 31, 1950, and was prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

San Francisco, California
December 28, 1950

ARTHUR ANDERSEN & CO.

THIS AGREEMENT made and entered into this 4th day of _____, 1951, by and between MORTIMER FLEISHHACKER, ADELAIDE GILLIS McCORMICK, DOROTHY GILLIS LOOMIS and ARTHUR L. LOOMIS, first parties, and UTAH CONSTRUCTION COMPANY, a Corporation, second party,

W I T N E S S E T H:

WHEREAS Anglo California Trust Company ever since the 23rd of August, 1918, has been and now is the holder of record title to the real properties in Lyon and Story Counties in the State of Nevada particularly described as the Sheba, Sunrise, Sunset, Planet, Emma, Morning Light, Hecla, Lyon, Bear, Dewey and Norway Iron Claims; and

WHEREAS said Anglo California Trust Company and The Anglo & London Paris National Bank of San Francisco on June 30, 1932, pursuant to the provisions of the Act of Congress entitled "An Act to Provide for the Consolidation of National Banking Associations" approved November 7, 1918, as amended February 25, 1927, did consolidate under the Charter of said The Anglo & London Paris National Bank of San Francisco with the corporate title of "THE ANGLO CALIFORNIA NATIONAL BANK OF SAN FRANCISCO"; and

WHEREAS by virtue of such consolidation said The Anglo California National Bank of San Francisco did succeed said Anglo California Trust Company as holder of record title to said real properties; and

WHEREAS said The Anglo California National Bank of San

Francisco now holds such record title as Agent for the parties of the first part as follows:

For said MORTIMER FLEISHHACKER, an undivided one-half (½) thereof; and

For each of said ADELAIDE GILLIS McCORMICK, DOROTHY GILLIS LOOMIS and ARTHUR L.LOOMIS, an undivided one-sixth (1/6) thereof;

NOW THEREFORE IT IS AGREED by and between the parties hereto as follows:

I. In consideration of the sum of ONE DOLLAR ($1.00) to them this day in hand paid by second party, the receipt whereof is hereby acknowledged, and in further consideration of the covenants of second party herein contained, first parties hereby jointly and severally grant to second party the irrevocable and exclusive right and option to purchase said real properties from first parties for the price and on terms and conditions hereinafter particularly set forth.

Second Party at any time not later than four (4) months from the date hereof may exercise said option to purchase said properties by delivering a written notice of exercise thereof to said MORTIMER FLEISHHACKER at his office, No. 111 Sutter Street, San Francisco, California.

First Parties jointly and severally represent to second party that they have the right to grant such option, and that on the exercise thereof by second party they will sell said real properties to second party as hereinafter provided; and first parties covenant and agree that within 30 days from the date hereof they will submit to second party an abstract of title showing that record title to said

real properties is in said Anglo California Trust Company.

First Parties hereby jointly and severally grant to second party during the term of said option the right of entry upon and undisturbed possession of said real properties and the right to investigate, clear, drill, trench, tunnel and otherwise explore the same, and to conduct ore mining operations thereon for the removal of materials, deposits and the like therefrom for sampling purposes.

First Parties hereby jointly and severally covenant to hold second party harmless against any claims, demands or actions for trespass or other cause asserted by any one claiming interference with a right, title or interest in or to said properties by reason of second party's presence or its activities as authorized hereby upon said real properties during said four (4) months option period.

Second Party covenants and agrees that at the earliest practical moment, but in no event later than three (3) months after submission to it of abstract showing that record title to said properties is in Anglo California Trust Company, it will commence sampling, investigation, drilling and exploratory work on said real properties, and pursue the same with diligence and in a workmanlike manner and in conformity with all applicable laws and Government regulations and requirements, and will expend in connection therewith not less than FIVE THOUSAND DOLLARS ($5000); and as security for the performance of its covenant to perform such exploratory work within said option period, second party will deposit in escrow with CROCKER FIRST NATIONAL BANK at San Francisco, California, the sum of ONE THOUSAND DOLLARS ($1000), which

shall be paid to first parties in the event that second party fails to perform its said covenant, or shall be returned to second party in the event that second party does faithfully perform the same.

Second Party covenants and agrees that it will save and hold first parties harmless from all claims and demands whatsoever asserted against them by reason of any act not authorized hereby performed during said option period on said real properties by second party, its agents or licensees.

In the event that second party does not exercise its said option within the time and in the manner hereinbefore provided, all rights and obligations of the parties hereto for the sale and purchase of said properties shall terminate; and at the expiration of such option period second party will furnish first parties with copies of all drill locations, logs, samples and location maps obtained by second party on said properties.

II. Upon the exercise of said option by second party in the manner hereinbefore provided, first parties shall sell said properties to second party and second party shall purchase the same from first parties for a price and under terms and conditions hereinafter set forth.

First Parties in their absolute discretion shall have the right to determine which of the two purchase prices for said properties which hereinafter are designated Purchase Price A and Purchase Price B shall be paid by second party therefor; and upon receipt of notice of second party's exercise of option, first parties shall give to second party at its office at One Montgomery Street, San Francisco, California, a written notice stating which of said Purchase

Prices they elect to receive for said properties.

Said Purchase Price A is the sum of One Hundred and Seventy-five Thousand Dollars ($175,000), of which Thirty Five Thousand Dollars ($35,000) shall be paid by second party contemporaneously with delivery of deed of said properties to second party as herein after provided, and Seventeen Thousand Five Hundred Dollars ($17,500) shall be paid by second party annually thereafter at the expiration of each of one (1), two (2), three (3), four (4), five (5), six (6), seven (7) and eight (8) years from the date of such delivery of deed.

Said Purchase Price B is the sum of One Hundred and Fifty Thousand Dollars ($150,000), of which Thirty Thousand Dollars ($30,000) shall be paid by second party contemporaneously with delivery of deed of said properties to second party as hereinafter provided, and Fifteen Thousand Dollars ($15,000) shall be paid by second party annually thereafter at the expiration of each of one (1), two (2), three (3), four (4), five (5), six (6), seven (7) and eight (8) years from the date of such delivery of deed, and in addition to said sum of One Hundred and Fifty Thousand Dollars ($150,000) the sum of twenty-five cents ($.25) for each long ton of ore mined and shipped from said properties in excess of one million (1,000,000) long tons mined and shipped therefrom.

In explanation of and to give effect to said Purchase Price B, it is hereby provided:

1) At least once in every three months period, second party shall certify to The Anglo California National

Bank of San Francisco as the representative of first parties, the amount of ore mined and shipped from said properties during said period, and if and when one million (1,000,000) long tons of ore have been mined and shipped therefrom, thereafter monthly shall certify to said Bank the amount of additional ore mined and shipped therefrom, and shall pay as part of the purchase price of said properties twenty-five cents ($.25) for each additional long ton thereof so mined and shipped; and first parties at all reasonable times shall have access to the records of second party which indicate the shipment of ore from said properties;

2) Payment of the purchase price for ore mined and shipped from said properties in addition to one million (1,000,000) long tons shall be made upon the shipment thereof, whether made before or after the completion of the payment of said fixed purchase price of One Hundred and Fifty Thousand Dollars ($150,000); and second party shall have a continuing obligation to make such additional payments, whether such ore is shipped by second party or by a successor in interest of second party; and

3) The development of and mining and processing of deposits from said properties shall be performed in an orderly and workmanlike manner in accordance with established mining practices, but without other restrictions as to methods followed or locations developed.

Upon receipt of second party's exercise of option as hereinbefore provided, first parties will cause to be delivered to second party a grant deed vesting in second party all rights, titles and interests in and to said properties, the minerals and mineral deposits thereon, the

easements appurtenant thereto, and all rights of whatever nature therein and thereto; and contemporaneously with the delivery thereof, second party will pay to first parties, the initial payment of the purchase price hereinbefore provided.

All payments of purchase price as herein provided shall be made by second party to THE ANGLO CALIFORNIA NATIONAL BANK OF SAN FRANCISCO as Agent of the first parties, and upon making payments second party shall have no responsibility as to the distribution thereof to first parties.

III. In the event of failure of second party to fulfill or perform any act or thing by second party to be performed as herein provided, such failure shall not constitute a breach of this Agreement until first parties shall give second party written notice of such failure requesting second party to remedy the same and second party shall fail to remedy the same within thirty (30) days after its receipt of such notice.

IV. Any and all equipment, plant, machinery, tools, trackage, buildings, pipe, power lines and other improvements and personal property of every description placed by second party upon said properties shall be and remain its property, and if so placed during said option period and if said option shall not be exercised, may be removed by second party at any time within ninety (90) days after the expiration of said option period.

V. All rights and obligations of first parties provided for herein shall inure to the benefit of and be binding upon their respective heirs, executors, administrators, successors and assigns, and all rights and obligations of second party provided for herein shall inure to the benefit of and be binding upon its successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement on the day and year first above written.

Mortimer Fleishhacker

Adelaide Gillis McCormick

Dorothy Gillis Loomis

Arthur L. Loomis

THE UTAH CONSTRUCTION COMPANY

By - Vice President

Secretary

THE UTAH CONSTRUCTION COMPANY

BALANCE SHEET—OCTOBER 31, 1950

ASSETS

CURRENT ASSETS:		
Cash		$ 2,167,376.33
Receivables—		
Estimates	$3,746,255.53	
Retained percentages	784,805.27	
Other	525,409.29	5,056,470.09
Unbilled costs on work in progress		509,819.43
Inventories, priced at the lower of cost or market—		
Construction materials and supplies	$ 941,292.03	
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TOTAL CURRENT ASSETS		$ 8,748,464.34
OTHER ASSETS:		
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Capital stocks and receivables of wholly-owned foreign subsidiaries	719,318.14	1,531,959.17

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	$11,398,067.81	$4,882,843.84	$6,515,223.97	6,515,223.97
				$19,954,430.10

LIABILITIES

CURRENT LIABILITIES:			
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Accounts payable—			
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Other		251,911.17	1,371,803.42
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Unsecured		1,050,000.00	
		$ 1,775,820.00	
Non-current portion of 3½% bank loan—payable in quarterly installments of at least $45,000.00		585,000.00	
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RESERVE FOR CONTINGENCIES—PRIOR YEARS' FEDERAL INCOME TAXES			500,000.00
CAPITAL STOCK AND RETAINED EARNINGS:			
Capital stock, par value $10 per share—			
Authorized—175,510 shares			
Issued and outstanding—175,507.5 shares		$ 1,755,075.00	
Earnings retained in the business, exclusive of amounts capitalized ($7,244,925.00 not available for dividends under bank loan agreement)—			
Balance, October 31, 1949	$ 8,143,750.21		
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	$10,508,134.92		
Deduct—Dividends paid in cash ($264,588.75) and property	300,216.48	10,207,918.44	11,962,993.44
			$19,954,430.10

To the Board of Directors of
The Utah Construction Company:

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San Francisco, California
December 28, 1950

ARTHUR ANDERSEN & CO.

THE UTAH CONSTRUCTION COMPANY

★

BOARD OF DIRECTORS

M. A. Browning . . . . *Ogden, Utah*
L. S. Corey . . . *San Francisco, Calif.*
A. D. Christensen *San Francisco, Calif.*
L. T. Dee . . . . . *Ogden, Utah*
George S. Eccles . . . . *Ogden, Utah*
M. S. Eccles . . . . . *Ogden, Utah*
W. H. Harris . . . . . *Ogden, Utah*
Shepard Mitchell . *Los Angeles, Calif.*
P. L. Wattis . . *San Francisco, Calif.*

★

OFFICERS

M. S. Eccles . . . . . *Ogden, Utah*
Chairman of the Board

L. S. Corey . . . . . *San Francisco, Calif.*
President

A. D. Christensen . . . . . *San Francisco, Calif.*
Executive Vice-President and General Manager

W. H. Harris . . . . . *Ogden, Utah*
Secretary and Treasurer

Vice-Presidents

W. H. Harris . . . . . *Ogden, Utah*
H. N. Stronck . . . . . *San Francisco, Calif.*
A. H. Ayers . . . . . *San Francisco, Calif.*
C. S. Davis . . . . . *San Francisco, Calif.*
G. R. Putnam . . . . . *Salt Lake City, Utah*

BALANCE SHEET

THE UTAH CONSTRUCTION COMPANY

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OCTOBER 31, 1950

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General Offices

OGDEN, UTAH

Salt Lake City, Utah
57 E. Fourth South

San Francisco, California
1 Montgomery Street

THIS AGREEMENT made and entered into this 4th day of May, 1951, by and between MORTIMER FLEISHHACKER, ADELAIDE GILLIS McCORMICK, DOROTHY GILLIS LOOMIS and ARTHUR L. LOOMIS, first parties, and UTAH CONSTRUCTION COMPANY, a Corporation, second party,

W I T N E S S E T H:

WHEREAS Anglo California Trust Company ever since the 23rd of August, 1918, has been and now is the holder of record title to the real properties in Lyon and Story Counties in the State of Nevada particularly described as the Sheba, Sunrise, Sunset, Planet, Emma, Morning Light, Hecla, Lyon, Bear, Dewey and Norway Iron Claims; and

WHEREAS said Anglo California Trust Company and The Anglo & London Paris National Bank of San Francisco on June 30, 1932, pursuant to the provisions of the Act of Congress entitled "An Act to Provide for the Consolidation of National Banking Associations" approved November 7, 1918, as amended February 25, 1927, did consolidate under the Charter of said The Anglo & London Paris National Bank of San Francisco with the corporate title of "THE ANGLO CALIFORNIA NATIONAL BANK OF SAN FRANCISCO"; and

WHEREAS by virtue of such consolidation said The Anglo California National Bank of San Francisco did succeed said Anglo California Trust Company as holder of record title to said real properties; and

WHEREAS said The Anglo California National Bank of San

Francisco now holds such record title as Agent for the parties of the first part as follows:

For said MORTIMER FLEISHHACKER, an undivided one-half (½) thereof; and

For each of said ADELAIDE GILLIS McCORMICK, DOROTHY GILLIS LOOMIS and ARTHUR L.LOOMIS, an undivided one-sixth (1/6) thereof;

NOW THEREFORE IT IS AGREED by and between the parties hereto as follows:

I. In consideration of the sum of ONE DOLLAR ($1.00) to them this day in hand paid by second party, the receipt whereof is hereby acknowledged, and in further consideration of the covenants of second party herein contained, first parties hereby jointly and severally grant to second party the irrevocable and exclusive right and option to purchase said real properties from first parties for the price and on terms and conditions hereinafter particularly set forth.

Second Party at any time not later than four (4) months from the date hereof may exercise said option to purchase said properties by delivering a written notice of exercise thereof to said MORTIMER FLEISHHACKER at his office, No. 111 Sutter Street, San Francisco, California.

First Parties jointly and severally represent to second party that they have the right to grant such option, and that on the exercise thereof by second party they will sell said real properties to second party as hereinafter provided; and first parties covenant and agree that within 30 days from the date hereof they will submit to second party an abstract of title showing that record title to said

real properties is in said Anglo California Trust Company.

First Parties hereby jointly and severally grant to second party during the term of said option the right of entry upon and undisturbed possession of said real properties and the right to investigate, clear, drill, trench, tunnel and otherwise explore the same, and to conduct ore mining operations thereon for the removal of materials, deposits and the like therefrom for sampling purposes.

First Parties hereby jointly and severally covenant to hold second party harmless against any claims, demands or actions for trespass or other cause asserted by any one claiming interference with a right, title or interest in or to said properties by reason of second party's presence or its activities as authorized hereby upon said real properties during said four (4) months option period.

Second Party covenants and agrees that at the earliest practical moment, but in no event later than three (3) months after submission to it of abstract showing that record title to said properties is in Anglo California Trust Company, it will commence sampling, investigation, drilling and exploratory work on said real properties, and pursue the same with diligence and in a workmanlike manner and in conformity with all applicable laws and Government regulations and requirements, and will expend in connection therewith not less than FIVE THOUSAND DOLLARS ($5000); and as security for the performance of its covenant to perform such exploratory work within said option period, second party will deposit in escrow with CROCKER FIRST NATIONAL BANK at San Francisco, California, the sum of ONE THOUSAND DOLLARS ($1000), which

shall be paid to first parties in the event that second party fails to perform its said covenant, or shall be returned to second party in the event that second party does faithfully perform the same.

Second Party covenants and agrees that it will save and hold first parties harmless from all claims and demands whatsoever asserted against them by reason of any act not authorized hereby performed during said option period on said real properties by second party, its agents or licensees.

In the event that second party does not exercise its said option within the time and in the manner hereinbefore provided, all rights and obligations of the parties hereto for the sale and purchase of said properties shall terminate; and at the expiration of such option period second party will furnish first parties with copies of all drill locations, logs, samples and location maps obtained by second party on said properties.

II. Upon the exercise of said option by second party in the manner hereinbefore provided, first parties shall sell said properties to second party and second party shall purchase the same from first parties for a price and under terms and conditions hereinafter set forth.

First Parties in their absolute discretion shall have the right to determine which of the two purchase prices for said properties which hereinafter are designated Purchase Price A and Purchase Price B shall be paid by second party therefor; and upon receipt of notice of second party's exercise of option, first parties shall give to second party at its office at One Montgomery Street, San Francisco, California, a written notice stating which of said Purchase

Prices they elect to receive for said properties.

Said Purchase Price A is the sum of One Hundred and Seventy-five Thousand Dollars ($175,000), of which Thirty five Thousand Dollars ($35,000) shall be paid by second party contemporaneously with delivery of deed of said properties to second party as hereinafter provided, and Seventeen Thousand Five Hundred Dollars ($17,500) shall be paid by second party annually thereafter at the expiration of each of one (1), two (2), three (3), four (4), five (5), six (6), seven (7) and eight (8) years from the date of such delivery of deed.

Said Purchase Price B is the sum of One Hundred and Fifty Thousand Dollars ($150,000), of which Thirty Thousand Dollars ($30,000) shall be paid by second party contemporaneously with delivery of deed of said properties to second party as hereinafter provided, and Fifteen Thousand Dollars ($15,000) shall be paid by second party annually thereafter at the expiration of each of one (1), two (2), three (3), four (4), five (5), six (6), seven (7) and eight (8) years from the date of such delivery of deed, and in addition to said sum of One hundred and fifty Thousand Dollars ($150,000) the sum of twenty-five cents ($.25) for each long ton of ore mined and shipped from said properties in excess of one million (1,000,000) long tons mined and shipped therefrom.

In explanation of and to give effect to said Purchase Price B, it is hereby provided:

1) At least once in every three months period, second party shall certify to The Anglo California National

Bank of San Francisco as the representative of first parties, the amount of ore mined and shipped from said properties during said period, and if and when one million (1,000,000) long tons of ore have been mined and shipped therefrom, thereafter monthly shall certify to said Bank the amount of additional ore mined and shipped therefrom, and shall pay as part of the purchase price of said properties twenty-five cents ($.25) for each additional long ton thereof so mined and shipped; and first parties at all reasonable times shall have access to the records of second party which indicate the shipment of ore from said properties;

2) Payment of the purchase price for ore mined and shipped from said properties in addition to one million (1,000,000) long tons shall be made upon the shipment thereof, whether made before or after the completion of the payment of said fixed purchase price of One Hundred and Fifty Thousand Dollars ($150,000); and second party shall have a continuing obligation to make such additional payments, whether such ore is shipped by second party or by a successor in interest of second party; and

3) The development of and mining and processing of deposits from said properties shall be performed in an orderly and workmanlike manner in accordance with established mining practices, but without other restrictions as to methods followed or locations developed.

Upon receipt of second party's exercise of option as hereinbefore provided, first parties will cause to be delivered to second party a grant deed vesting in second party all rights, titles and interests in and to said properties, the minerals and mineral deposits thereon, the

easements appurtenant thereto, and all rights of whatever nature therein and thereto; and contemporaneously with the delivery thereof, second party will pay to first parties, the initial payment of the purchase price hereinbefore provided.

All payments of purchase price as herein provided shall be made by second party to THE ANGLO CALIFORNIA NATIONAL BANK OF SAN FRANCISCO as Agent of the first parties, and upon making payments second party shall have no responsibility as to the distribution thereof to first parties.

III. In the event of failure of second party to fulfill or perform any act or thing by second party to be performed as herein provided, such failure shall not constitute a breach of this Agreement until first parties shall give second party written notice of such failure requesting second party to remedy the same and second party shall fail to remedy the same within thirty (30) days after its receipt of such notice.

IV. Any and all equipment, plant, machinery, tools, trackage, buildings, pipe, power lines and other improvements and personal property of every description placed by second party upon said properties shall be and remain its property, and if so placed during said option period and if said option shall not be exercised, may be removed by second party at any time within ninety (90) days after the expiration of said option period.

V. All rights and obligations of first parties provided for herein shall inure to the benefit of and be binding upon their respective heirs, executors, administrators, successors and assigns, and all rights and obligations of second party provided for herein shall inure to the benefit of and be binding upon its successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement on the day and year first above written.

Mortimer Fleischhacker

Adelaide Gillis McCormick

Dorothy Gillis Loomis

Arthur L. Loomis

THE UTAH CONSTRUCTION COMPANY

By - Vice President

Secretary

THE UTAH CONSTRUCTION COMPANY

BALANCE SHEET—OCTOBER 31, 1950

ASSETS

CURRENT ASSETS:		
Cash		$ 2,167,376.33
Receivables—		
Estimates	$3,746,255.53	
Retained percentages	784,805.27	
Other	525,409.29	5,056,470.09
Unbilled costs on work in progress		509,819.43
Inventories, priced at the lower of cost or market—		
Construction materials and supplies	$ 941,292.03	
Iron ore and coal	73,506.46	1,014,798.49
TOTAL CURRENT ASSETS		$ 8,748,464.34
OTHER ASSETS:		
Investment in joint ventures	$2,587,331.23	
Buildings and facilities on construction projects, less reserve for amortization of $837,384.26	309,615.07	
Prepaid royalties	104,671.61	
Other prepaid expenses and miscellaneous	157,164.71	3,158,782.62
INVESTMENTS IN OTHER COMPANIES, at cost (which, in the aggregate, is less than estimated liquidating value):		
Capital stocks of non-controlled companies (proceeds of certain stocks pledged to secure bank loan)	$ 812,641.03	
Capital stocks and receivables of wholly-owned foreign subsidiaries	719,318.14	1,531,959.17

PROPERTY, PLANT AND EQUIPMENT:

Classification	*Cost*	*Reserves for Depreciation and Amortization*	*Net*	
Land ($33,800.00), buildings and improvements	$ 240,119.50	$ 34,610.06	$ 205,509.44	
Coal lands and leases	799,134.89	50,764.19	748,370.70	
Plant and facilities on mining projects	1,653,853.44	751,799.34	902,054.10	
Equipment	8,591,993.76	3,985,436.18	4,606,557.58	
Furniture and fixtures	112,966.22	60,234.07	52,732.15	
	$11,398,067.81	$4,882,843.84	$6,515,223.97	6,515,223.97
				$19,954,430.10

LIABILITIES

CURRENT LIABILITIES:			
Current installments of long-term notes and contracts payable—due within one year			$ 355,242.75
Accounts payable—			
Trade		$ 1,119,892.25	
Other		251,911.17	1,371,803.42
Advances received on construction contracts			740,000.00
Accrued liabilities—			
Salaries and wages		$ 310,696.90	
General taxes and miscellaneous		267,031.46	
Current portion of Federal income taxes		1,500,000.00	2,077,728.36
TOTAL CURRENT LIABILITIES			$ 4,544,774.53
LONG-TERM LIABILITIES:			
Bank loans, 3%—due December 31, 1951—			
Secured by proceeds of stocks of certain non-controlled companies		$ 725,820.00	
Unsecured		1,050,000.00	
		$ 1,775,820.00	
Non-current portion of 3½% bank loan—payable in quarterly installments of at least $45,000.00		585,000.00	
Non-current installments of note and contracts payable for coal lands		358,485.50	
Non-current portion of accrued Federal income taxes (applicable to recorded income from joint ventures not taxable until subsequent years)		227,356.63	2,946,662.13
RESERVE FOR CONTINGENCIES—PRIOR YEARS' FEDERAL INCOME TAXES			500,000.00
CAPITAL STOCK AND RETAINED EARNINGS:			
Capital stock, par value $10 per share—			
Authorized—175,510 shares			
Issued and outstanding—175,507.5 shares		$ 1,755,075.00	
Earnings retained in the business, exclusive of amounts capitalized ($7,244,925.00 not available for dividends under bank loan agreement)—			
Balance, October 31, 1949	$ 8,143,750.21		
Add—Net profit for the year	2,364,384.71		
	$10,508,134.92		
Deduct—Dividends paid in cash ($264,588.75) and property	300,216.48	10,207,918.44	11,962,993.44
			$19,954,430.10

TO THE BOARD OF DIRECTORS OF
THE UTAH CONSTRUCTION COMPANY:

We have examined the balance sheet of THE UTAH CONSTRUCTION COMPANY (a Utah corporation) as of October 31, 1950, and the related statement of profit and loss for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet presents fairly the financial position of THE UTAH CONSTRUCTION COMPANY as of October 31, 1950, and was prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

San Francisco, California
December 28, 1950

ARTHUR ANDERSEN & CO.

THE UTAH CONSTRUCTION COMPANY

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BOARD OF DIRECTORS

M. A. Browning . . . . *Ogden, Utah*
L. S. Corey . . . *San Francisco, Calif.*
A. D. Christensen *San Francisco, Calif.*
L. T. Dee . . . . . *Ogden, Utah*
George S. Eccles . . . . *Ogden, Utah*
M. S. Eccles . . . . . *Ogden, Utah*
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★

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A. H. Ayers . . . . . *San Francisco, Calif.*
C. S. Davis . . . . . *San Francisco, Calif.*
G. R. Putnam . . . . . *Salt Lake City, Utah*

BALANCE SHEET

THE UTAH CONSTRUCTION COMPANY

★

OCTOBER 31, 1950

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General Offices

OGDEN, UTAH

Salt Lake City, Utah
57 E. Fourth South

San Francisco, California
1 Montgomery Street

THIS AGREEMENT made and entered into this 4th day of May, 1951, by and between MORTIMER FLEISHHACKER, ADELAIDE GILLIS McCORMICK, DOROTHY GILLIS LOOMIS and ARTHUR L. LOOMIS, first parties, and UTAH CONSTRUCTION COMPANY, a Corporation, second party,

W I T N E S S E T H:

WHEREAS Anglo California Trust Company ever since the 23rd of August, 1918, has been and now is the holder of record title to the real properties in Lyon and Story Counties in the State of Nevada particularly described as the Sheba, Sunrise, Sunset, Planet, Emma, Morning Light, Hecla, Lyon, Bear, Dewey and Norway Iron Claims; and

WHEREAS said Anglo California Trust Company and The Anglo & London Paris National Bank of San Francisco on June 30, 1932, pursuant to the provisions of the Act of Congress entitled "An Act to Provide for the Consolidation of National Banking Associations" approved November 7, 1918, as amended February 25, 1927, did consolidate under the Charter of said The Anglo & London Paris National Bank of San Francisco with the corporate title of "THE ANGLO CALIFORNIA NATIONAL BANK OF SAN FRANCISCO"; and

WHEREAS by virtue of such consolidation said The Anglo California National Bank of San Francisco did succeed said Anglo California Trust Company as holder of record title to said real properties; and

WHEREAS said The Anglo California National Bank of San

Francisco now holds such record title as Agent for the parties of the first part as follows:

For said MORTIMER FLEISHHACKER, an undivided one-half (½) thereof; and

For each of said ADELAIDE GILLIS McCORMICK, DOROTHY GILLIS LOOMIS and ARTHUR L.LOOMIS, an undivided one-sixth (1/6) thereof;

NOW THEREFORE IT IS AGREED by and between the parties hereto as follows:

I. In consideration of the sum of ONE DOLLAR ($1.00) to them this day in hand paid by second party, the receipt whereof is hereby acknowledged, and in further consideration of the covenants of second party herein contained, first parties hereby jointly and severally grant to second party the irrevocable and exclusive right and option to purchase said real properties from first parties for the price and on terms and conditions hereinafter particularly set forth.

Second Party at any time not later than four (4) months from the date hereof may exercise said option to purchase said properties by delivering a written notice of exercise thereof to said MORTIMER FLEISHHACKER at his office, 111 Sutter Street, San Francisco, California.

First Parties jointly and severally represent to second party that they have the right to grant such option, and that on the exercise thereof by second party they will sell said real properties to second party as hereinafter provided; and first parties covenant and agree that within 30 days from the date hereof they will submit to second party an abstract of title showing that record title to said

real properties is in said Anglo California Trust Company.

First Parties hereby jointly and severally grant to second party during the term of said option the right of entry upon and undisturbed possession of said real properties and the right to investigate, clear, drill, trench, tunnel and otherwise explore the same, and to conduct ore mining operations thereon for the removal of materials, deposits and the like therefrom for sampling purposes.

First Parties hereby jointly and severally covenant to hold second party harmless against any claims, demands or actions for trespass or other cause asserted by any one claiming interference with a right, title or interest in or to said properties by reason of second party's presence or its activities as authorized hereby upon said real properties during said four (4) months option period.

Second Party covenants and agrees that at the earliest practical moment, but in no event later than three (3) months after submission to it of abstract showing that record title to said properties is in Anglo California Trust Company, it will commence sampling, investigation, drilling and exploratory work on said real properties, and pursue the same with diligence and in a workmanlike manner and in conformity with all applicable laws and Government regulations and requirements, and will expend in connection therewith not less than FIVE THOUSAND DOLLARS ($5000); and as security for the performance of its covenant to perform such exploratory work within said option period, second party will deposit in escrow with CROCKER FIRST NATIONAL BANK at San Francisco, California, the sum of ONE THOUSAND DOLLARS ($1000), which

shall be paid to first parties in the event that second party fails to perform its said covenant, or shall be returned to second party in the event that second party does faithfully perform the same.

Second Party covenants and agrees that it will save and hold first parties harmless from all claims and demands whatsoever asserted against them by reason of any act not authorized hereby performed during said option period on said real properties by second party, its agents or licensees.

In the event that second party does not exercise its said option within the time and in the manner hereinbefore provided, all rights and obligations of the parties hereto for the sale and purchase of said properties shall terminate; and at the expiration of such option period second party will furnish first parties with copies of all drill locations, logs, samples and location maps obtained by second party on said properties.

II. Upon the exercise of said option by second party in the manner hereinbefore provided, first parties shall sell said properties to second party and second party shall purchase the same from first parties for a price and under terms and conditions hereinafter set forth.

First Parties in their absolute discretion shall have the right to determine which of the two purchase prices for said properties which hereinafter are designated Purchase Price A and Purchase Price B shall be paid by second party therefor; and upon receipt of notice of second party's exercise of option, first parties shall give to second party at its office at One Montgomery Street, San Francisco, California, a written notice stating which of said Purchase

Prices they elect to receive for said properties.

Said Purchase Price A is the sum of One Hundred and Seventy-five Thousand Dollars ($175,000), of which Thirty five Thousand Dollars ($35,000) shall be paid by second party contemporaneously with delivery of deed of said properties to second party as hereinafter provided, and Seventeen Thousand Five Hundred Dollars ($17,500) shall be paid by second party annually thereafter at the expiration of each of one (1), two (2), three (3), four (4), five (5), six (6), seven (7) and eight (8) years from the date of such delivery of deed.

Said Purchase Price B is the sum of One Hundred and Fifty Thousand Dollars ($150,000), of which Thirty Thousand Dollars ($30,000) shall be paid by second party contemporaneously with delivery of deed of said properties to second party as hereinafter provided, and Fifteen Thousand Dollars ($15,000) shall be paid by second party annually thereafter at the expiration of each of one (1), two (2), three (3), four (4), five (5), six (6), seven (7) and eight (8) years from the date of such delivery of deed, and in addition to said sum of One Hundred and Fifty Thousand Dollars ($150,000) the sum of twenty-five cents ($.25) for each long ton of ore mined and shipped from said properties in excess of one million (1,000,000) long tons mined and shipped therefrom.

In explanation of and to give effect to said Purchase Price B, it is hereby provided:

1) At least once in every three months period, second party shall certify to The Anglo California National

Bank of San Francisco as the representative of first parties, the amount of ore mined and shipped from said properties during said period, and if and when one million (1,000,000) long tons of ore have been mined and shipped therefrom, thereafter monthly shall certify to said Bank the amount of additional ore mined and shipped therefrom, and shall pay as part of the purchase price of said properties twenty-five cents ($.25) for each additional long ton thereof so mined and shipped; and first parties at all reasonable times shall have access to the records of second party which indicate the shipment of ore from said properties;

2) Payment of the purchase price for ore mined and shipped from said properties in addition to one million (1,000,000) long tons shall be made upon the shipment thereof, whether made before or after the completion of the payment of said fixed purchase price of One Hundred and Fifty Thousand Dollars ($150,000); and second party shall have a continuing obligation to make such additional payments, whether such ore is shipped by second party or by a successor in interest of second party; and

3) The development of and mining and processing of deposits from said properties shall be performed in an orderly and workmanlike manner in accordance with established mining practices, but without other restrictions as to methods followed or locations developed.

Upon receipt of second party's exercise of option as hereinbefore provided, first parties will cause to be delivered to second party a grant deed vesting in second party all rights, titles and interests in and to said properties, the minerals and mineral deposits thereon, the

easements appurtenant thereto, and all rights of whatever nature therein and thereto; and contemporaneously with the delivery thereof, second party will pay to first parties, the initial payment of the purchase price hereinbefore provided.

All payments of purchase price as herein provided shall be made by second party to THE ANGLO CALIFORNIA NATIONAL BANK OF SAN FRANCISCO as Agent of the first parties, and upon making payments second party shall have no responsibility as to the distribution thereof to first parties.

III. In the event of failure of second party to fulfill or perform any act or thing by second party to be performed as herein provided, such failure shall not constitute a breach of this Agreement until first parties shall give second party written notice of such failure requesting second party to remedy the same and second party shall fail to remedy the same within thirty (30) days after its receipt of such notice.

IV. Any and all equipment, plant, machinery, tools, trackage, buildings, pipe, power lines and other improvements and personal property of every description placed by second party upon said properties shall be and remain its property, and if so placed during said option period and if said option shall not be exercised, may be removed by second party at any time within ninety (90) days after the expiration of said option period.

V. All rights and obligations of first parties provided for herein shall inure to the benefit of and be binding upon their respective heirs, executors, administrators, successors and assigns, and all rights and obligations of second party provided for herein shall inure to the benefit of and be binding upon its successors and assigns.

IN WITNESS WHEREOF the parties have executed this agreement on the day and year first above written.

Mortimer Fleishhacker

Adelaide Gillis McCormick

Dorothy Gillis Loomis

Arthur L. Loomis

THE UTAH CONSTRUCTION COMPANY

By -

Vice President

Secretary

THE UTAH CONSTRUCTION COMPANY

BALANCE SHEET—OCTOBER 31, 1950

ASSETS

CURRENT ASSETS:		
Cash		$ 2,167,376.33
Receivables—		
Estimates	$3,746,255.53	
Retained percentages	784,805.27	
Other	525,409.29	5,056,470.09
Unbilled costs on work in progress		509,819.43
Inventories, priced at the lower of cost or market—		
Construction materials and supplies	$ 941,292.03	
Iron ore and coal	73,506.46	1,014,798.49
TOTAL CURRENT ASSETS		$ 8,748,464.34
OTHER ASSETS:		
Investment in joint ventures	$2,587,331.23	
Buildings and facilities on construction projects, less reserve for amortization of $837,384.26	309,615.07	
Prepaid royalties	104,671.61	
Other prepaid expenses and miscellaneous	157,164.71	3,158,782.62
INVESTMENTS IN OTHER COMPANIES, at cost (which, in the aggregate, is less than estimated liquidating value):		
Capital stocks of non-controlled companies (proceeds of certain stocks pledged to secure bank loan)	$ 812,641.03	
Capital stocks and receivables of wholly-owned foreign subsidiaries	719,318.14	1,531,959.17

PROPERTY, PLANT AND EQUIPMENT:

Classification	*Cost*	*Reserves for Depreciation and Amortization*	*Net*	
Land ($33,800.00), buildings and improvements	$ 240,119.50	$ 34,610.06	$ 205,509.44	
Coal lands and leases	799,134.89	50,764.19	748,370.70	
Plant and facilities on mining projects	1,653,853.44	751,799.34	902,054.10	
Equipment	8,591,993.76	3,985,436.18	4,606,557.58	
Furniture and fixtures	112,966.22	60,234.07	52,732.15	
	$11,398,067.81	$4,882,843.84	$6,515,223.97	6,515,223.97
				$19,954,430.10

LIABILITIES

CURRENT LIABILITIES:			
Current installments of long-term notes and contracts payable—due within one year			$ 355,242.75
Accounts payable—			
Trade		$ 1,119,892.25	
Other		251,911.17	1,371,803.42
Advances received on construction contracts			740,000.00
Accrued liabilities—			
Salaries and wages		$ 310,696.90	
General taxes and miscellaneous		267,031.46	
Current portion of Federal income taxes		1,500,000.00	2,077,728.36
TOTAL CURRENT LIABILITIES			$ 4,544,774.53
LONG-TERM LIABILITIES:			
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Secured by proceeds of stocks of certain non-controlled companies		$ 725,820.00	
Unsecured		1,050,000.00	
		$ 1,775,820.00	
Non-current portion of 3½% bank loan—payable in quarterly installments of at least $45,000.00		585,000.00	
Non-current installments of note and contracts payable for coal lands		358,485.50	
Non-current portion of accrued Federal income taxes (applicable to recorded income from joint ventures not taxable until subsequent years)		227,356.63	2,946,662.13
RESERVE FOR CONTINGENCIES—PRIOR YEARS' FEDERAL INCOME TAXES			500,000.00
CAPITAL STOCK AND RETAINED EARNINGS:			
Capital stock, par value $10 per share—			
Authorized—175,510 shares			
Issued and outstanding—175,507.5 shares		$ 1,755,075.00	
Earnings retained in the business, exclusive of amounts capitalized ($7,244,925.00 not available for dividends under bank loan agreement)—			
Balance, October 31, 1949	$ 8,143,750.21		
Add—Net profit for the year	2,364,384.71		
	$10,508,134.92		
Deduct—Dividends paid in cash ($264,588.75) and property	300,216.48	10,207,918.44	11,962,993.44
			$19,954,430.10

To the Board of Directors of
The Utah Construction Company:

We have examined the balance sheet of The Utah Construction Company (a Utah corporation) as of October 31, 1950, and the related statement of profit and loss for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet presents fairly the financial position of The Utah Construction Company as of October 31, 1950, and was prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

San Francisco, California
December 28, 1950

ARTHUR ANDERSEN & CO.

THE UTAH CONSTRUCTION COMPANY

★

BOARD OF DIRECTORS

M. A. Browning . . . . *Ogden, Utah*
L. S. Corey . . . *San Francisco, Calif.*
A. D. Christensen *San Francisco, Calif.*
L. T. Dee . . . . . *Ogden, Utah*
George S. Eccles . . . . *Ogden, Utah*
M. S. Eccles . . . . . *Ogden, Utah*
W. H. Harris . . . . . *Ogden, Utah*
Shepard Mitchell . *Los Angeles, Calif.*
P. L. Wattis . . *San Francisco, Calif.*

★

OFFICERS

M. S. Eccles . . . . . *Ogden, Utah*
Chairman of the Board

L. S. Corey . . . . . *San Francisco, Calif.*
President

A. D. Christensen . . . . . *San Francisco, Calif.*
Executive Vice-President and General Manager

W. H. Harris . . . . . *Ogden, Utah*
Secretary and Treasurer

Vice-Presidents

W. H. Harris . . . . . *Ogden, Utah*
H. N. Stronck . . . . . *San Francisco, Calif.*
A. H. Ayers . . . . . *San Francisco, Calif.*
C. S. Davis . . . . . *San Francisco, Calif.*
G. R. Putnam . . . . . *Salt Lake City, Utah*

BALANCE SHEET

THE UTAH CONSTRUCTION COMPANY

★

OCTOBER 31, 1950

★

General Offices

OGDEN, UTAH

Salt Lake City, Utah
57 E. Fourth South

San Francisco, California
1 Montgomery Street

THIS AGREEMENT made and entered into this 4th day of May, 1951, by and between MORTIMER FLEISHHACKER, ADELAIDE GILLIS McCORMICK, DOROTHY GILLIS LOOMIS and ARTHUR L. LOOMIS, first parties, and UTAH CONSTRUCTION COMPANY, a Corporation, second party,

W I T N E S S E T H:

WHEREAS Anglo California Trust Company ever since the 23rd of August, 1918, has been and now is the holder of record title to the real properties in Lyon and Story Counties in the State of Nevada particularly described as the Sheba, Sunrise, Sunset, Planet, Emma, Morning Light, Hecla, Lyon, Bear, Dewey and Norway Iron Claims; and

WHEREAS said Anglo California Trust Company and The Anglo & London Paris National Bank of San Francisco on June 30, 1932, pursuant to the provisions of the Act of Congress entitled "An Act to Provide for the Consolidation of National Banking Associations" approved November 7, 1918, as amended February 25, 1927, did consolidate under the Charter of said The Anglo & London Paris National Bank of San Francisco with the corporate title of "THE ANGLO CALIFORNIA NATIONAL BANK OF SAN FRANCISCO"; and

WHEREAS by virtue of such consolidation said The Anglo California National Bank of San Francisco did succeed said Anglo California Trust Company as holder of record title to said real properties; and

WHEREAS said The Anglo California National Bank of San

Francisco now holds such record title as Agent for the parties of the first part as follows:

For said MORTIMER FLEISHHACKER, an undivided one-half (½) thereof; and

For each of said ADELAIDE GILLIS McCORMICK, DOROTHY GILLIS LOOMIS and ARTHUR L.LOOMIS, an undivided one-sixth (1/6) thereof;

NOW THEREFORE IT IS AGREED by and between the parties hereto as follows:

I. In consideration of the sum of ONE DOLLAR ($1.00) to them this day in hand paid by second party, the receipt whereof is hereby acknowledged, and in further consideration of the covenants of second party herein contained, first parties hereby jointly and severally grant to second party the irrevocable and exclusive right and option to purchase said real properties from first parties for the price and on terms and conditions hereinafter particularly set forth.

Second Party at any time not later than four (4) months from the date hereof may exercise said option to purchase said properties by delivering a written notice of exercise thereof to said MORTIMER FLEISHHACKER at his office, No. 111 Sutter Street, San Francisco, California.

First Parties jointly and severally represent to second party that they have the right to grant such option, and that on the exercise thereof by second party they will sell said real properties to second party as hereinafter provided; and first parties covenant and agree that within 30 days from the date hereof they will submit to second party an abstract of title showing that record title to said

real properties is in said Anglo California Trust Company.

First Parties hereby jointly and severally grant to second party during the term of said option the right of entry upon and undisturbed possession of said real properties and the right to investigate, clear, drill, trench, tunnel and otherwise explore the same, and to conduct ore mining operations thereon for the removal of materials, deposits and the like therefrom for sampling purposes.

First Parties hereby jointly and severally covenant to hold second party harmless against any claims, demands or actions for trespass or other cause asserted by any one claiming interference with a right, title or interest in or to said properties by reason of second party's presence or its activities as authorized hereby upon said real properties during said four (4) months option period.

Second Party covenants and agrees that at the earliest practical moment, but in no event later than three (3) months after submission to it of abstract showing that record title to said properties is in Anglo California Trust Company, it will commence sampling, investigation, drilling and exploratory work on said real properties, and pursue the same with diligence and in a workmanlike manner and in conformity with all applicable laws and Government regulations and requirements, and will expend in connection therewith not less than FIVE THOUSAND DOLLARS ($5000); and as security for the performance of its covenant to perform such exploratory work within said option period, second party will deposit in escrow with CROCKER FIRST NATIONAL BANK at San Francisco, California, the sum of ONE THOUSAND DOLLARS ($1000), which

shall be paid to first parties in the event that second party fails to perform its said covenant, or shall be returned to second party in the event that second party does faithfully perform the same.

Second Party covenants and agrees that it will save and hold first parties harmless from all claims and demands whatsoever asserted against them by reason of any act not authorized hereby performed during said option period on said real properties by second party, its agents or licensees.

In the event that second party does not exercise its said option within the time and in the manner hereinbefore provided, all rights and obligations of the parties hereto for the sale and purchase of said properties shall terminate; and at the expiration of such option period second party will furnish first parties with copies of all drill locations, logs, samples and location maps obtained by second party on said properties.

II. Upon the exercise of said option by second party in the manner hereinbefore provided, first parties shall sell said properties to second party and second party shall purchase the same from first parties for a price and under terms and conditions hereinafter set forth.

First Parties in their absolute discretion shall have the right to determine which of the two purchase prices for said properties which hereinafter are designated Purchase Price A and Purchase Price B shall be paid by second party therefor; and upon receipt of notice of second party's exercise of option, first parties shall give to second party at its office at One Montgomery Street, San Francisco, California, a written notice stating which of said Purchase

Prices they elect to receive for said properties.

Said Purchase Price A is the sum of One Hundred and Seventy-five Thousand Dollars ($175,000), of which Thirty five Thousand Dollars ($35,000) shall be paid by second party contemporaneously with delivery of deed of said properties to second party as hereinafter provided, and Seventeen Thousand Five Hundred Dollars ($17,500) shall be paid by second party annually thereafter at the expiration of each of one (1), two (2), three (3), four (4), five (5), six (6), seven (7) and eight (8) years from the date of such delivery of deed.

Said Purchase Price B is the sum of One Hundred and Fifty Thousand Dollars ($150,000), of which Thirty Thousand Dollars ($30,000) shall be paid by second party contemporaneously with delivery of deed of said properties to second party as hereinafter provided, and Fifteen Thousand Dollars ($15,000) shall be paid by second party annually thereafter at the expiration of each of one (1), two (2), three (3), four (4), five (5), six (6), seven (7) and eight (8) years from the date of such delivery of deed, and in addition to said sum of One Hundred and Fifty Thousand Dollars ($150,000) the sum of twenty-five cents ($.25) for each long ton of ore mined and shipped from said properties in excess of one million (1,000,000) long tons mined and shipped therefrom.

In explanation of and to give effect to said Purchase Price B, it is hereby provided:

1) At least once in every three months period, second party shall certify to The Anglo California National

Bank of San Francisco as the representative of first parties, the amount of ore mined and shipped from said properties during said period, and if and when one million (1,000,000) long tons of ore have been mined and shipped therefrom, thereafter monthly shall certify to said Bank the amount of additional ore mined and shipped therefrom, and shall pay as part of the purchase price of said properties twenty-five cents ($.25) for each additional long ton thereof so mined and shipped; and first parties at all reasonable times shall have access to the records of second party which indicate the shipment of ore from said properties;

2) Payment of the purchase price for ore mined and shipped from said properties in addition to one million (1,000,000) long tons shall be made upon the shipment thereof, whether made before or after the completion of the payment of said fixed purchase price of One Hundred and Fifty Thousand Dollars ($150,000); and second party shall have a continuing obligation to make such additional payments, whether such ore is shipped by second party or by a successor in interest of second party; and

3) The development of and mining and processing of deposits from said properties shall be performed in an orderly and workmanlike manner in accordance with established mining practices, but without other restrictions as to methods followed or locations developed.

Upon receipt of second party's exercise of option as hereinbefore provided, first parties will cause to be delivered to second party a grant deed vesting in second party all rights, titles and interests in and to said properties, the minerals and mineral deposits thereon, the

easements appurtenant thereto, and all rights of whatever nature therein and thereto; and contemporaneously with the delivery thereof, second party will pay to first parties, the initial payment of the purchase price hereinbefore provided.

All payments of purchase price as herein provided shall be made by second party to THE ANGLO CALIFORNIA NATIONAL BANK OF SAN FRANCISCO as Agent of the first parties, and upon making payments second party shall have no responsibility as to the distribution thereof to first parties.

III. In the event of failure of second party to fulfill or perform any act or thing by second party to be performed as herein provided, such failure shall not constitute a breach of this Agreement until first parties shall give second party written notice of such failure requesting second party to remedy the same and second party shall fail to remedy the same within thirty (30) days after its receipt of such notice.

IV. Any and all equipment, plant, machinery, tools, trackage, buildings, pipe, power lines and other improvements and personal property of every description placed by second party upon said properties shall be and remain its property, and if so placed during said option period and if said option shall not be exercised, may be removed by second party at any time within ninety (90) days after the expiration of said option period.

V. All rights and obligations of first parties provided for herein shall inure to the benefit of and be binding upon their respective heirs, executors, administrators, successors and assigns, and all rights and obligations of second party provided for herein shall inure to the benefit of and be binding upon its successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement on the day and year first above written.

Mortimer Fleishhacker

Adelaide Gillis McCormick

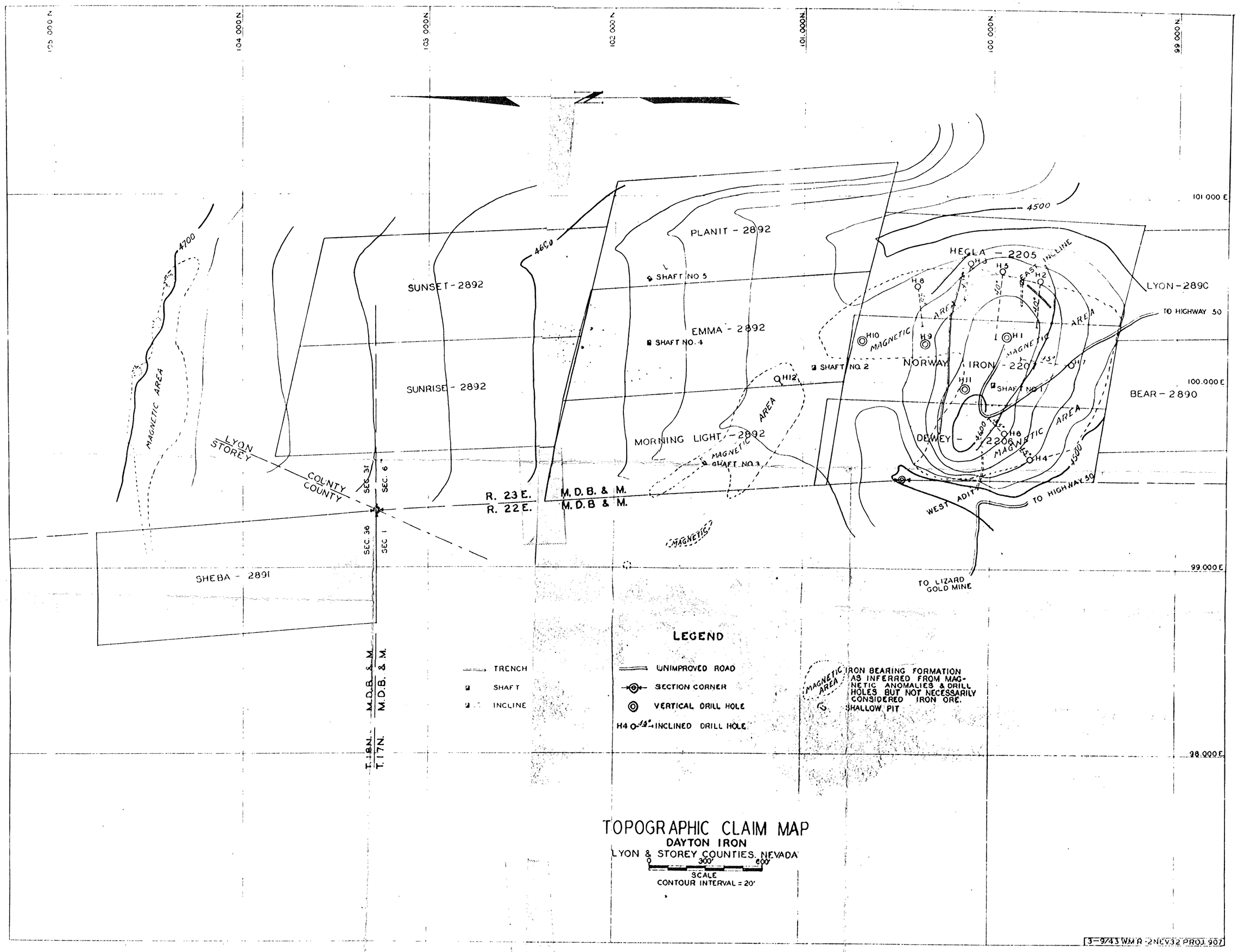
Dorothy Gillis Loomis

Arthur L. Loomis

THE UTAH CONSTRUCTION COMPANY

By - Vice President

Secretary



DMA-1629X

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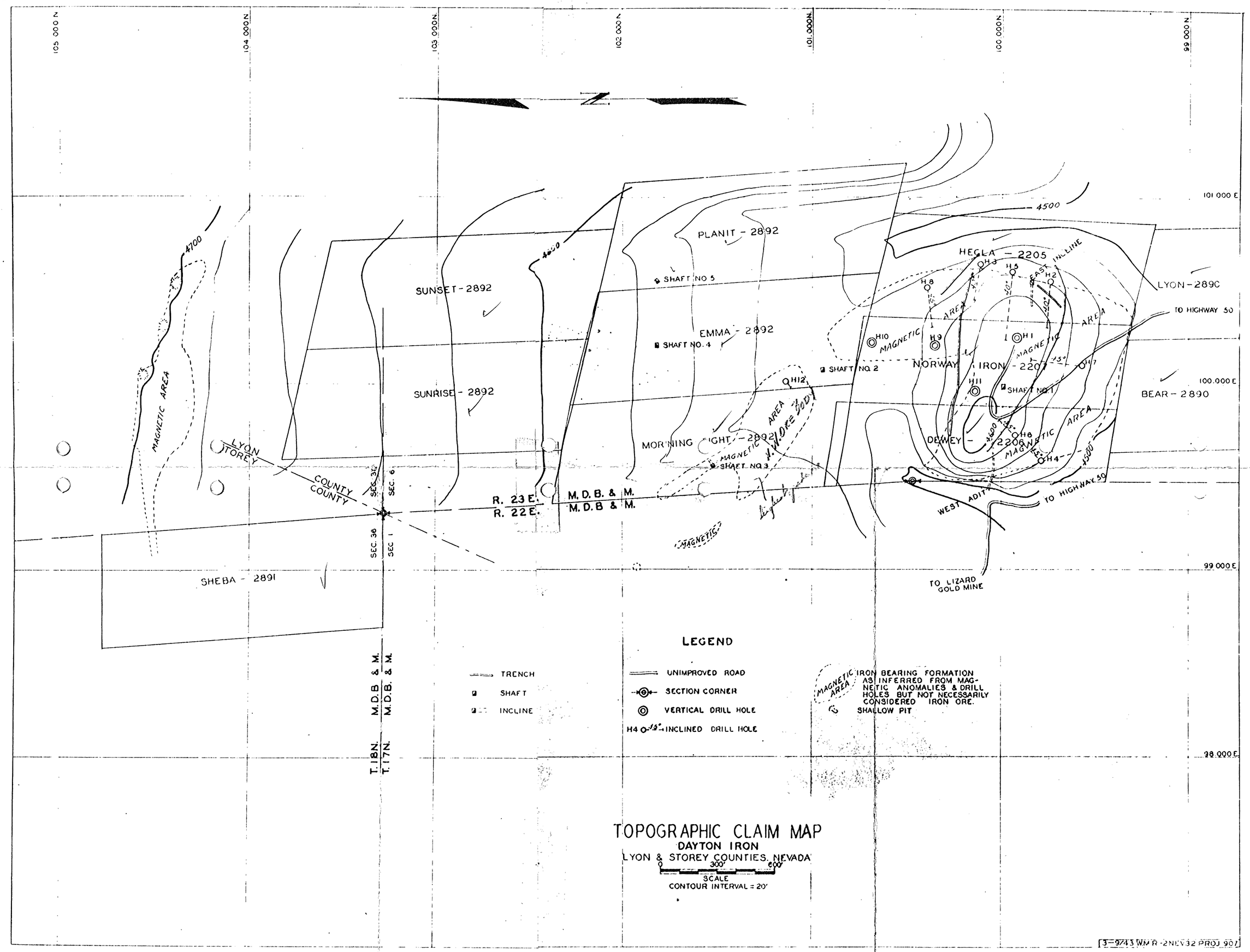
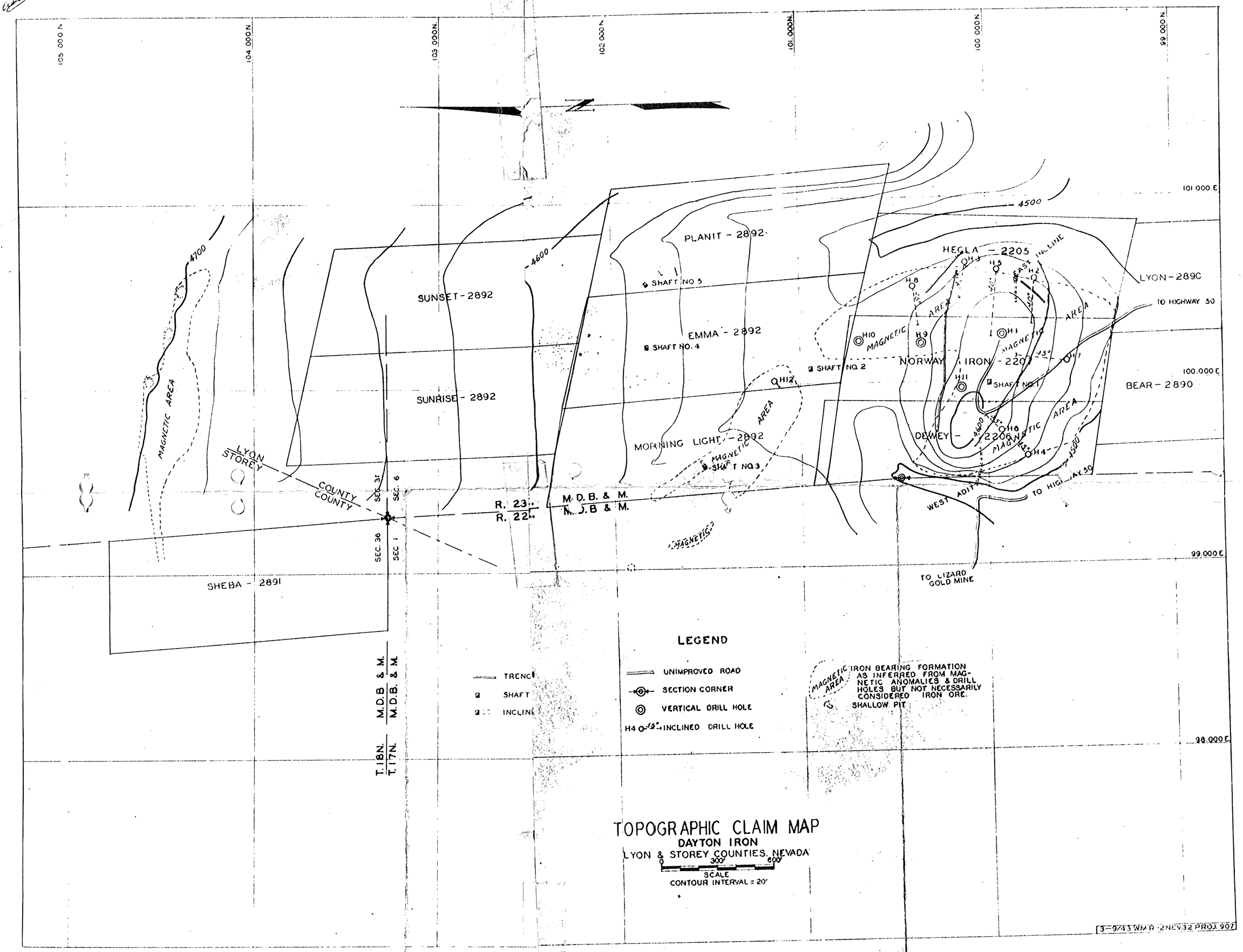


Fm Hanson, Elko, Nev. VAM 4-12 RJ 4-13-49



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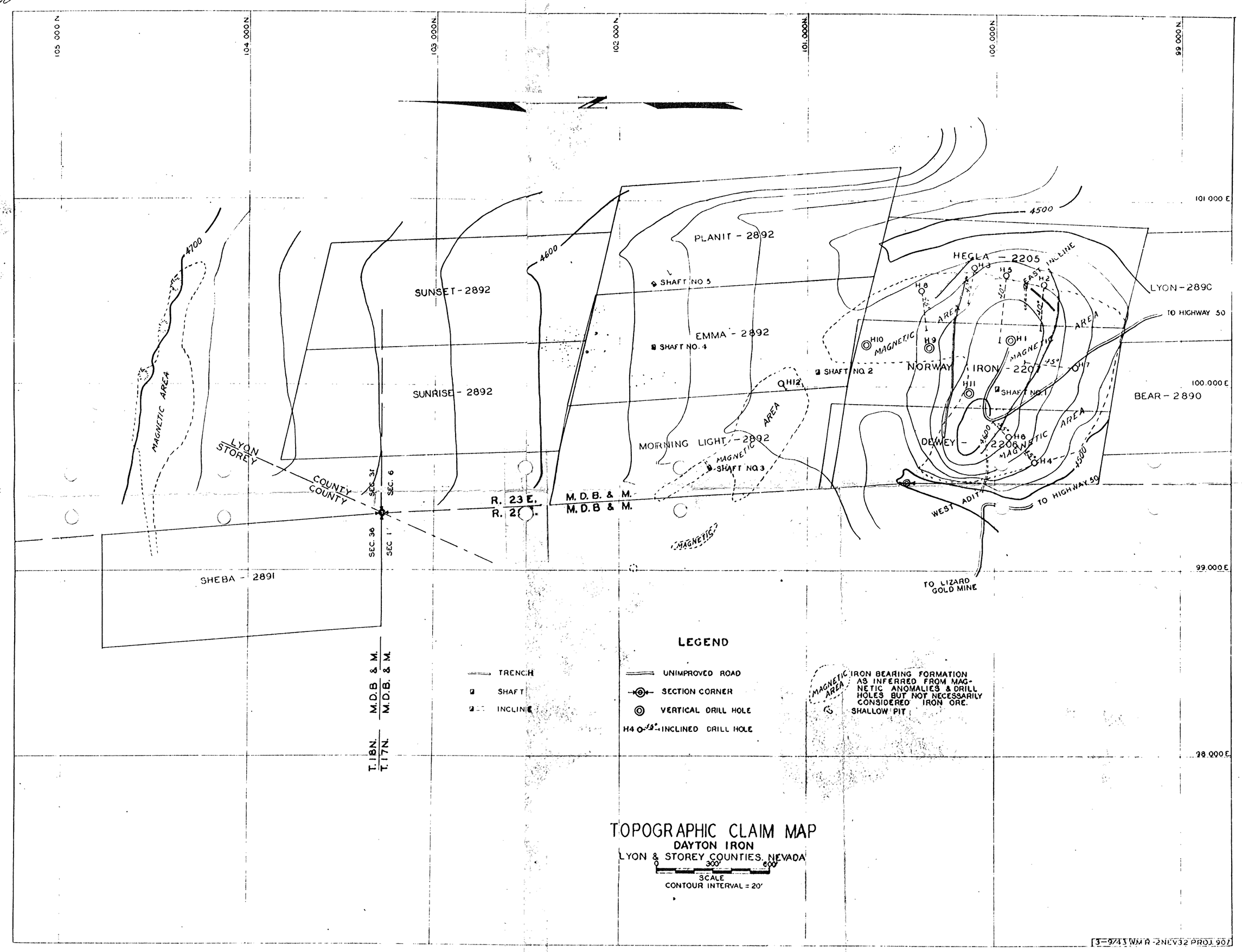

TOPOGRAPHIC CLAIM MAP
DAYTON IRON
LYON & STOREY COUNTIES, NEVADA

Fm Hanson, Elko, Nev. VAM M&A-12 RJ. 4-13-49