EXTRA COPY
DMEA
RECEIVED
DATE | CODE
800

224 New Customhouse
Denver 2, Colorado

February 11, 1958

CERTIFIED MAIL

Mr. Bob Fleming
1771 Newton Drive
Cheyenne, Wyoming

Re: Docket No. DMEA 4701 (Uranium)
Contract No. Idm-E1119
Anderson, Burns, Burns and Fleming,
a Partnership (Jill et al. claims)
Harding County, South Dakota

Dear Mr. Fleming:

Receipt is acknowledged of your special delivery letter, dated January 31, 1958, which was received in this office February 11, 1958.

In the opening paragraph of your letter, it is stated, "Enclosed please find narrative report and MF-104 and MF-104A."

We failed to find the material supposed to be enclosed. Therefore, we suggest that you review the matter and forward the referred to reports.

Very truly yours,

Original signed by
W. H. KING

W. H. King
Executive Officer
DMEA Field Team, Region III

JWT:prl

cc: Chmn. Op. Comm. (2)
Harshman
DMEA/DFC (Binyon)
Corres. file
Townsend
Chron.

OFFICE OF MINERALS EXPLORATION

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

COPY

September 16, 1958

Messrs. Wesley Anderson,
Allen Burns, J. Donald Burns,
and Bob Fleming
Bowman, North Dakota

Re: Docket DMEA-4701 (Uranium)
Contract Idm-E1119
Wesley Anderson, et al.,
Partnership
Harding County, South Dakota

Gentlemen:

The subject Contract required that you commence and complete three stages of exploration work during the month of September 1957. All efforts of this agency since that time in correspondence and conversations to obtain a specific proposal from you concerning the performance of Stage I work have been unsuccessful.

In these circumstances, it is not in the best interest of the Government to participate in the subject project and the Government hereby rescinds, revoked and cancels the subject Contract as of the date thereof.

Sincerely yours,

C. D. Wilkinson

ACTING ~~Administrator~~ Director

Copies to:
Messrs. Burns, Burns, and Fleming

HCRubin/hm 7/23/58
cc: DMEA Docket
Admr. Reading File
Operating Committee
Mr. Kiilsgaard, Rm. 5224
Mr. Bishop
DMEA chron.
Field Team (Reg. III) - 2 copies
Mr. Rubin

cc: Mr. Dwyer
Mr. Chambers

DATE	REMARKS	CODE
		800

224 New Customhouse
Denver 2, Colorado
November 25, 1957

Mr. Wesley Anderson
Bowman
North Dakota

Re: Docket DMEA-4701 (Uranium)
Contract Idm-[illegible]
Wesley Anderson, et al.
a partnership
(Jill et al. claims)
Harding County, South Dakota

Dear Mr. Anderson:

Because of your failure to comply with our many requests for information concerning the contract you are presently in default under the terms of the contract for the following reasons:

1. Failure to inform this office in writing of the date on which project work was started. This information was requested in our letters to you of September 10, 1957, and September 27, 1957.

2. Failure to submit Accounting Reports and Vouchers on the forms supplied to you by the Government. You were informed of this requirement by our letter of September 10, 1957.

3. Failure to supply the information requested in our letter of October [illegible], 1957, relative to extension of the date fixed for completion of the contract work. The contract completion date expired September 30, 1957.

The contract cannot be maintained in its present indefinite status; therefore, if you do not proceed by return mail to correct the above causes of the default, the Government will take such action as is necessary to protect its interests in the matter.

Yours very truly,

Original signed by
E. N. HARSHMAN
E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III

JDC:hmh

cc: Chmn Op Comm. (2)
Harshman
DMEA/DFC
Corres file, Reg. III
Townsend
Chron

DMEA Form 14

Contract No. Idm-E 1119

Docket No. 4701

DEPARTMENT OF THE INTERIOR

Cancelled contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
August 2, 1957	III	South Dakota	Uranium

Name and Address of Operator: Wesley Anderson, et al.
Bowman
North Dakota

	Reserve	Obligation
Prior Amount	0	5,025.00
Increase	0	0
Decrease	0	5,025.00
Revised Amount	0	0

Remarks:

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

Date delivered to Bureau of Mines, Washington 9/18/58

22845

DMEA Form 14

Contract No. Idm-E 1119

Docket No. 4701

Executed contract

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
August 2, 1957	III	South Dakota	Uranium

Name and Address of Operator: Wesley Anderson, et al
Bowman, North Dakota

	Reserve	Obligation
Prior Amount	5,025	0
Increase	0	5,025
Decrease	5,025	0
Revised Amount	0	5,025

Remarks:

ALLEN S. DAKAN
(Name)

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

Date delivered to Bureau of Mines, Washington 9/17/57

22845

Audit copy

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MF-200
(Revised June 1954)

Docket No. DMEA - 4701

Commodity Uranium

Contract No. Idm-E 1119

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 2 AUG 1957 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Wesley Anderson, Allen Burns, J. Donald Burns, and Bob Fleming, a partnership, whose mailing address is Bowman, North Dakota, hereinafter called the "Operator," as follows:

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

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

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

(b) The Operator represents and undertakes that:

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

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

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

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

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

.....

.....

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of ....uranium.... The work to be performed is described in Exhibit "A." The Operator on or before ..September 10, 1957.. shall commence the work, and on or before ..September 30, 1957.. (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall [redacted] have completed the work [redacted], except as otherwise provided in Exhibit "A" with respect to stages of work. (See Annex II.)

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

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

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

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $6,700.00 .....
The Government shall contribute ..75.. percent of the allowable costs as they are incurred in a total sum not in excess of $5,025.00 .....: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 8. (See Annex II.)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

See Annex II.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Wesley Anderson
Wesley Anderson

By Allen Burns
Allen Burns Secretary

By J. Donald Burns
J. Donald Burns

By Bob Fleming
Bob Fleming

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

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

.....

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
ANDERSON, BURNS, BURNS, AND FLEMING
DOCKET NO. DMSA-4701

ANNEX I

The land referred to in Article 2 of the contract consists of 23 unpatented lode mining claims situated in secs. 1, 2, 11, and 12, T. 21 N., R. 5 E., B.H.M. & B., Harding County, South Dakota. The land is shown on the map entitled "Figure 2. Recommended Exploration, Davis Draw Group of Claims, North Cave Hills, South Dakota, DMSA Docket 4701," attached hereto and made a part hereof.

The notices of location of the claims are recorded in the official records of Harding County, South Dakota, as follows:

Claim	Book	Page
Jill 1	15	178
Jill 2	15	173
Jill 3	15	178
Jill 4	15	172
Jill 5	15	203
Jill 6	15	172
Jill 7	15	178
Jack 7	15	179
Mike 1	15	172
Mike 2	15	193
Mike 3	15	203
Bob 2	15	187
Bob 4	15	188
Bob 6	15	189
Al 1	15	189
Al 2	15	189
Al 3	15	190
Al 4	15	190
Al 5	15	206
Al 6	15	191
Al 7	15	191
Burns 2	23	177
Burns 3	23	25

EXPLORATION PROJECT CONTRACT
ANDERSON, BURNS, BURNS, AND FLEMING
DOCKET NO. DMRA-4701

ANNEX II

ARTICLE 13. Changes and added provisions.--

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

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

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

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

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

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

EXPLORATION PROJECT CONTRACT
ANDERSON, BURNS, BURNS, AND FLEMING
DOCKET NO. DMEA-4701

EXHIBIT "A"

Description of the Work

General Provisions

The work consists of exploration by bulldozer excavating along the inferred outcrop and auger drilling from the mesa above, to test the uranium-bearing "C" lignite bed of the Ludlow member of the Paleocene Fort Union formation. The locations of the work are indicated on the map, Figure 2, referred to in Annex I.

All bulldozing shall be done with a D-8 bulldozer or an equivalent unit of another make. The cuts along the inferred outcrop of the "C" lignite bed shall expose it sufficiently to permit the taking of representative channel samples completely across the bed. Such samples shall be taken at 50-foot intervals along each cut made under this contract, and also along the two existing cuts shown at location "A" on the map (Figure 2).

The auger holes shall completely penetrate the "C" lignite bed but shall not extend more than 5 feet below its lower contact. Drilling depths are expected to average not more than 125 feet. The cuttings from the entire thickness of the "C" bed shall be collected and these cuttings shall constitute the sample for each hole.

All samples from the bulldozer cuts and auger holes shall be checked for radioactivity and those indicating significant mineralization shall be split; one portion shall be analyzed chemically for uranium and one portion shall be properly labeled and stored for the use of the Government. The unmineralized samples also shall be labeled and stored for inspection by the Government. At the completion of the project, upon Government approval, all stored samples may be disposed of by the Operator.

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

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

The Government shall not contribute to the costs of an incompleted drill hole.

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

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

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

Stage I

Make five bulldozer cuts along the inferred outcrop of the "G" lignite bed as indicated on the map (Figure 2), to completely expose the bed for the length of each cut. Cuts Nos. 1, 2, 3, and 4 shall be a minimum of 500 feet in length and Cut No. 5 shall be a minimum of 1,000 feet in length.

Stage II

Drill 16 auger holes aggregating not more than 2,000 feet of drilling, as indicated on the map (Figure 2). The holes shall be drilled back from the edge of the mesa and spaced 200 feet apart.

Stage III

Drill not more than 13 holes, aggregating not more than 1,625 feet of drilling, behind Stage II holes that show significant mineralization. The holes shall be spaced approximately 200 feet from Stage II holes and from each other as tentatively shown on the map (Figure 2).

Estimated Costs of the Project

Stage I

Actual Costs

Category (1) Independent Contracts

32 hours bulldozing @ $16.00/hr.	$ 512.00

Categories (2) through (7)

None	_____	$ 512.00

Fixed Unit Costs (See Annex II)

100 sample sacks @ $0.40/ea.	$ 40.00	
90 chemical analyses @ $4.00/ea. sample	360.00	
Incidental allowance 1/ for each hour of bulldozer work 32 hours @ $8.00/hr.	256.00	656.00
Estimated Total Cost of Stage I		$1,168.00

Stage II

Actual Costs

Category (1) Independent Contracts

2,000 feet auger drilling @ $1.25/ft.	2,500.00	
Categories (2) through (7) None	_____	2,500.00

Fixed Unit Costs (See Annex II)

16 sample sacks @ $0.40/ea.	6.40	
16 chemical analyses @ $4.00/ea. sample	64.00	
Incidental allowance 1/ for each foot of hole drilled 2,000 feet @ $0.24/ft.	480.00	550.40
Estimated Total Cost of Stage II		$3,050.40

Stage III

Actual Costs

Category (1) Independent Contracts 1,625 feet auger drilling @ $1.25/ft.	2,031.25	

ategories (2) through (7)		
None		$2,031.25
nd Unit Costs (See Annex II)		
13 sample sacks @ $0.40/ea.	5.20	
14 chemical analyses @ $4.00/ea. sample	56.00	
Incidental allowance 1/ for each foot of hole drilled 1,625 feet @ $0.24/ft.	390.00	451.20
Estimated Total Cost of Stage III		$2,482.45

SUMMARY OF COSTS

Estimated Total Cost of Stage I	$1,168.00	
Estimated Total Cost of Stage II	3,050.40	
Estimated Total Cost of Stage III	2,482.45	
Estimated Total Cost of Project (rounded)		$6,700.00
Government Participation @ 75%		$5,025.00

1/ Includes all costs that might otherwise be allowable costs of the project under Categories (1) through (7) of Article 6(a), except as otherwise scheduled in Exhibit "A".

224 New Customhouse
Denver 2, Colorado

September 10, 1957

CERTIFIED MAIL

Messrs. Wesley Anderson et al.
Address
North Dakota

Re: Docket No. DMMA 4701 (Uranium)
Contract No. IAm-X1119
Wesley Anderson, Allen Burns,
J. Donald Burns, and Bob
Fleming, a Partnership
(Jill et al. claims)
Harding County, South Dakota

Gentlemen:

Enclosed herewith is the "Operator's Copy" of Exploration Project Contract No. IAm-X1119, Docket No. DMMA 4701.

Also enclosed are six copies of Form MF-104, "Operator's Monthly Report and Voucher," and six copies of Form MF-104A, "Operator's Unit Cost and Progress Report." At the end of the first calendar month after work is commenced, and monthly thereafter, you are required to submit the original and four copies of each form to the

Executive Officer
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado.

The extra copy is for your records.

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

For your information and in reply to many questions that have been asked, after Forms MP-104 and MP-104A are received, an engineer will check progress on the project and review your accounts, after which the report forms will be forwarded to this office for administrative examination and vouchering. If the report is in order, a check will be issued by the Treasury Department for the Government's portion of the approved costs. If you have any difficulty in completing these forms and the reports, please call on this office for assistance.

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

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

In reference to ANNEX II (f) of the contract pertaining to the average unit cost of the drilling, if excess costs are suspended by reason of exceeding the maximum unit cost of the drilling described under Category (1), the excess costs will be held in suspense and be reinstated by this office, to the extent suspended funds are available, in the event the unit costs for any month should cause the average unit cost to fall below the maximum average unit cost established in the contract for the drilling.

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

Your requests to this office for work approval, changes in the contract, or any other communications pertaining to operations under the contract, must be in writing, of which please supply the original and five copies, each copy complete with maps or other pertinent data. Each request for action by this office must pertain to one matter only. Such requests are not to be incorporated in your narrative report accompanying monthly progress report Forms MP-104 and MP-104A.

The location of the work to be performed under Stage I is indicated on the map, "Figure 2," attached to the contract. Should conditions encountered necessitate any appreciable change in the location or direction of any of the work, approval of this office for the change must be obtained prior to performance of the work. Otherwise, the work may not be acceptable for reimbursement to you under the terms of the contract.

Your attention is directed to the provision that work under both Stages II and III is contingent upon results of the work completed under the prior stage, and that performance of the work is subject to the prior written approval of the Government.

When the work under a stage has been completed, or sufficiently so to permit evaluation of results of the work, you must request approval from this office for the work you propose to perform under the next stage. Your request for the work approval must be in sextuplicate, each copy complete with a map showing the locations of holes previously drilled and the locations of the holes you propose to drill under the next stage. Your request should be complete with drill logs, results of radiometric probing, chemical analyses, and any other pertinent data concerned with the prior work which will be of value to the Government in appraising the work performed under the prior stage.

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

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

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

It is a regulation that reimbursement for the cost of work accomplished prior to the date of the contract will not be allowed. It is a requirement and imperative that you notify this office in writing the date work actually commences under the contract.

Very truly yours,

Original signed by
E. N. HARSHMAN
Acting Executive Officer
DMEA Field Team, Region III

Enclosures

JWT:prl

cc: Chem. Op. Comm. - 3
Finance Office, Reg. III
Amendment file, Reg. III
Harshman
DMEA/DFC
Townsend
Corres. file
Chron.

224 New Customhouse
Denver 2, Colorado

September 10, 1957

RECEIVED SEP 18 1957
DATE | INITIALS | CODE
700

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4701 (Uranium), Contract No. Idm-E1119, Wesley Anderson et al. (Jill et al. claims), Harding County, South Dakota

Enclosed are the Government's and Audit copies of Exploration Project Contract No. Idm-E1119, which was forwarded by your letter of August 2, 1957, for the insertion of a suitable starting date under Article 3, insertion of the type of business association after the names in the first paragraph of the contract form, and signature by the Operator.

Also enclosed are three copies of a letter from this office, dated September 10, 1957, whereby we forwarded the "Operator's Copy" of the contract, blank report forms and instructions relative to reporting on work performed under the contract, and procedures to be followed in communicating with this office in all matters pertaining to the contract.

The contract, dated August 2, 1957, provides for work estimated to cost $6,700.00, toward which the Government will contribute 75%, or an amount not in excess of $5,025.00.

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

JDC:prl

Original signed by
E. N. HARSHMAN

E. N. Harshman

cc: Ransome
Finance Office, Region III } w/copy of contract and letter to Operator.
Harshman
DMEA/DFC
Townsend
Corres. file
Chron.

DMEA Form 14

Contract No. Idm-E 1119

Docket No 4701

DEPARTMENT OF THE INTERIOR

Approved contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
August 2, 1957	III	South Dakota	Uranium

Name and Address of Operator: Wesley Anderson, et al.
Bowman, North Dakota

	Reserve	Obligation
Prior Amount	0	0
Increase	5,025.00	0
Decrease	0	0
Revised Amount	5,025.00	0

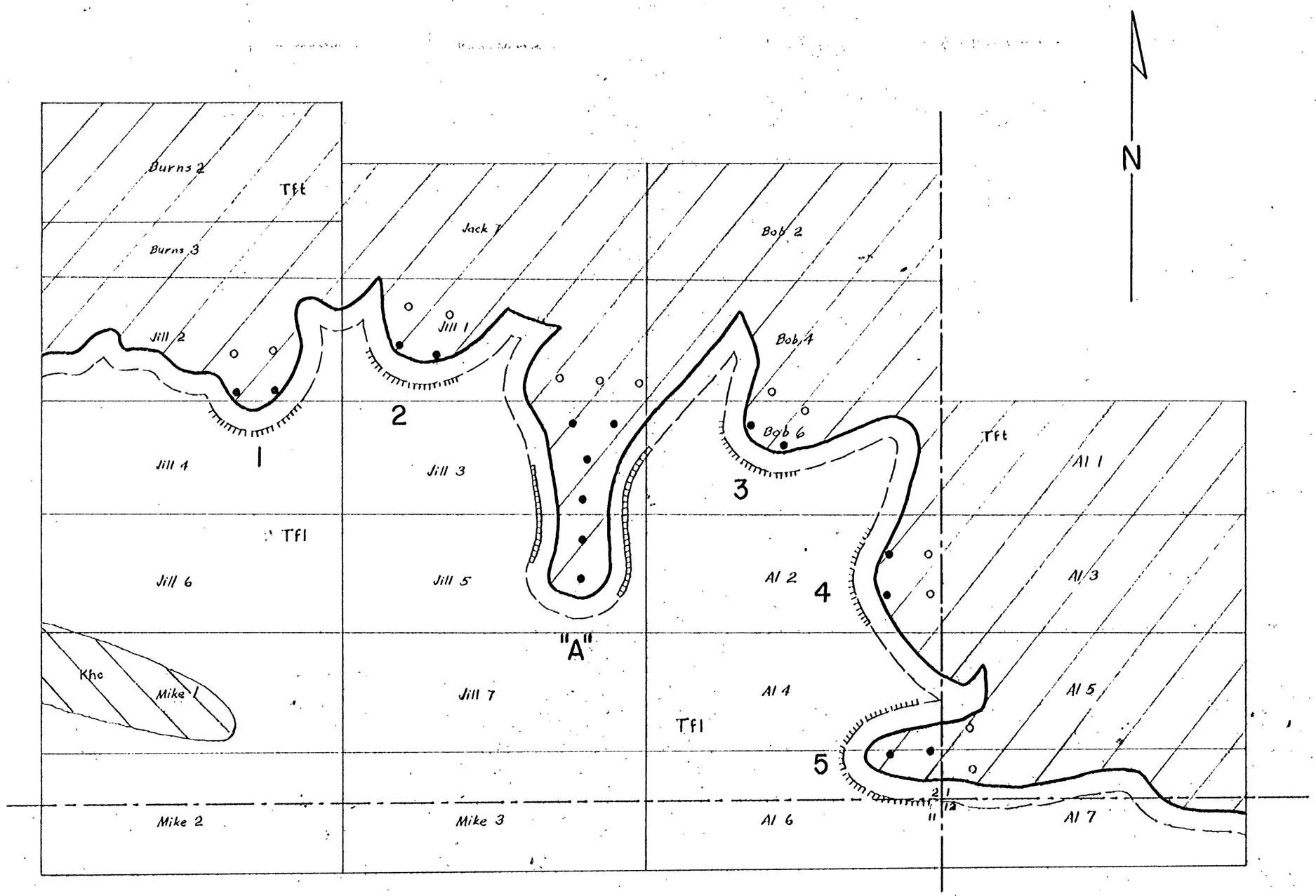
Remarks:

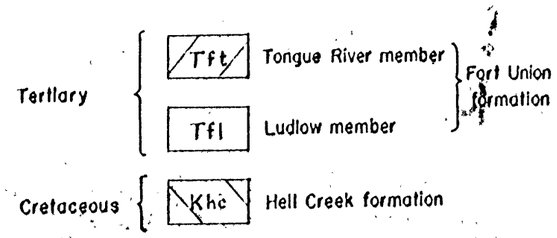
ALLEN S. DAKAN
(Name)

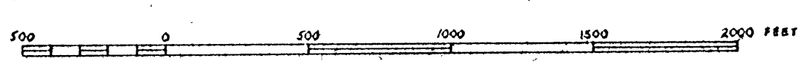
Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington 8/5/57

16416







EXPLANATION

- Edge of mesa
- Inferred outcrop of bed "C"
- Existing cut
- Proposed cut, Stage I
- ● Proposed drill hole, Stage II
- ○ Proposed drill hole, Stage III

FIGURE 2. RECOMMENDED EXPLORATION
DAVIS DRAW GROUP OF CLAIMS
NORTH CAVE HILLS, SOUTH DAKOTA
DMEA DOCKET 4701