DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Frank L. Morgan and Erma R. Morgan
P.O. Box 227
Springville, Utah

pertaining to Exploration Project Contract Idm-E500, DMEA Docket 2089, covering a project for exploration of Uranium, located in the Chute Canyon area, Emery County, Utah, and referred to as the Little Erma No. 3 Claim, for the month of April, 1953.

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

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

The contract provides for payment by the Government on the basis of agreed estimated costs of units of work actually performed.

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

Total cost as billed by Contractor		$2340.00
Exceptions:		
By DMEA Finance Officer	None	
By Audit	None	None
Total Accepted Cost		$2340.00

The contract calls for a 90 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Two Thousand One Hundred Six and no/100 Dollars

--$2,106.00--

is considered valid and proper.

Dated: October 21, 1953

Donald F. Finch

Donald F. Finch, Auditor

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

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

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

RECEIVED
DEC 1 - 1953
Salt Lake City, Utah

Month of April, 1953 Docket No. DMEA 2689 Contract No. idm-E500
Operator's Name Frank Loraine and Erma Ruff Morgan Minerals Uranium
Address P. O. Box 227, Springville, Utah.
Contract Amount, $ 2,340.00 Government Participation: 90 % Amount, $ 2,106.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling		1/		1/		
Bulldozing	1,872.00		1,872.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
		1/		1/		
Roads - Trails	468.00		468.00			
TOTALS	2,340.00		2,340.00	2,340.00		2,340.00

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

Date April 25, 1953 *Payee Frank Loraine Morgan
Erma Ruff Morgan

Per _____ Title Owners & Operators

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

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

(Instructions on reverse)

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

$ 2106.00

Signature _____
(Authorized Certifying Officer)

Date 12/18/53 Voucher No. DMA 54-61
(See other side)

1/ The Entire Work Constitutes the unit of work

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E500 in accordance with the terms of the contract.

Signature H. K. Thurber, JSW Title Mining Eng. Date June 8, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W H King Title Executive Officer Date DEC 16 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 6 1954

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April 1953 Docket No. DMEA 2689 Contract No. Idm-E500
Operator's Name Frank Loraine Morgan and Erma Ruff Morgan Minerals Uranium
Address P. O. Box 227, Springville, Utah.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping	Ft.	1,872.00	1/ 1800	1,872.00	1/ 1800			1,872.00
Trenching								
Test Pits								
Roads and Trails		468.00	1/	468.00	1/			468.00
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		2,340.00		2,340.00				2,340.00

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

Date April 25, 1953 Operator Frank Loraine Morgan
Erma Ruff Morgan

Per _____ Title Owners & Operators

REMARKS: Contract completed

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

(Instructions on reverse)

(For Government use only)

1/ The entire work constitutes the unit of work.

INSTRUCTIONS

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

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

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

GPO 83-38475

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN - 7 1954

224 New Customhouse
Denver 2, Colorado

January 5, 1954.

Memorandum

To: Secretary to the Operating Committee

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket No. 2689 (Uranium), Contract No. Idm-E500, Frank L. Morgan and Erma R. Morgan, Emery County, Utah.

Enclosed are two copies of the Operator's Monthly Progress Report, Form MF-104 and MF-104A, Operator's Narrative Report, Inspecting Engineer's Narrative Report, and other supporting data pertaining to work under the subject contract for the month of April 1953.

Also enclosed are two copies of a memorandum to Mr. T. A. Christensen, dated December 16, 1953, relative to final payment under the terms of the subject contract.

Final payment to the Operator in the amount of $2,106.00 has now been made in conformance with the Report of Review by the Contract Administration and Audit Division dated October 21, 1953.

W. H. King

W. H. King

Enclosures

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

224 New Customhouse
Denver 2, Colorado

December 16, 1953.

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket No. 2689 (Uranium), Contract No. Idm-E500, Frank L. Morgan and Erma R. Morgan, Emery County, Utah. Operator's Monthly Progress Report for the month of April 1953 - FINAL PAYMENT

Enclosed are the original and four copies of Form MF-104 and MF-104A, Operator's Narrative Report and Inspecting Engineer's Narrative Report for the above period. This report constitutes the Operator's final claim for reimbursement under the terms of the contract and is the only report submitted inasmuch as the work was completed within that period.

The Operator has complied with the terms of the contract and final payment is recommended as follows, which is in conformance with the final Report of Review by the Contract Administration and Audit Division dated October 21, 1953, which was released to this office December 15, 1953.

Basis for Final Payment

Total accepted cost	$2,340.00
Government participation at 90%	2,106.00
Total prior payments	None
Balance due the Operator	$2,106.00

W. H. King

Enclosures

JWT:cwm

cc: Contract
Secretary to the Oper. Comm. (2)
SRWilson
Chron.
JWTownsend

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

June 15, 1953

Memorandum

To: W. H. King, Chief, Mining Division, Region IV

From: Chief, Minerals Development Branch, Mining Division, Region IV

Subject: DMEA-2689, Contract Idm-E500, Frank L. and Erma R. Morgan, Chute Canyon Mines, Emery County, Utah. MF-104 forms for April 1953.

Attached are copies of MF-104 forms pertaining to work accomplished under the subject contract during April 1953. The contract involved only a small amount of work, thus the total contract was completed during April. The present MF-104 forms are the first and final ones to be submitted by the operator.

The work was inspected by H. K. Thurber May 4, 1953. The contract permits road and trails work and rim stripping by bulldozer. The total footage of stripping does not equal the total estimated by the examining geologists and later written into the contract. The difference in the footage totals resulted from acceptance by the Survey of the owner's map showing the area of proposed stripping. The Survey mapped the area after completion of the contract work, and found the area originally proposed for stripping to be smaller than illustrated on the owner's sketch. The area proposed for stripping has been stripped, but the cost per unit is greater than shown in the contract. The operator expended the funds in a sincere and minerlike fashion.

The rim stripping disclosed two scour channels containing small quantities of uranium. The mineralized area was sampled by H. K. Thurber after project completion. The results are shown on the map attached to the progress report.

The MF-104 forms were originally received from the operator May 8, 1953. Irregularities in preparation necessitated returning the forms to the operator. The corrected forms were returned to this office June 1, 1953.

It is recommended that the operator be reimbursed in the manner shown in the progress report, subject to receipt of proper final report from the operator and final audit.

Stephen R. Wilson

Stephen R. Wilson

Enclosures 2

S. R. Wilson

May 12, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN - 7 1954

H. K. Thurber, Jr.

DMEA-2689, Contract Idm-E500, Frank L. and Erma R. Morgan property, Emery County, Utah. MF-104 forms and monthly progress report

The subject property was inspected May 4, 1953. The work under the contract was completed by April 28, 1953, and the operators were removing the equipment from the project area on the date of the inspection. The MF-104 forms attached are the last and only forms to be submitted on this work.

The work accomplished under the contract consisted of rim stripping an area on the Little Erma group of claims where the Shinarump ore horizon is exposed by a side canyon tributary to Chute Canyon. The rim stripping was accomplished with some difficulty, due to the large boulders encountered in the talus cover. Twice during the operation the bulldozer was driven off the rim cut, occasioning delays returning the machine to the working place.

The attached map, made by the Geological Survey, indicates the area stripped. It will be noted that the total length of stripping does not equal the total length estimated by the original examining team and called for in the contract. This difference arose from the original acceptance by the Geological Survey of the owners' sketch map, which shows the proposed stripping area. This map shows the area considerably larger than the Geological Survey's recent plane table map. All the area intended by the original examining geologists to be stripped has been stripped and the money expended in an efficient and sincere manner. The cost per foot was higher than originally estimated, but is not believed to be excessive for this type of bulldozer work.

The expenditure of $468 for road improvement was used in areas along the 7½ miles of access road from Temple Mountain to the subject property.

The rim stripping exposed two scour channels in the project area which contain some uranium mineralization indicated by Geiger counter. It is suggested that these areas be systematically sampled by this office to assess the results of the project. This would require approximately two days in the project area.

With due consideration of the map discrepancies outlined in foregoing paragraphs, it is recommended that the operators, Frank L. and Erma R. Morgan, be reimbursed in the amount of $2,106, which is 90 percent of $2,340, the total allowable expenditures under the contract.

H. K. Thurber, Jr.

H. K. Thurber, Jr.

Springville, Utah.
April 25th. 1953.

Mr. Stephen R. Wilson, Chief
Minerals Development Branch
Mining Division, Region IV
Bureau Of Mines, 1600 E 1st S
Salt Lake City 1, Utah.

Received

NARRATIVE REPORT
DMEA No. 2689.

Dear Mr. Wilson:

The work covered by DMEA No. 2689 has been completed and is ready for inspection.

This stripping operation turned out to be very rugged as we had to keep the air compressor and powder man working constantly ahead of the bull dozer blasting large boulders in order for the bull dozer to handle them, at some places where the face was in place and there was no material sluffed off to use for a road bed we had to scrap for material in order to cross the gap, the bull dozer slipped off of the stripping area twice on account of the base of the grade sliding, fortunately he was facing the canyon floor and went down head first.

The area is stripped down to the purple shale that the field team designated as the contact area, there is heavy mineralization in the conglomerate, showing copper, cobalt and iron pyrite stains, the material that shows radio activity is in the yellow clay above the purple shale and the carbonaceous material that was exposed, there is a very active seam of black material consentrated in the conglomerate on the North side of the canyon on the Little Erma No. 2 that shows signs of a flow from either a trough or it has been forced from below.

The area stripped on the East end of the Little Erma No. 3 showed very heavy mineralization and a heavy consentration of trees and carbonaceous material with a count in several places, the Shinarump Conglomerate was quite thick at this point, with a thick sandstone that looked good in the lenze where the Conglomerate split and the moist earth had a very stinking odor with lots of colorization.

This canyon looks very promising and samples can be taken that will run above 4% Uranium but the seams are small, core drilling should develop a major deposit that has deposited these fissures, a " Scintillator " registers between 10 and 15 on the 1 scale anyplace along the bottom of the canyon, and will register 10 to 15 on the 25 scale at places stripped along the face.

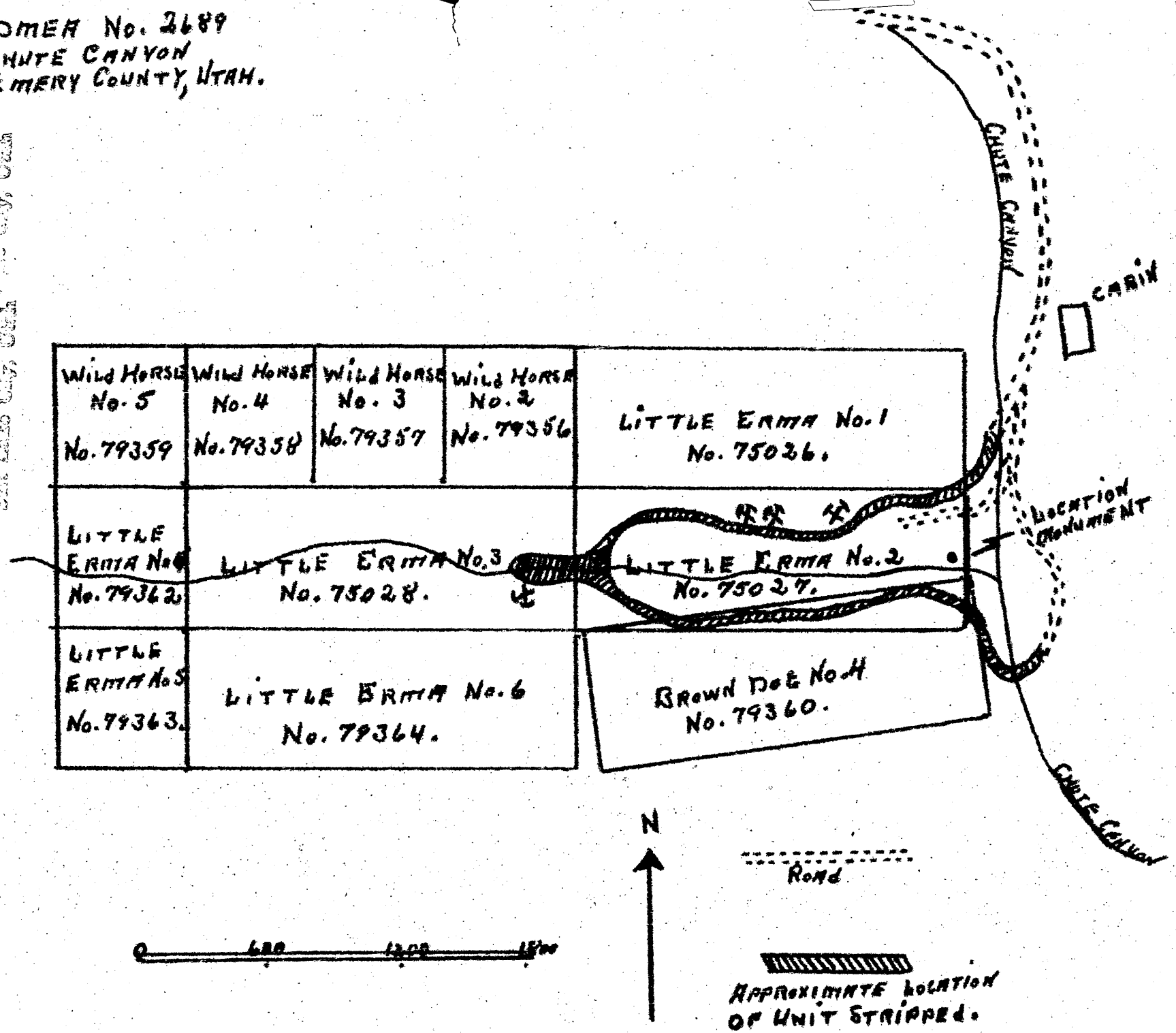
Trusting that the above narrative report is in order, I remain,

Yours Very Truly,

Frank L. Morgan
Erma R. Morgan

DMEA No. 2689
CHUTE CANYON
EMERY COUNTY, UTAH.

U.S. Bureau of Mines
RECEIVED
MAY 8 - 1953
Salt Lake City, Utah



C O P Y

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

November 18, 1953

Frank L. Morgan and Erma B. Morgan
P. O. Box 227
Springville, Utah

Re: Docket No. DMEA-2689 (Uranium)
Contract No. Idm-E500
Chute Canyon claims
Emery County, Utah

Dear Sir and Madam:

This is with reference to the subject Exploration Contract between you and the Government.

The final audit of the contract expenditures and the final reports of the Operator and of the Field Team have been received and accepted by this Administration. The total amount of $2,340.00 approved under the contract was expended, 90 percent of which, or $2,106.00, represented the Government's share. There were no unused materials, supplies or equipment to be disposed of for the joint account of the Operator and the Government. The exploration work was completed in a satisfactory manner.

Because the results of the exploration were unfavorable, it is not our intention to make a certification of discovery or development which would create a lien against the subject property. We are, therefore, closing our books and records with respect to this project. Your attention is called, however, to Article 5 (d) of the Contract which requires the Operator to "keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract".

Your interest in the Exploration Program of the Defense Minerals Exploration Administration and your willingness to participate therein are appreciated.

Sincerely yours,

/s/ C. O. Mittendorf

Administrator

FLKnouse/gla
cc to: Adm. Reading File
Operating Committee
Docket
Messrs. H. D. Keiser, Rm. 3641
A. P. Butler, Rm. 3212, GSA
Ellis
Knouse
DMEA Field Team, Region IV (2)

OCT 19 1953

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

Re: Frank L. Morgan and
Erma H. Morgan
Docket DMEA-2669 (Uranium)
Contract Idm-8300
Emery County, Utah

Dear Mr. King:

Reference is made to your memorandum of September 25, 1953, in regard to stripping work done on the above-cited project.

In exhibit "A" of the contract, under the heading "Description of the Work," the following specification is made:

> "The stripping will be confined to the ore-bearing horizon near the base of the Shinarump conglomerate and the present workings, and must be deep enough to expose the sandstone and mudstone where the carbonaceous material is concentrated. This work will be done on the Little Erma No. 1, 2, and 3, and the Brown Dog No. 4 claims as shown on Figure 4 which is attached and made a part of this exhibit."

Figure 4, attached to the contract and made a part of it, is a drawing of the work required. However, under the heading "Estimated Costs of the Work," the phrase, "3200 feet of rim stripping . . .," is used.

It is agreed by all parties that the rim stripping outlined in Figure 4 has been accomplished; but that it amounted only to 1800 and not 3200 feet. Nevertheless, the objective of the contract has been accomplished, and the Operator should be paid the entire amount of the costs of the unit, as agreed to in the contract, without any amendment thereof being necessary. Enclosed is a memorandum of the Chief Counsel to the Administrator explaining in detail the reasons therefor.

A copy of this letter and the enclosure should be placed in the contract folder of the Finance Officer as an interpretation of the contract for the bulldozing work. This interpretation also has the approval of the Chief of the Contract Administration and Audit Division and does not violate policy of this office that in an agreed-unit-costs contract the unit is the basis for payment.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosure

JLChambers:AEK:ep 10-14-53

Copy to: Mails & Files
Adm. Reading File
Mr. Chambers
Mr. Johnson
Mr. Ellis
Mr. Hofflund
Mr. Kane
Chron.
Pending
Operating Committee

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

Re: Frank L. Morgan and Irma L. Morgan
Contract IdaF-500, Docket No. A-2689

Dear Mr. King:

Reference is made to your memorandum of September 25, 1953, in regard to stripping work done on the above-cited project.

In Exhibit "A" of the contract in the paragraph headed "Description of the Work", the following specification is made: "The stripping will be confined to the ore bearing horizon near the base of the Shinarump conglomerate and the present workings, and must be deep enough to expose the sandstone and mudstone where the carbonaceous material is concentrated. This work will be done on the Little Anna No. 1, 2, and 3, and the Brown Bear No. 4 claims as shown on Figure 4 which is attached and made a part of this exhibit." In the section titled "Estimated Costs of the Work", the phrase, "3200 feet of rim stripping [illegible]", is used.

It appears that there is a contradiction in Exhibit "A" resulting, no doubt, from the fact that the distance was guessed rather than measured. Figure 4, which is attached to the contract and made a part of it, is a drawing of the work required. It is agreed by all parties that the work outlined in Figure 4 has been accomplished; but that the work outlined in Figure 4 and the work described in Exhibit "A" do not agree insofar as measurements in Exhibit "A" are concerned. It appears, however, that the contract as a whole has been fullfilled and the Operator should be paid the entire amount of the costs of the unit as agreed to in the contract.

A copy of this letter should be placed in the contract folder of the Finance Officer as an interpretation of the contract for the bulldozing work.

This does not violate policy of this office that in an agreed unit costs contract the unit is the basis for payment.

This interpretation has the approval of the Chief of the Contract Administration and Audit Division and the General Counsel of DSA.

Sincerely yours,

Administrator

JLChambers/wb
October 9, 1953

Copy to: Docket
Admr. Reading File
Mr. Johnson
Mr. Hofflund
Mr. Ellis
Mr. Chambers

Docket No. DMA 2669

Commodity Uranium

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 500

Date of Contract ~~or Amendment~~: March 23, 1953

Name and Address of Operator:

Frank L. Morgan and Erma R. Morgan,
P. O. Box 227
Springville, Utah

Amount of Government participation $ 2,166.00

Percent of Government participation 90 %

Region: IV State: Utah

(Name)

J. L. Chambers,
Chief, Contract Administration and Audit Division

(Title)

Mar. 24, 1953

Date Delivered to Bureau of Mines, Washington.

13908

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 2689

COMMODITY Uranium

Idm-E500

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 31 1953

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 23rd day of March, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Frank L. Morgan and Erma R. Morgan
P. O. Box 227
Springville, Utah

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Utah, County of Emery, described as follows:[3] Seven unpatented lode mining claims located 7½ miles south and west of Temple Mountain in Chute Canyon. See Annex No. 1, attached

the Operator represents and undertakes:[4]

(*a*) That the Operator is the 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:

None

(*b*) ~~That the Operator is the owner, in possession and entitled to possession, and the Owner's Consent to Lien is attached.~~
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.

ARTICLE 3. *Exploration project.*—The Operator, within sixty (60) days from the date of this contract shall commence work on a project of exploration for[5] Uranium

in or upon the described land; and shall bring the project to completion within a period of three months (3) from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. 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.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay ninety (90) percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $2,106.00, which is 90 percent of $2,340.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or 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 ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of units of work performed on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

[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, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) *Compliance with requirements.*—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, 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. Upon the completion of the project or termination of the contract the Operator shall render a final account and statement of work performed to accompany his final report.

ARTICLE 6. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales, or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be the gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

ARTICLE 7. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided,* that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 8. *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 worth while discovery and in the opinion of the Government further operations are not justified.

ARTICLE 9. *Changes and added provisions* _____

_____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

Frank L. Morgan Erma R. Morgan
(Operator)

By _____

THE UNITED STATES OF AMERICA

By W. K. King
Executive Officer, DMEA
Field Team, Region IV

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—66329-1

Annex No. 1.

The following unpatented mining claims of record in the County Recorder's office, Emery County, Utah

Claim	Date	Book	Page
Little Erma No. 1	3-23-1950	J - 8	517
Little Erma No. 2	3-23-1950	J - 8	518
Little Erma No. 3	3-23-1950	J - 8	518
Little Erma No. 6	6-12-1952	J - 10	112
Brown Dog No. 4	6-12-1952	J - 10	110
Wild Horse No. 2	6-12-1952	J - 10	108
Wild Horse No. 3	6-12-1952	J - 10	108

EXHIBIT "A"

Description of the Work

The work consists of improving 7½ miles of road from Temple Mountain to Chute Canyon and 3200 feet of bulldozer stripping. "The stripping will be confined to the ore bearing horizon near the base of the Shinarump conglomerate and the present workings, and must be deep enough to expose the sandstone and mudstone where the carbonaceous material is concentrated. This work will be done on the Little Erma No. 1, 2, and 3, and the Brown Dog No. 4 claims as shown on Figure 4 which is attached and made a part of this exhibit."

Estimated Costs of the Work

Improving 7½ miles of road including rental of D-8 caterpillar or equivalent including operator, fuel, repairs, and any other costs incident to completing the work -	$ 468.00 1/
3200 feet of rim stripping with D-8 caterpillar or equivalent including operator, fuel, repairs, and any other costs incident to completing the work -	1,872.00 1/
Total Cost of Project	2,340.00
Government Participation at 90%	2,106.00

1/ The entire work constitutes the unit of work.

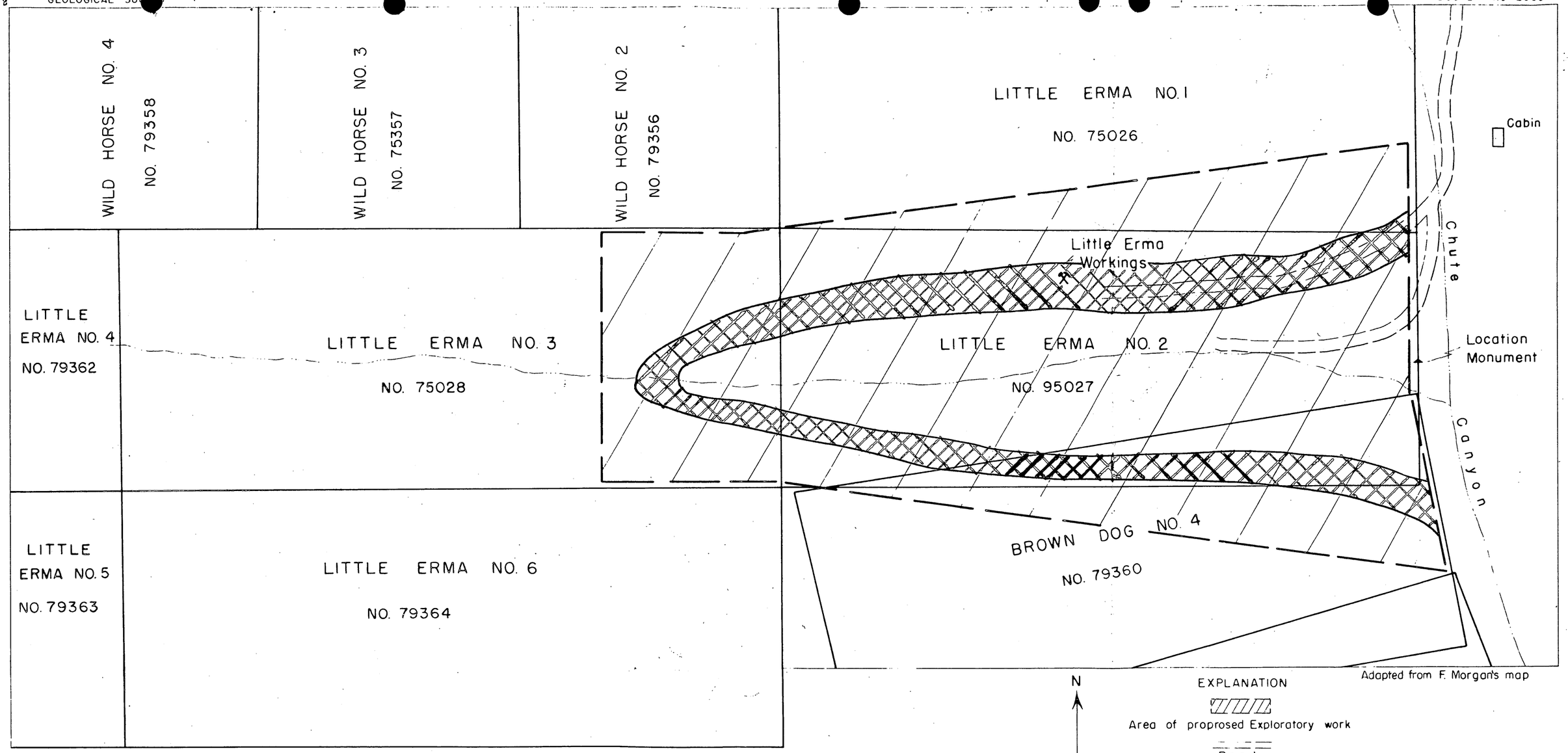
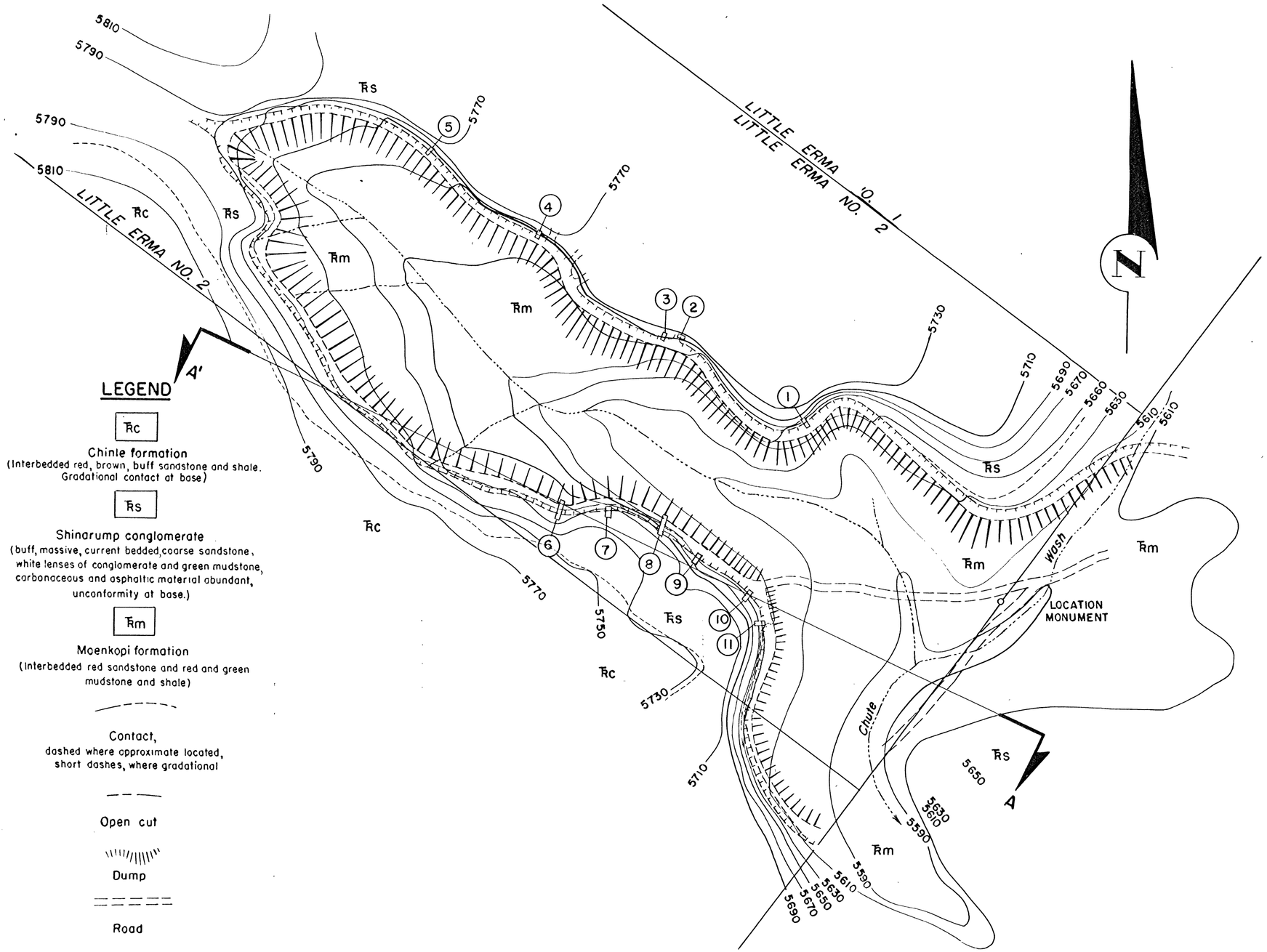


FIG. 4

SKETCH MAP OF CHUTE CANYON CLAIMS
EMERY COUNTY, UTAH

0 200 400 600 FEET
Scale



LEGEND

Ꞧc — Chinle formation
(Interbedded red, brown, buff sandstone and shale. Gradational contact at base)

Ꞧs — Shinarump conglomerate
(buff, massive, current bedded, coarse sandstone, white lenses of conglomerate and green mudstone, carbonaceous and asphaltic material abundant, unconformity at base.)

Ꞧm — Moenkopi formation
(Interbedded red sandstone and red and green mudstone and shale)

Contact,
dashed where approximate located, short dashes, where gradational

Open cut

Dump

Road

Underground workings

SAMPLE LIST

SAMPLE NO.	CUT	U_3O_8 %
1	2-0'	0.005
2	2-2'	0.056
3	3-0'	0.007
4	2-0'	0.101
5	2-0'	0.017
6	1-5'	0.003
7	0-9'	0.004
8	1-9'	0.003
9	1-2'	0.005
10	2-0'	0.003
11	1-7'	0.005

NOTES

1) DATA TRACED FROM USGS DMEA DRAWING.
2) CONTOUR INTERVAL 20 FT., DATUM ASSUMED.

0 100 200 300
SCALE OF FEET

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Fig. DMEA Docket No. 2689

Geologic Plan and Sample Map

LITTLE ERMA MINE NO. 2

CHUTE CANYON, EMERY COUNTY, UTAH

ENGINEER: *H. K. Thurber*	JUNE 1 1953
TRACED: JUNE, 1953; BY: A. P. T. S.	1900-217-D
CHECKED:	