DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

Defense Minerals Administration
RECEIVED
JAN 27 1955

I have reviewed the Monthly Reports of:

United States Uranium Company
711 Seventeenth Street
Denver, Colorado

pertaining to Exploration Project Contract No. Idm-E717, Docket No. DMEA 3405, for the months of October to November, 1954, inclusive, covering a project for the exploration of Uranium on property, known as Lode Mining Claim, located in San Juan County, Utah.

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

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

All of the costs incurred were under a contract provision 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:	$6631.09
Exceptions:	0
Total accepted cost	$6631.09

The contract calls for a 75 per cent participation of exploration expenses by the United States Government, Therefore, payment to the contractor by the Government in the amount of Four Thousand-Nine-Hundred-Seventy-Three and 32/100ths Dollars

-$4,973.32-

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

Dated: January 24, 1955

T. H. Brading, Auditor

DEPARTMENT OF THE INTERIOR
Domestic Minerals Administration
RECEIVED

224 New Customhouse
Denver 2, Colorado

January 28, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA-3405 (Uranium), Contract Idm-E717, United States Uranium Co., (Frying Pan claims), San Juan County, Utah --FINAL PAYMENT.

Reference is made to our memorandum of December 22, 1954 whereby we transmitted the final Form MF-104, Operator's Monthly Progress Report and Voucher for the period of October and November, 1954, and instructed you to withhold the amount of $200.00 from reimbursement to the Operator pending release to this office of the Report of Review by the Contract Administration and Audit Division.

We now recommend that final payment to the Operator be made on the following basis which is in conformance with the Report of Review by the Contract Administration and Audit Division dated January 24, 1955.

Basis for Final Payment

Total accepted cost as per Report of Review	$6,631.09
Government participation at 75%	4,973.32
Total prior payments	4,773.32
Balance due the Operator	$ 200.00

W. M. TRAVER

W. M. Traver

JWT:pw

cc: Subject
Chron
Sec.Op.Comm. (2)
Shaw
Townsend

Paid 200
Randel R. Cooper
Authorized Certifying Officer
2-2-55 DMA-55-60

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN - 7 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Oct., Nov., & Final 1954 Docket No. DMEA 3405 Contract No. Idm E-717
Operator's Name United States Uranium Company (Nevada) Minerals Uranium
Address 711 - 17th Street, Denver 2, Colorado
Contract Amount, $ 17,574.00 Government Participation: 75 % Amount, $ 13,180.50

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	6631.~~00~~ 09	0	6631.~~00~~ 09			
Bulldozing						
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):						
TOTALS	6631.~~00~~ 09		6631.~~00~~ 09	6631.09		6631.09

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 12/3/54 *Payee United States Uranium Company
Per George Clance Title President

*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:

$ 4773.32

Signature [illegible] (Authorized Certifying Officer)

Date 12-27-54 Vou. No. DMM-U.S.-44-4

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E717 in accordance with the terms of the contract.

Signature W. H. Salsbury $4,913.32 WMT Title Mining Engineer Date December 15, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Berk.

Signature W. H. Ring Title Executive Officer Date DEC 22 1954

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN - 7 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Oct., Nov., & Final 195 4 Docket No. DMEA 3405 Contract No. Idm -E717

Operator's Name United States Uranium Company (Nevada) Minerals Uranium

Address 711 - 17th Street, Denver 2, Colorado

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 Stage I	Ft.	6030.00	1800	6030.00	1800	3.35	1800	3.35
~~Auger~~ Stage II	Ft.	601.~~00~~ 09	217	~~217.00~~ 601.09	217	2.77	2400	2.77
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		6631.~~00~~ 09		6631.~~00~~ 09				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		6631.~~00~~ 09		6631.~~00~~ 09				

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 12/2/54 Operator United States Uranium Co.

Per George O'Neill Title President

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

REMARKS: 217' of drilling allocated from Stage II to Stage I to permit completion, as per contract

(Instructions on reverse)

(For Government use only)

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

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN - 7 1955

Administrative Audit Difference Statement

Date: Dec. 27, 1954
Payee's
Reference: Oct. - Nov.
1954

United States Gypsum Co.
711 17th St.
Denver 2, Colo.

Gentlemen:

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

Amount Claimed	$ 6,631.00
Difference	$
Amount Approved	$ 4,973.32

The reason for the difference was due to:

$1,200.00 ethanol penalty release of report of review by the Contract Administration and Audit Division.

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

Very sincerely yours,

N.E.Stokes
Audit Section

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

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN - 7 1955

224 New Customhouse
Denver 2, Colorado

December 22, 1954

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region IV

Subject: DMEA Docket 3405 (Uranium), Contract Idm-E717, United States Uranium Company (Frying Pan claims), San Juan County, Utah. Operator's Monthly Progress Report for the period October-November 1954.

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

Work has been completed as authorized by the contract. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore we recommend that payment be made for 75 per cent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

An amount of $200.00 is to be withheld pending release of the Report of Review by the Contract Administration and Audit Division. This office will waive the requirement of a final report from the Operator. Work is to be terminated at the end of Stage I. Further exploration is not warranted.

Remarks:

Date of Report	December 3, 1954
Date Received in Field Office	December 13, 1954
Date Received in Region Office	December 21, 1954

W H King
W. H. King

Enclosure

RDB:dm
cc:Sec. to Oper. Comm. (2)
Subject
WMTraver
JWTownsend
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
RECEIVED
APR 7 1955

Region IV

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
December 20, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region IV

From: Chief, Mineral Resources Branch, Mining Division, Region IV

Subject: DMEA 3405, Contract Idm-E717 (Uranium), United States Uranium Company (Frying Pan claims), San Juan County, Utah—Progress report for October-November 1954

Enclosed are the original and four copies of the above progress report, the initial and only one—forms MF-104 and MF-104A, with narrative, sketch map, geological hole logs, one copy driller's strata record, and the original and six copies of a memorandum by M. H. Salsbury covering his inspection of the surface core drilling and checking the reporting forms. The contract is unit cost on short form MF-200A and documentation is not required.

Salsbury made a field inspection of the project on November 3, 1954, during its operation and conferred with W. D. Carter of the Geological Survey subsequent to its completion. As a result he confirms the 2,017 feet of drilling claimed by the operator on his reporting forms and stated in his narrative. Work was performed in accordance with the terms of the contract and entries and extensions on the reporting forms are in order with corrections noted. The inspecting engineers adequately describes the reporting period operations and explains the method of determining payment due. According to him, the work was not too well supervised.

Payment is recommended and certified on the MF-104 forms of $4,973.32, or 75 percent of the total $6,631.09 approved.

The project is completed and the report for the period covered is acceptable also as a final report by the operator. No mineralization worthy of analysis was encountered in any of the six holes drilled so the engineering report to be prepared will not recommend Certification of Discovery or Development.

It is probably in order to withhold a small amount from this voucher until a Report of Review of the contract is made by the Regional Contract Administration and Audit Division.

W. M. Traver

W. M. Traver

Enclosures

cc: 5
E717
DMEA Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 7 1955

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
December 16, 1954

Memorandum

To: Chief, Mineral Resources Branch, Mining Division, Region IV

From: M. H. Salsbury

Subject: DMEA 3405, Contract Idm-E717 (Uranium), United States Uranium Company (Frying Pan claims), San Juan County, Utah--Progress report for October-November 1954

Progress under the subject contract was inspected in the field on November 3, 1954. Work on the project had been started on October 17, 1954, and terminated before the December inspection period. Inspection in December, therefore, was limited to a conference with W. D. Carter, Geological Survey project chief for the La Sal area, who has followed operations on the project closely.

The operators claim payment for 2,017 feet of plug- and core drilling in 6 holes at a unit-cost price of $3.35 for 1,800 feet and $2.77 for 217 feet, or a total of $6,631.00.

The work was contracted to Sprague and Henwood who were already in the area, having just completed a project for the Geological Survey.

At the time of the November 3 inspection, two drill rigs were working on holes Nos. 1 and 2. Hole No. 1 was down 314 feet, which was near the required depth, and hole No. 2 was 140 feet deep. Francis X. Corbett, superintendent for the operators had authorized start of the work by telephone, with local supervision to be done by their La Sal creek representative, William Hall. Hall, however, was not technically competent to determine, from examination of the core, whether the hole objectives had been reached. The depth to the potential ore horizon was only an estimate, and it was essential that depth of drill holes should be controlled in accordance with data obtained by examination of the core. Hall was advised by the DMEA inspector to stop hole No. 1 until such a determination was made. Fortunately, W. D. Carter was available and logged the core next morning, probing it with the Survey Barnaby rig as well. It was determined that hole No. 1 had reached the objective.

The operator made no provision during the project for supervision which would insure adequate control of drilling depths, other than obtaining the services of Geological Survey personnel. Decisions to bottom holes were made solely on W. D. Carter's evaluation, so far as this writer is aware.

The results from drilling were completely negative according to the drill logs. This was verified by Carter's logging and by Barnsby probing results. Traces of mineralization found did not justify chemical analysis of any portion of the core. Following is a tabulation of drilling based on hole logs and locations shown on the map with the narrative report:

Hole No.	Plug drilling feet	Core drilling feet	Core recovery Percent	Complete depth of hole feet
1	—	314	84.3	314
2	—	390	82.1	390
3	190	144	93.4	334
4	170	132	95.1	302
5	250	72	92.2	322
6	285	70	91.1	355
Total	895	1,122	86.9	2,017

The procedure in drilling was to set AX casing at the completion of plug drilling and core AX size thereafter. Ninety feet of casing was lost in hole No. 2.

Drilling performance and core recovery appear to have been good; this was verified by Carter. Contract specifications provided for coring holes Nos. 1 and 2 from the collar and the balance from a point 10 feet above the upper potential ore-bearing sand to the bottom of the hole, an estimated distance of approximately 100 feet. Holes were drilled in accordance with these specifications. The cored distances in holes Nos. 5 and 6 were less than 100 feet because the depth to the ore horizon had been accurately determined.

It was anticipated that the 1,800 feet of drilling allowed in Stage I might not be sufficient for completion, and provision was made in the contract for transfer of footage to complete Stage I, if necessary. This proved to be the case and 217 feet was transferred from Stage II to Stage I.

Results of the project were completely negative, and the operators propose to terminate the contract with completion of Stage I. Formal requests from the operator requesting termination, and specifically stating the footage to be transferred from Stage II to Stage I, were submitted and are now pending. Approval of these requests is being recommended by the Bureau of Mines inspector.

A narrative report covering October and November 1954, combined with a final report has been submitted in quintuplicate, including forms MF-104 and MF-104A, a narrative, a map showing hole locations and depths, and drill logs. One copy each of the original drillers' logs were furnished in addition. All are satisfactory. Monthly and accumulative totals on the MF-104 and MF-104A forms are incorrectly entered because of an error in computing 217 feet of drilling at $2.77 per foot. Corrected total is $601.09 instead of $601.00. Total cost of completed project is $6,631.09 instead of $6,631.00.

All work was done in accordance with the terms of the contract, and is within contract maximums, as modified by the pending request for transfer of drilling footage from Stage II to Stage I.

Payment of $4,973.32, or 75 percent of the corrected amount claimed for October and November 1954, $6,631.09, is recommended, subject to acceptance of the final report and formal approval of transfer of drilling footage from Stage II to Stage I and termination of the contract by the DMEA Region IV Field Team.

M. R. Salsbury
M. R. Salsbury
Mining Engineer

MRS/lei

cc: -8
DMEA 3405
DMEA Chron.

Minerals Administration
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UNITED STATES URANIUM COMPANY

October, November & Final Narrative Report
of
Exploration Drilling

Frying Pan Group
San Juan County, Utah

The work under the DMEA Exploration Contract E-717 was started on October 17, 1954, with the preparation of the site by bulldozing access roads and hole locations.

Sprague & Henwood, Inc. were retained under contract to do the drilling and moved a rig to the site of Hole #1 on October 21st.

Diamond drilling started on October 22nd. On holes #1 and #2, which were core drilled for their entire length, NX bits were used for 80' and 58' respectively, followed by AX tools. In other holes an NX Hawthorne bit was used to drill the holes to the depth at which core drilling was started. From one to three "half track" mounted drills were used at different stages of the work, and the drilling was completed without undue delay on November 23rd, when #6 hole of Stage I was bottomed.

Mineralization of a very low order was encountered in three of the holes: No. 3 at 169'; No. 4 at 172.7' and in No. 6 at 250', but it was not considered significant enough to warrant continued drilling.

With the agreement and consent of the U.S.G.S. representative, the work was terminated with the end of Stage I.

UNITED STATES URANIUM COMPANY

Frying Pan Group
(DMEA - E-717)

HOLE LOGS

Hole #1 Started 10/22/54 Finished 11/4/54 El. 6855

Interval	Formation	Core Recovered 265'	% 84.4
0- 85	(NX) Coarse S.S. & Red & Green Sh.	52'	65
85- 96	Green and Brown Mudstones		
95-105	Fine Grained s.s. Sandy Shale	34.6'	86.2
105-120	Red and Brown Shale		
120-125	Red and Green Shale		
125-135	Red Sh., fine grained s.s.	22.9'	91.3
135-145	" " " " "		
145-155	Red mudstone, sandy shale		
155-164	Coarse S.S.	18.8'	64.9
164-174	Coarse S.S.		
174-184	Coarse S.S.	19.5'	97.5
184-194	Coarse S.S., Red mudstone		
194-204	Red, Green Shale	24.75'	98.8
204-219	Red mudstone		
219-234	Red shale, White s.s.		
234-244	Red mudstone	43.0'	95.5
244-254	Red mudstone		
254-264	Red mudstone, white s.s.		
264-274	White s.s., Red mudstone		
274-284	Red, Pink shale		

(Continued)

UNITED STATES URANIUM COMPANY

HOLE LOGS
(Continued)

Hole #1 (Continued)

Interval	Formation	Core Recovered	%
284-294	Brown s.s. (Lower Jms.)	49.4	98.8
294-304	Brown s.s. Red mudstone		
304-314	Red mudstone, shale		

-- Bottom --

Hole #2 Started 10/29/54 Finished 11/12/54 El. 6960

Interval	Formation	Core Recovered 320.2'	% 82
0- 58	Sandstone, shale	29	50
58- 68	Green shale some Red mudstones	9	90
68-180	" " " " "	112	93
180-260	Green & Red shale, some sandstone	73	91
260-290	Coarse Cong. sandstone	22.3	74
290-325	Red shale	29.5	85
325-382	Coarse br. to wh. s.s.	37.4	65
382-390	White, Gray s.s. Red shale	8	100

-- Bottom --

UNITED STATES URANIUM COMPANY

HOLE LOGS
(Continued)

Hole #3 Started 11/5/54 Finished 11/12/54 E. 6895

Interval	Formation	Core Recovered 134.5'	% 93.4
0-190	Red, Green shale, sandstone rib	NX Hawthorne Bit	--
	194.3-195.1 weakly radioactive		
190-200	Fine grained s.s. mud seams	9.5	95
200-230	Coarse Brown s.s. seams, Red Shale	28	93
230-274	Green and Red Shale	40	90
274-304	Red sh., Coarse to Fine s.s.	30	100
304-334	Red mudstone	27	90

-- Bottom --

Hole #4 Started 11/9/54 Finished 11/16/54 El. 6885

Interval	Formation	Core Recovered 125.5'	% 95.1
0-170	Red & Green Shale, sandstone ribs	NX Hawthorne Bit	--
170-215	Red and Green shale	42.5	94.4
215-242	Coarse to Fine grained sandstone	23	85.2
242-262	Red & Green Sh., Fine grained s.s.	20	100
262-292	Brown to white sandstone	30	100
	(172'-172.8' carbonaceous material)		
292-302	Red Shale	10	100

-- Bottom --

UNITED STATES URANIUM COMPANY

HOLE LOGS
(Continued)

Hole #5 Started 11/15/54 Finished 11/22/54 El. 6882

Interval	Formation	Core Recovered 66.4'	% 92.2
0-250	Red & Green Shale, sandstone ribs	NX Hawthorne Bit	---
250-253	Gray sandstone	1.5	50
253-263	Red shale, Gray s.s.	10.0	100
263-273	" " " "	10.0	100
273-283	Red shaley s.s. and Brown s.s.	9.9	99
283-291	Red and Green sandy shale	5.5	70
291-292	Red shale	1.0	100
292-302	Red shale 9', Brown and white sandstone	10.0	100
302-312	Gray sandstone	10.0	100
312-322	Gray sandstone & Red mudstone	8.5	85

-- Bottom --

UNITED STATES URANIUM COMPANY

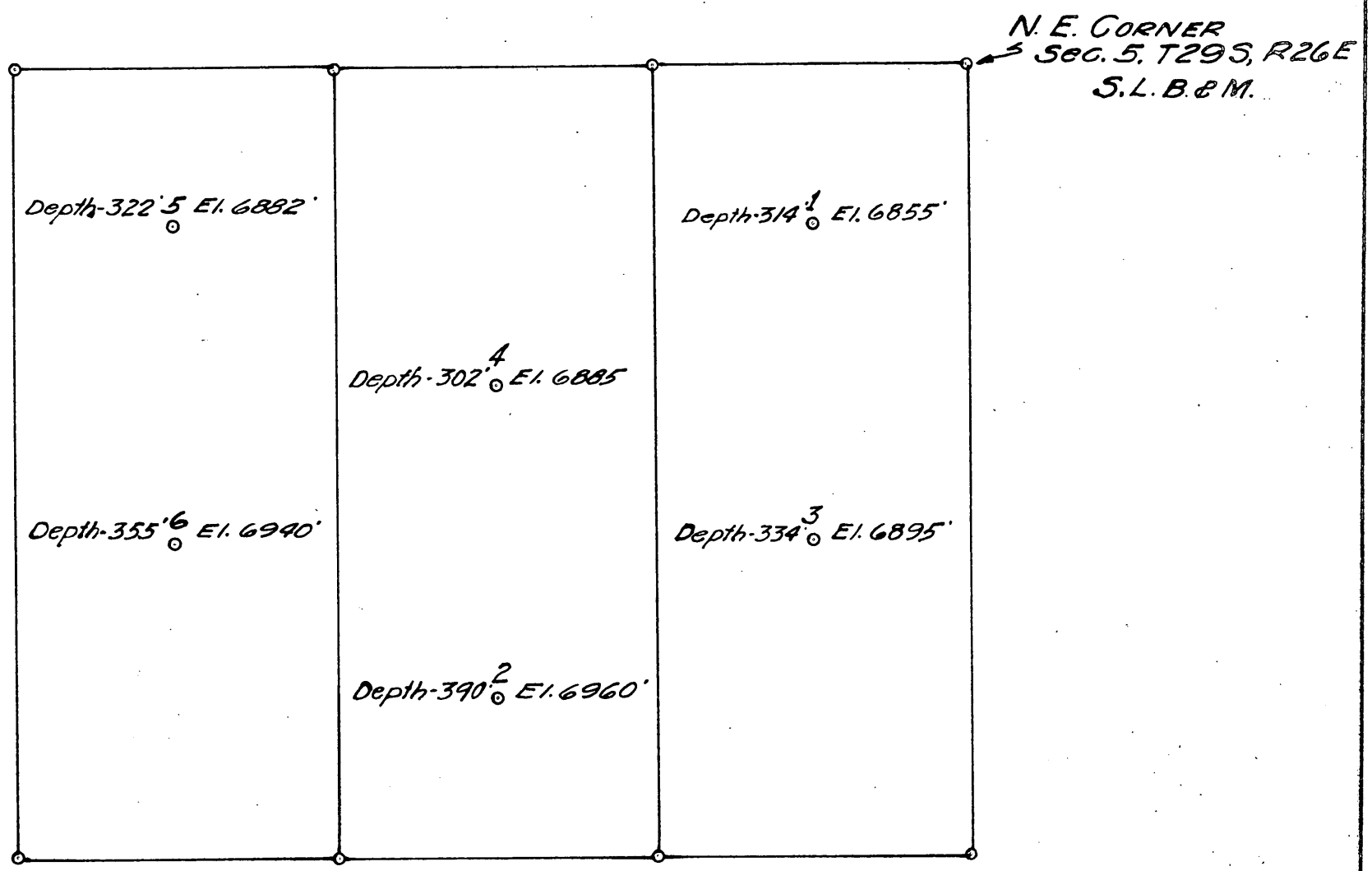
HOLE LOGS
(Continued)

Hole #6 Started 11/16/54 Finished 11/23/54 El. 6940

Interval	Formation	Core Recovered 63.8'	% 91.1
0-285	Red & Green shale, sandstone ribs	NX Hawthorne Bit	---
285-295	Red & Green shale 1' sandstone	8	80
295-305	Red and Green shale	9.8	98
305-315	Red shale 2' Brown sandstone	10	100
315-325	Brown sandstone	9	90
325-335	Brown sandstone	10	100
335-345	Brown sandstone	8	80
345-355	Brown sandstone mud seams	9	90

-- Bottom --

Minor radioactivity at approximately 250'



UNITED STATES URANIUM CO.
DENVER, COLO.

FRYING PAN GROUP
LA SAL CREEK
SAN JUAN COUNTY, UTAH
SCALE 1"=300'
NOV. 1954
F.X.G.

700

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

AUG 29 1955

Mr. George C. Vance, President
United States Uranium Company
711 Seventeenth Street
Denver 2, Colorado

Re: Docket No. DMEA-3405 (Uranium)
Contract No. [illegible]-5717
Paying Pan Claims
San Juan County, Utah

Dear Mr. Vance:

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

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

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

Sincerely yours,

C. O. Mittendorf

Administrator

Copies: Ray V. Harris
William G. Hall

MChing/gla
8/24/55
cc to: Admr.'s Reading File
Docket
Messrs. JECrawford, Rm. 3611
THKillingsgard, Rm. 5224
JOHorstad, Rm. 3210, GSA
Contract Adm. & Audit Division
Code 700
DMEA Field Team, Region III (2)
Mr. Johnson

Docket No. ~~DMEA - 3405~~

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 717

Date of Contract ~~or amendment~~ Oct. 4, 1954

Name and Address of Operator:

United States Uranium Co.,
711 17th Street
Denver 2, Colorado

Amount of Government participation ____ $13,180.50

Percent of Government participation 75 % ~~Stock~~

Region: 111 State: Utah

Note: Please release $ 8,207.18

(Name)
J. L. Chambers
Chief, Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington.

1/28/55

54458

Docket No. [illegible]

Commodity [illegible]

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 [illegible]

Date of Contract or Amendment: October 4, 1954

Name and Address of Operator:

United States Uranium Co.,
711 17th Street
Denver 2, Colorado

Amount of Government participation _____ $ 13,280.50

Percent of Government participation [illegible] %

Region: 17 State: Utah

E. H. Talbert
(Name)
for J. E. Chambers
Chief, Contract Administration and Audit Division
(Title)

Date Delivered to Bureau of Mines, Washington. 10/4/54

54458

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 3405

COMMODITY Uranium

Idm-E717 OCT 11 1954

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 4th day of October, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] United States Uranium Company - A Nevada Corporation, 711 Seventeenth Street, Denver 2, Colorado,

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 San Juan, described as follows:[3] Lode Mining Claims recorded in the County Clerk and Recorder's Office at Monticello, Utah:

Claim:	Frying Pan No. 1	Book:	31	Page:	85
	Frying Pan No. 2		31		85
	Frying Pan No. 3		31		86

the Operator represents and undertakes:[4]

(*a*) ~~That the Operator is the owner in possession and entitled to possession, and the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached:~~

(*b*) That the Operator is ~~a lessee~~ an optionee 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 60 (sixty) 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 six (6) months 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 seventy-five (75) 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 $13,180.50, which is 75 percent of $17,574.00, 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. **See Annex I substituted for Article 6 above.**

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* **That part of the second sentence of Article 7 beginning with the word "Provided" is deleted.**

Executed in sextuplicate the day and year first above written.

United States Uranium Company
(Operator)

By George Vance
President

THE UNITED STATES OF AMERICA

By W H King
Executive Officer
DMEA Field Team
Region IV

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

Anthony F Zarlengo [CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

Defense Minerals Administration
RECEIVED
OCT 11 1954

ANNEX I

The following provisions are in lieu of Article 6 :

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 the Operator has rendered the final report and final account, 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, for 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 raw 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 thereof 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 ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) 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 ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

f. 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.

g. 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.

h. 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 mining or production operations.

i. 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.

58694

Mining Division
Date Rec'd. Sept 21 1954
BUREAU OF MINES
Denver, Colorado

Mining Division
Date Rec'd.
INTERIOR
Minerals Administration
RECEIVED
OCT 11 1954
BUREAU OF MINES
Denver, Colorado

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of Utah, County of San Juan, described as follows:1/ Three lode mining claims recorded in the County Clerk and Recorder's office at Monticello, Utah.

Claim	Book	Page
Frying Pan No. 1	31	85
Frying Pan No. 2	31	85
Frying Pan No. 3	31	86

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ United States Uranium Company (a Nevada corporation)
711 - 17th Street
Denver 2, Colorado

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract or any amendment thereof shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract or any amendment thereof there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

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

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

(OVER)

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions The option for purchase of mining claims dated May 27, 1954, granted to George C. Vance will not be terminated for any reason during the time that said exploration contract or any extension or amendment thereof is in force and effect.

Dated this 17 day of September, 1954.

Ray V. Maris [Seal]

William G. Hall [Seal]

[Seal]

EXHIBIT "A"

Description of the Work

The work will be divided into three stages as follows:

Stage I will consist of drilling six holes on a minimum of 600-foot centers at locations shown on Figure 2 which is attached and made a part of Exhibit "A". The objective of this work is the exploration of the two upper ore horizons in the Salt Wash member of the Morrison formation. Both core drilling and non-core drilling will be used in accordance with the following table of estimated drill footages:

Hole No.	Estimated Depth Non-Core Drilling in Feet	Estimated Depth Core Drilling in Feet	Total Depth of Hole in Feet
1		350	350
2		250	250
3	175	100	275
4	200	100	300
5	250	100	350
6	175	100	275
Total	800	1000	1800

Holes numbered 1 and 2 shown in Figure 2 will be the first two holes drilled and will be completely core drilled from the top to the bottom of the holes. The remaining holes will be core drilled from a point 10 feet above the upper potential ore-bearing sand to the bottom of the hole, a distance of approximately 100 feet.

The depth of the ore horizon is only an estimate and it is possible that the 1800 feet of drilling allowed in Stage I might not be sufficient to complete all six holes to the desired depth. Because it is advisable to complete all Stage I holes to the bottom of the two upper ore horizons in the Salt Wash, provision is hereby made to transfer the necessary additional footage and funds involved from either Stage II or Stage III drilling, contingent on prior written approval from the DMEA Field Team, Region IV, on request from the operator.

Stage II is dependent on the results obtained in Stage I and may be started only with the prior written approval of the DMEA Field Team, Region IV. The work under this stage will consist of drilling a maximum of 8 holes or an estimated 2400 feet of drilling at locations approved by the DMEA Field Team, Region IV.

Stage III is dependent on the results obtained in previous stages and may be started only with the prior written approval of the DMEA Field Team, Region IV. The work under this stage will consist of drilling

a maximum of 6 holes or an estimated 1800 feet of drilling at locations approved by the Region IV DMEA Field Team to further explore any significant mineralization encountered in drilling under Stage I or Stage II.

The drilling and sampling specifications for all stages are as follows:

1. Holes are to be cored a minimum of AX size through the two upper ore horizons in the Salt Wash member of the Morrison formation.

2. The drilling and the obtaining and storage of core and sludge samples shall be performed in accordance with acceptable practices pertaining thereto which are subject to approval of the Defense Minerals Exploration Administration.

3. Core barrel equipment and drilling practices shall be such as to enable a maximum of core recovery.

4. All core shall be split and one-half retained and properly stored for later use by the Government.

5. Separate sludge samples shall be obtained to correspond to each coring interval.

6. All drill core and sludge will be checked for the presence of uranium by radiometric instrument. Each section showing significant mineralization will be chemically analyzed for U_3O_8, V_2O_5, and $CaCO_3$, using the operator's one-half of the sludge or core for the sample.

7. A copy of all assay results and drill logs will accompany the final engineering report.

8. In Stages II and III the last hole will not be drilled unless sufficient unexpended footage remains to assure completion of the hole to its objective within the total allowable footage.

Estimated Costs of the Work

Stage I

1/	Drilling 6 holes, estimated 1800 feet at $3.35 per foot	$6,030.00
	Total Stage I	$6,030.00
	Government Participation, Stage I, at 75%	$4,522.50

Stage II

2/	Drilling a maximum of 8 holes, estimated 2400 feet at $2.77 per foot	$6,648.00
	Total Stage II	$6,648.00
	Government Participation, Stage II, at 75%	$4,986.00

Stage III

1/	Drilling a maximum of 6 holes, estimated 1800 feet at $2.72 per foot	$4,896.00
	Total Stage III	$4,896.00
	Government Participation, Stage III, at 75%	$3,672.00

Total Stages I, II, and III -	$17,574.00
Government Participation, Stages I, II, and III, at 75% -	$13,180.50

1/ Includes a minimum of 15 chemical analyses for U_3O_8, V_2O_5, and $CaCO_3$.

2/ Includes a minimum of 20 chemical analyses for U_3O_8, V_2O_5, and $CaCO_3$.

No reimbursement will be made on partially completed holes. Claim for reimbursement for completed holes must be supported by a certified drill log of the hole or holes involved.

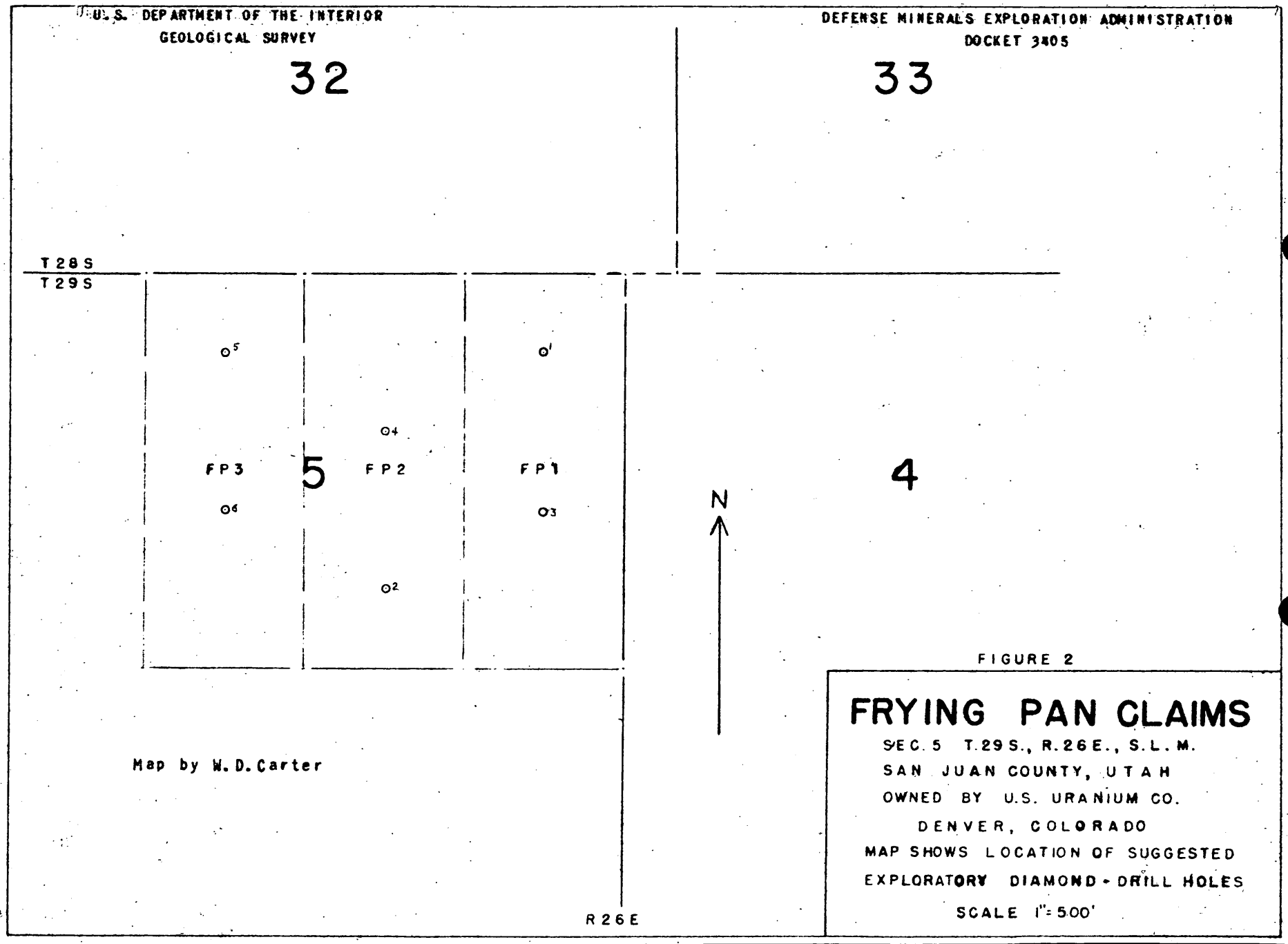


FIGURE 2

FRYING PAN CLAIMS

SEC. 5 T. 29 S., R. 26 E., S. L. M.
SAN JUAN COUNTY, UTAH
OWNED BY U.S. URANIUM CO.
DENVER, COLORADO
MAP SHOWS LOCATION OF SUGGESTED
EXPLORATORY DIAMOND-DRILL HOLES
SCALE 1" = 500'