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

RECEIVED
SEP 26 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

September 20, 1955

Memorandum

To: Chairman of the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3648 (Uranium), Contract Idm-E841,
Utah Premier Uranium Company, San Juan County, Utah.

Enclosed are the Government's, Division, and Docket copies of the Rescission Agreement that have been signed by the Operator as requested by your letter dated August 25, 1955. Other copies have been distributed in the usual manner.

W. M. Traver

W. M. Traver

Enclosures

Rescission Agreement
dated Aug. 24, 1955

Division copy

RECEIVED

SEP 26 1955

RESCISSION AGREEMENT

It is agreed this 24th day of August, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Utah Premier Uranium Company that Contract Idm-E841 (Docket No. DMEA-3648), dated July 18, 1955, shall be and is hereby rescinded as of the date of the contract, before any actions have been taken or costs incurred thereunder, without any obligation whatever one party to the other, the same as if said contract had never been entered into.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C O Mitchell
Administrator, Defense Minerals
Exploration Administration

Carlin
Hoffland
"Appd. Sol. Off."
Murphy
Ellis
Talbot
Selfridge

UTAH PREMIER URANIUM COMPANY

By Richard L. Bennion
President

Aug. 4-55

Mr. Rubin phoned to say he had a Long Dist. call from the Pres. of Utah Premier Uranium Co. Dock. 3648. Said they wanted to cancel the contract — as they had a big company that wanted to do 4 times as much drilling. Rubin told them to write us & we would consider same.

E.W.E.

Division Copy

MF-200
(Revised June 1954)

Docket No. DMEA - 3543

Commodity Uranium

Contract No. Idm-E 841

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this JUL 1 8 1955 day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Utah Premier Uranium Company, a Utah Corporation

whose mailing address is 516 Continental Bank Bldg.
Salt Lake City, Utah

hereinafter called the "Operator," as follows:

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

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

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

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: 15% interest in lease held by K. Ivan Roberts

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

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

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consent to Lien of lessors and Consent to Lien and Subordination Agreement of H. Evan Roberts.

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Uranium. The work to be performed is described in Exhibit "A." The Operator on or before August 31, 1955 shall commence the work, and on or before December 31, 1955 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

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

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

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

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $29,000.00. The Government shall contribute 79 percent of the allowable costs as they are incurred in a total sum not in excess of $19,090.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 9. [illegible] Article 13.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

To the extent that costs are set forth in Exhibit "A" as "Fixed Unit Costs" they are in lieu of the actual costs that would otherwise be allowable under Article 6 of the contract.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O P Mitteudorf

Administrator, Defense Minerals Exploration Administration

Britin

"Appd. Sol. Off."

Murphey

Ching

Talbert

Selfridge

UTAH PREMIER URANIUM COMPANY

(Operator)

By Marlin Weekley

O Harry Kirkham

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

.....

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
UTAH PREMIER URANIUM COMPANY
DOCKET NO. DMEA-3648

ANNEX I

The land referred to in Article 2 of this contract consists of 34 unpatented lode mining claims located in Secs. 29, 30, 31, and 32, T. 30 S., R. 25 E., S. L. B. & M., San Juan County, Utah. The claims are shown on a map "Figure 2, Geologic Map Showing Utah Premier Claims . . .," attached hereto and made a part hereof, and are recorded in the San Juan County Recording Office as follows:

Claim	Original Location		Amended Location	
	Book	Page	Book	Page
High Point	25	8	241	488
" " No. 1	19	145	241	488
" " No. 2	19	146	241	489
" " Fraction	47	490	241	487
Crooked Wash	19	306	241	486
" " Fraction	47	490	241	487
Paramount No. 1	19	140	243	3
" No. 2	19	141	243	3
" No. 3	19	141	243	4
" No. 4	19	142	243	4
" No. 5	19	142	243	5
" No. 6	19	143	243	5
" No. 1 Fraction	49	105	243	9
Silver Pot	23	57	241	483
" " No. 2	23	58	241	483
" " No. 3	23	59	241	484
" " No. 4	23	59	241	484
" " No. 5	23	60	241	485
Old Crow No. 3	23	31	241	500
" " No. 7 Fraction	47	488	243	1
" " No. 8 "	47	488	243	1
" " No. 9 "	47	489	243	2
" " No. 10 "	47	489	243	2
Brigham Tea No. 6	23	34	241	493
" " No. 8 Fraction	47	492	241	494
" " No. 9 "	47	492	241	494

Claim	Original Location Book	Original Location Page	Amended Location Book	Amended Location Page
Brigham Tea No. 10 Fraction	47	493	241	495
Fair Hope	23	23	241	481
" " Fraction	47	491	241	482
" " No. 1 Fraction	97	454	241	481
Lost Canyon No. 1	29	279	241	480
" " No. 2	29	279	241	480
" " No. 3 Fraction	47	494	241	485
" " No. 4 Fraction	47	494	241	486

The Operator is in possession under an Agreement dated June 13, 1955, between G. O. Patterson et al., H. Evan Roberts, and the Operator, and the Operator represents and undertakes that there are no outstanding interests in the land other than those held by G. O. Patterson et al., and H. Evan Roberts, as disclosed to the Government.

EXPLORATION PROJECT CONTRACT
UTAH PREMIER URANIUM COMPANY
DOCKET NO. DMEA-3648

EXHIBIT "A"

Description of the Work

The object of this project is to explore the basal member of the Chinle formation for deposits of uranium ore by means of drilling. The depths of the holes are expected to range from 50 feet in Stage I, near the mineralized outcrop, to 400 feet farther back from the rim.

The work shall be performed in three (3) successive stages. The Operator shall perform all the work under Stage I, and so much of each of the following stages as is approved in advance in writing by the Government, based upon the results obtained in the previously completed stage or stages.

STAGE I

Stage I consists of bulldozing access roads, leveling eight (8) drill sites, and drilling eight (8) holes. The area in which these holes shall be drilled is indicated on the attached Figure 2, and covers part of the Crooked Wash, Crooked Wash Fraction, High Point, and High Point No. 1 claims.

The holes under Stage I shall be drilled to follow favorable mineralization or structural trends indicated by surface exposures and by other holes drilled during this stage, i. e., the thickening of the basal member of the Chinle formation to the southwest of Stage I drilling area, etc. No hole shall be drilled closer than 50 feet to nor more distant than 250 feet from any other drill hole.

Not in excess of sixteen (16) chemical analyses shall be made to determine the U_3O_8 and V_2O_5 content of samples procured from Stage I drilling.

STAGE II

Stage II consists of bulldozing access roads and leveling not to exceed thirteen (13) drill sites. The approximate

locations of the drill sites are shown on attached Figure 2. However, the exact location and direction of the drill-hole lines may be altered, with Government approval, based upon results obtained from Stage I drilling.

Not in excess of thirteen (13) holes shall be drilled on two lines spaced about 3,000 feet apart. The holes along each line shall be drilled at intervals of approximately 500 feet.

Not in excess of twenty-six (26) chemical analyses shall be made to determine the U_3O_8 and V_2O_5 content of samples procured from Stage II drilling.

STAGE III

Stage III consists of bulldozing access roads and leveling not to exceed nine (9) drill sites at locations approved by the Government in the vicinity of favorable and/or mineralized holes drilled during the previous stages. No hole drilled in this Stage III shall be closer than 50 feet to any other hole.

Not in excess of nine (9) holes shall be drilled, and not in excess of eighteen (18) chemical analyses shall be made to determine the U_3O_8 and V_2O_5 content of samples procured, during this Stage III.

GENERAL PROVISIONS

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

2. A supervising geologist or mining engineer and one helper shall be employed full time while work is in progress under this contract.

3. The location of drill holes and access roads, the method of drilling, and the method of taking and storing samples are subject to Government approval.

4. All drill holes shall be logged and records of such logging, together with certified assay results of samples,

shall be submitted to the Government with the Operator's monthly progress report.

5. Mineralized portions of the core shall be split. The Operator shall use one-half of the core for assay purposes, and the other half shall be stored for Government use with the rest of the core in boxes properly labeled as to drill-hole number. Markers indicating the hole depth represented shall be placed in the sections of core. If feasible, the length of core used for an individual sample should not exceed 12 inches. If no core is recovered in an inferred mineralized section of a drill hole, then the cuttings or sludge procured shall be analyzed for its U_3O_8 and V_2O_5 content.

6. All holes shall be core drilled from a point approximately 45 feet above the inferred elevation of the contact of the Chinle formation and the underlying Moenkopi formation, and shall bottom BX core size or larger, at least 5 feet below the contact. The Government will not contribute to the cost of any unfinished hole.

ESTIMATED COSTS OF THE PROJECT 1/

STAGE I (8 holes)

ACTUAL COSTS

Category (1) Independent Contracts

(1) Access roads and leveling drill sites; D-6 bulldozer or equivalent 2/, 5 days @ $100/day	$ 500.00	
(2) 1,100 feet of non-core drilling @ $1.50/ft.	1,650.00	
(3) 500 feet of core drilling @ $3.50/ft.	1,750.00	$ 3,900.00

1/ & 2/ See page 5.

FIXED UNIT COSTS 3/

(4) Incidental allowance for each foot of drilling completed . . . 1,600 feet @ $0.50/ft.	$ 800.00	
(5) 16 chemical analyses for U_3O_8 and V_2O_5 @ $5/each sample	80.00	$ 880.00
		$ 4,780.00

STAGE II (13 holes)

ACTUAL COSTS

Category (1) Independent Contracts

(1) Access roads and leveling drill sites; D-6 bulldozer or equivalent 2/, 10 days @ $100/day	$ 1,000.00	
(2) 4,550 feet of non-core drilling @ $1,50/ft.	6,825.00	
(3) 650 feet of core drilling @ $3.50/ft.	2,275.00	$10,100.00

FIXED UNIT COSTS 3/

(4) Incidental allowance for each foot of drilling completed . . . 5,200 feet @ $0.50/ft.	$ 2,600.00	
(5) 26 chemical analyses for U_3O_8 and V_2O_5 @ $5/each sample	130.00	$ 2,730.00
		$12,830.00

STAGE III (9 holes)

ACTUAL COSTS

Category (1) Independent Contracts

(1) Access roads and leveling drill sites; D-6 bulldozer or equivalent 2/, 4 days @ $100/day	$ 400.00

(2) 2,750 feet of non-core drilling @ $1.50/ft.	$ 4,125.00	
(3) 450 feet of core drilling @ $3.50/ft.	1,575.00	$ 6,100.00
FIXED UNIT COSTS 3/		
(4) Incidental allowance for each foot of drilling completed . . . 3,200 feet @ $0.50/ft.	$ 1,600.00	
(5) 18 chemical analyses for U_3O_8 and V_2O_5 @ $5/each sample	90.00	$ 1,690.00
		$ 7,790.00

S U M M A R Y

Estimated Total Cost Stage I	$ 4,780.00
Estimated Total Cost Stage II	$12,830.00
Estimated Total Cost Stage III	$ 7,790.00
Estimated Total Cost of the Project	$25,400.00
Government Participation @ 75%	$19,050.00

1/ Categories (2) through (7) of Actual Costs under Article 6 of the contract form do not apply to this contract.

2/ Includes all access road and leveling drill site costs whatsoever.

3/ The Government will contribute to the fixed unit costs of analyses and "incidental allowance" as they accrue, in lieu of actual costs. The "Incidental Allowance" covers all costs of the project whatsoever that are not included in the estimates for bulldozing, drilling, and the fixed unit cost for analyses, and includes such items as supervision, labor, engineering, materials, supplies, etc.

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator_____
Docket No. DMEA-_____
Contract No. Idm-E_____
Contract Date_____

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of _____, State of _____, described as follows:1/

_____

_____

_____

_____,

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

_____

_____

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

---

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: _____

Dated this 5th day of July, 1955.

John L. Ballou [Seal]

John B. Marshall [Seal]

G. O. Patterson [Seal]

I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

STATE OF UTAH)
COUNTY OF SALT LAKE) SS
)

[Corporate Seal]

On the 6th day of July, 1955 before me the undersigned, a Notary Public in and for said County and State, personally appeared RICHARD Y. BENNION, who swears that on July 5, 1955, he personally saw G. O. PATTERSON, JOHN D. MARSHALL and JOHN L. BALLOU affix their signatures to this instrument (owner's Consent to Lien) and that he knows them to be the same three persons whose signatures appear on the instrument.

Acknowledged:

Richard Y. Bennion

Richard Y. Bennion

WITNESS my hand and official seal

Kathryn G. Bradford

Notary Public in and for said County and State

My Commission Expires:

April 21, 1957

UTAH PRECIOUS URANIUM COMPANY

DOCKET NO. OMEA-3646

ANNEX I

The land referred to in this Consent to Lien consists of 34 unpatented lode mining claims in Secs. 29, 30, 31 and 32, T. 30 S., R. 25 E., S. L. B. & M., San Juan County, Utah, as follows:

Claims	Claims
High Point	Brigham Tea No. 6
" " No. 1	" " " 8 Fraction
" " " 2	" " " 9 "
" " Fraction	" " " 10 "
Crooked Wash	Fairhope
" " Fraction	" " Fraction
	" " No. 1 Fraction
Paramount No. 1	Lost Canyon No. 1
" " 2	" " " 2
" " 3	" " " 3 Fraction
" " 4	" " " 4
" " 5	
" " 6	
" " 1 Fraction	
Silver Cat	
" " No. 2	
" " " 3	
" " " 4	
" " " 5	
Old Crow No. 3	(Total 34 claims)
" " " 7 Fraction	
" " " 8 "	
" " " 9 "	
" " " 10 "	

MF-201
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator_____
Docket No. DMEA-_____
Contract No. Idm-E_____
Contract Date_____

SUBORDINATION AGREEMENT

To the United States of America:

Referring to that certain land in the County of San Juan, State of Utah, described as follows:1/

See attached schedule

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Subordinates whatever right, claim, lien or encumbrance the undersigned may have in or against the land to whatever interests, equities, and rights the Government may acquire under the contract (a) with respect to purchased property in or upon the land to the cost of which it has contributed, including the right to dismantle, sever, and remove it from the land; and (b) with respect to a percentage royalty on production from the land and a lien to secure the payment thereof; and

2. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Subordination Agreement; and (b) to give advance notice of this Subordination Agreement to any transferee of the right, claim, lien, or encumbrance hereby subordinated; and

3. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Subordination Agreement shall extend and apply thereto.

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.

(OVER)

Dated this 28th day of May, 1955.

_____ [Seal]

H. Evan Plenty [Seal]

_____ [Seal]

I, _____, certify that I am the _____ _____, (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

UTAH PREMIER URANIUM COMPANY

DOCKET NO. DMEA-3648

ANNEX I

The land referred to in this Subordination Agreement consists of 34 unpatented lode mining claims in Secs. 29, 30, 31 and 32, T. 30 S., R. 25 E., S. L. B. & M., San Juan County, Utah, as follows:

Claims

High Point
" " No. 1
" " " 2
" " Fraction

Crooked Wash
" " Fraction

Paramount No. 1
" " 2
" " 3
" " 4
" " 5
" " 6
" " 1 Fraction

Silver Pot
" " No. 2
" " " 3
" " " 4
" " " 5

Old Crow No. 3
" " " 7 Fraction
" " " 8 "
" " " 9 "
" " " 10 "

Claims

Brigham Tea No. 6
" " " 8 Fraction
" " " 9 "
" " " 10 "

Fair Hope
" " Fraction
" " No. 1 Fraction

Lost Canyon No. 1
" " " 2
" " " 3 Fraction
" " " 4 "

(Total 34 claims)

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

AUG 2 5 1955

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

Re: Docket No. DMEA-3618 (Uranium)
Contract No. Ida-[illegible]
Utah Premier Group
San Juan County, Utah

Dear Mr. Traver:

Enclosed are the original and five copies of an agreement to rescind the captioned contract before any actions have been taken or costs incurred thereunder. Also, enclosed are two copies of a telegram, received August 22, from Mr. Richard Y. Bennion, which is self-explanatory.

If the Field Team concurs in this agreement, will you have Mr. Bennion, President of Utah Premier Uranium Company, sign the original and all copies, and thereafter kindly make the usual distribution.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures

cc: ~~Mr. [illegible]~~
~~[illegible]~~
~~Washington, [illegible]~~

APPROVED:

/s/ Robert W. Geehan
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

FMMurphy/gla
8-23-55
cc to: Admr.'s Reading File
Operating Committee
Docket
Messrs. JECrawford, Rm. 3641
THKiilsgaard, Rm. 5224
JCHosted, Rm. 3210, GSA
Code 700
Mr. Murphy

Department of the Interior

DMEA
31-1-03(02) Revolving Fund, Defense Production Act, Interior
(Unassigned Working Fund to the Office of the Secy.)

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

AUG 23 1955

RICHARD Y. BLEDSOE, PRESIDENT
UTAH PREMIER URANIUM CO.
516 CONTINENTAL BANK BUILDING
SALT LAKE CITY, UTAH

REMIT AUGUST TWENTY EXPLORATION CONTRACT DM-4811, DOCKET DMEA-3618 UTAH PREMIER GROUP, SAN JUAN COUNTY, UTAH. AN AGREEMENT RESCINDING THE CONTRACT SIGNED BY THE GOVERNMENT WILL BE FORWARDED SHORTLY FOR YOUR SIGNATURE.

C. O. Mittendorf

C. O. MITTENDORF, ADMINISTRATOR

cc: Nathan Wechsler, Attorney
Utah Premier Uranium Company
1010 Vermont Avenue, N. W.
Washington, D. C.

Confirmation to Utah Premier Uranium Company

FMMurphy/gla
8-22-55
cc to: Admr.'s Reading File
Docket
Messrs. JECrawford, Rm. 3641
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA
Code 700
Mr. Murphy
DMEA Field Team, Region III (2)

OA445 LJ358 1955 AUG 20 AM 12 27

L SLB536 LONG NL PD AR - SALT LAKE CITY UTAH 19

C O MITTENDORF, ADMINISTRATOR UNITED STATES

DEPT OF INTERIOR - DEFENSE MINERALS EXPLORATION

ADMINISTRATION WASHDC

UTAH PREMIER URANIUM COMPANY RESPECTFULLY REQUESTS RELEASE FROM GOVERNMENT LOAN DOCKET NUMBER DMEA-3648 UTAH PREMIER GROUP SAN JUAN COUNTY UTAH PHILLIPS PETROLEUM COMPANY HAS OFFERED TO DRILL A MINIMUM OF 20,000 FEET ON OUR PROPERTY BY DECEMBER 31 OF THIS YEAR WITH AN ADDITIONAL 25,000 FEET IF FINDINGS WARRANT SUCH NO GOVERNMENT DISBURSEMENTS HAVE BEEN MADE TO OUR COMPANY TO DATE NEGOTIATIONS FOR THIS LARGE SCALE EXPLORATION AND DEVELOPMENT OF OUR PROPERTY ARE PENDING THIS RELEASE PLEASE CONSIDER THIS WIRE AS YOUR AUTHORITY TO RELEASE US FROM OUR GOVERNMENT LOAN KINDLY NOTIFY US BY RETURN WIRE OF YOUR DECISION IMMEDIATELY RESPECTFULLY -

RICHARD Y BENNION PRES UTAH PREMIER URANIUM CO.

DMEA-3648 20,000 31 25,000

Copy

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

RECEIVED
JUL 27 1955

224 New Customhouse
Denver, Colorado

July 25, 1955

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA 3648, Contract Idm-E84 (Uranium), Utah Premier Uranium Company, San Juan County, Utah

Attached please find the Finance Office copy of the subject contract, prepared in the DMEA Washington office and forwarded to the Operator on July 18, 1955.

The contract dated July 18, 1955 is in effect.

W. M. Traver

Enclosure

WMT:dja

cc: Subject
Chron
Ch.Op.Comm.(2)
Harshman) w/copy
Shaw (2)) of
Hasler) contract
Townsend

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

RECEIVED
JUL 27 1955

224 New Customhouse
Denver, Colorado

July 25, 1955

Utah Premier Uranium Company
516 Continental Bank Building
Salt Lake City, Utah

Re: Docket DMEA 3648 (Uranium)
Contract Idm-E041
San Juan County, Utah

Gentlemen:

You were furnished with the Operator's copy of the referenced Exploration Project Contract on July 18, 1955 by DMEA Administrator C. G. Mittendorf, Washington, D. C.

Enclosed herewith are six copies of Form MF-104, "Operator's Monthly Report and Voucher" and six copies of Form MF-104A, "Operator's Unit Cost and Progress Report". At the completion of the first calendar month of operation and monthly thereafter you are required to submit five copies of the forms to Mr. John F. Shaw, U. S. Bureau of Mines, Room 137, Building 20, Denver Federal Center, Denver 2, Colorado. The sixth form is for your records.

Please note that the monthly report requires a narrative report which should be accompanied by maps or sketches. The narrative report must be signed by the operator. The monthly report will not be processed for payment unless accompanied by a narrative report. Additional copies of Forms MF-104 and MF-104A will be forwarded to you as required.

For your information and in reply to many questions that have been asked, after Forms MF-104 and MF-104A are received, an engineer will check progress and approve your accounts, after which it will be sent to the Regional Office, Region III, U. S. Bureau of Mines, 224 New Customhouse, Denver 2, Colorado, for auditing and vouchering. If the report is in order, a check will be issued by the Treasury Department for the Government's portion of the costs. If you have any difficulty in completing these forms and the reports, please call on Mr. Shaw or this office for assistance. Two engineers have been stationed at Grand Junction in the U. S. Geological Survey building and are available for consultation with regard to operating and reporting procedure. It is suggested that you contact Mr. M. H. Salsbury at telephone number 3000, Extension 237.

In the matter of your claim for reimbursement of drilling costs, reimbursement to you under the terms of the contract will be on the basis of a hole or holes completed to the objective, therefore your monthly report should include only such holes that are completed.

Under the provisions of the contract the unit cost established for each item of work under Category (1) for all stages are allowable maximum unit costs which cannot be exceeded. The actual cost of each item of work under Category (1) must be documented in conformance with the instructions in the next to the last paragraph on the reverse side of Form MF-104. The actual cost up to the allowable maximum unit cost established, and as supported by the documentation, will be the basis for reimbursement to you under the terms of the contract.

When Stage I has been completed, you should request approval from this office of the work you propose to perform under the next stage. Your request for the work approval must be in sextuplicate, complete with a map showing the location of the holes drilled under Stage I, the proposed location of holes to be drilled under Stage II and the results of the work performed under Stage I, including assay returns and any other pertinent data which will be of value to the Government in evaluating the work performed under Stage I. The same applies to Stage III after completion of Stage II. You should anticipate a suspension of operations between stages of work to enable the Government geologist and engineer to evaluate the results of the work performed and make their recommendations to this office relative to the additional work you propose.

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

Field representatives of the Government are not authorized to approve any changes in the work program or contract provisions. Such approval can only be given by the Washington Office, DMEA or the DMEA Field Team, Region III, which is comprised of E. N. Harshman, U. S. Geological Survey member, and W. M. Traver, U. S. Bureau of Mines member.

No oral statement of any person shall modify or otherwise affect the terms or conditions of this contract.

It is a regulation that reimbursement for the cost of the work accomplished prior to the date of the contract will not be allowed. It is also a requirement that you notify this office in writing the date work actually commences under the contract, with a copy of your letter to Mr. Shaw.

Very truly yours,

W. M. Traver

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

WMT:dja
cc: Subject
Chron
Chman.Op.Comm.(2)
Enclosures

Harshman
Amend.File
Hasler
Shaw (2)
Townsend

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

JUL 1 8 1955

Mr. Nathan Seehler, Attorney
Utah Premier Uranium Company
1010 Vermont Avenue, N. W.
Washington, D. C.

Re: Docket No. DMEA-3613 (Uranium)
Utah Premier Group
San Juan County, Utah

Dear Mr. Seehler:

The Operator's executed copy of a contract to explore the captioned property is handed to you herewith. Prior to commencing work, you are requested to contact Mr. K. W. Traver, Executive Officer, DMEA Field Team, Region III, 228 New Customhouse Building, Denver 2, Colorado. Mr. Traver will instruct you in the reporting procedures and other requirements as are set forth in the contract.

Sincerely yours,

C. O. Mittendorf

Administrator

EMurphy/gla
7-8-55
cc to: Admr.'s Reading File
Docket
Messrs. J. B. Crawford, Rm. 3611
T. H. Killegaard, Rm. 5228
J. O. Hosted, Rm. 3210, OFA
Code 700
Mr. Murphy
DMEA Field Team, Region III (2)

JUL 1 8 1955

Mr. L. M. Trover
Executive Officer
DMEA Field Team, Region III
25th Floor Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-3648 (Uranium)
Utah Frontier Uranium Company
Utah Frontier Group
San Juan County, Utah

Dear Mr. Trover:

Enclosed for distribution and administration are the executed copies (Field Team and Finance Officer) of a contract between the Government and Utah Frontier Uranium Company. Also enclosed are copies of a memorandum from T. H. Kiilsgaard, dated June 3, 1955, member of the Uranium Commodity Committee.

The Field examiners recommended a contract to explore the subject property. However, the Field Team did not concur in this recommendation.

A meeting was held in Washington to discuss the feasibility of granting a contract to explore the subject property. The results of this meeting are recorded in Mr. Kiilsgaard's memorandum. This memorandum also recommends combining the Stage I and II work proposed by the field examiners. We concur in Mr. Kiilsgaard's recommendations.

Other than the above change, the subject contract follows the field examiners' recommendations. Therefore, to expedite the finalizing of this application, the contract has been executed here, without being transmitted through the Field Team, since the representative of the company who is authorized to sign the contract is stationed in Washington.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Enclosures

APPROVED:

Noted: /s/ Robert W. Geehan

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

FMMurphy/gla
7/8/55

Code 700
Mr. Murphy

cc to: Admr.'s Reading File
Operating Committee
Docket
Messrs. J. E. Crawford, Inc. 3611
T. H. Kiilsgaard, Rm. 5224
J. R. Worth, Rm. 5216, GS

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

JUN 1955

Memorandum

To: The Administrator, DMEA
Attention: Mr. E. W. Ellis

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3648, Utah Premier Uranium Co. (Uranium)

Pursuant to Mr. Murphy's memorandum of June 21, we have drafted the attached contract.

It is noted that included among the latest documents submitted by the applicant concerning its interest in the land is an Owner's Consent to Lien of the Apache Uranium Corporation. There are no papers in the docket that indicate Apache has any interest in the land and we understand from Mr. Murphy that while Apache at an earlier date was negotiating for an interest in the land, it does not have any present interest therein or the right to obtain one.

The "Owner's Consent to Lien" of Patterson et al., attached to the contract, refers to land described in an Annex I attached to the Consent. However, no Annex I is attached. Therefore, prior to execution of the contract, a new Consent to Lien should be required, on the latest form, to replace the present one.

25,400.00
19,050.00
75%

/S/ Henry C. Rubin
For J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachments

HCRubin/emd
Copy to: DMEA Docket
Solicitor's Docket
E. W. Ellis
J. L. Hofflund
H. C. Rubin
chron.

June 21, 1955

Memorandum

To: Acting Assistant Solicitor, DMMA

From: F. M. Murphy, Mining Engineer
Rare and Miscellaneous Metals Division

Subject: Proposed Contract
Utah Premier Uranium Company
Docket No. DMMA-3648 (Uranium)
Utah Premier claim groups
San Juan County, Utah

This docket was referred to your office on June; however, the application as submitted, lacked essential legal documents in regard to the property rights. The docket was returned to this Division, with your memorandum, dated June 6, detailing the papers required.

The Applicant has now submitted this additional data. (see note in file) If you find the papers in order, will you kindly prepare a long-form contract with the attached draft.

F. M. Murphy

Attachments

FMurphy:am
cc to: Docket
Code 700
Mr. Murphy

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

Memorandum

To: The Administrator, DMEA JUN - 6 1955.
Attention: E. W. Ellis

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3648 (Uranium), Utah Premier Uranium Company, Utah Premier claim groups, San Juan County, Utah

In connection with the request in Mr. Murphy's memorandum dated June 2 to prepare a contract covering the subject project, we have reviewed the property holdings of the applicant as disclosed in the docket.

The applicant's interest in the land referred to in Annex I appears to us to be as follows:

1. In an agreement executed November 4, 1953, G. O. Patterson, John L. Ballou, and John B. Marshall granted to H. Evan Roberts the exclusive right to mine, "whether by a direct lease from the Atomic Energy Commission or whether by a lease from the Atomic Energy Commission to the first parties which is assigned . . ." The agreement recites that it is subject to prior Government oil and gas leases and the rights of Rod P. Dixon or his assignees under an agreement dated September 14, 1953, as amended October 6, 1953. The agreement also provides that the grantors will do anything necessary, including transfer of title to Roberts or his assignee subject to the material conditions of the agreement if necessary. In addition to the claims listed in this agreement the lessors undertook to convey any later acquired claims "within the outer perimeter of said mining property herein specifically referred to."

In an addendum to this agreement Rod P. Dixon and his Assignees apparently waived their interests in the agreements with Dixon referred to above, probably for some consideration which does not appear on the face of the document.

2. In an agreement dated September 25, 1954, H. Evan Roberts granted an option to Richard Y. Bennion, Richard L. Warner, Don W. Mulliner, Keith C. Brown, Gordon F. Jensen, Adam M. Duncan, and John C. Sharp to acquire an undivided 85 percent of his interest in certain of the claims listed in the agreement.

The option agreement required that a corporation be organized prior to September 29, 1954, and that if so, an agreement would be entered into with that corporation concerning mining of the claims above mentioned.

3. In an agreement dated September 28, 1954, executed pursuant to the agreement discussed in paragraph 2 above, the applicant (corporation) agreed to buy Roberts 85-percent interest in claims therein listed which are subject of the proposed contract for the subject project. Roberts has retained a 15-percent interest in the mining agreement with Patterson.

This agreement recites that it is subject to a prior (date unknown) agreement with Republic Uranium Company in certain listed claims at least one of which, the Brigham Tea No. 6, is the subject of this subject proposed contract.

The agreement also provides for payment of an overriding royalty to a Grant H. Bagley or some other person designated by Roberts as Trustee, the beneficiary of the trust not being disclosed.(The Trust might be for the benefit of Rod P. Dixon and assignees who waived their interests. See paragraph 1 above. However, this is only a surmise.)

The docket contains an Owner's Consent to Lien executed by the landowners; and a Subordination Agreement executed by Roberts.

COMMENTS

From our review of the matter, it seems to us that:

a. The basic Patterson et al. lease of November 4, 1953, would seem to grant the landowners rights in an AEC lease when acquired. Therefore, it seems to us that if such a lease

was granted, we should be furnished a copy of it. If it was not granted, and the landowners validated their locations pursuant to Public Law 585, a new lease is required including the latest recording data.

b. We do not have any recording data for the claims located subsequent to the date of the Patterson lease (the outer perimeter claims).

c. Assuming that the question of the basic lease is resolved, if Mr. Roberts retains an interest in the leasehold as he has done in the present agreement with the applicant, we would require his Consent to Lien as well as the Subordination Agreement which he has already executed.

d. As the Brigham Tea No. 6 claim is subject to a prior agreement between Roberts and Republic Uranium Company, the claim should either be deleted from the subject project or the rights thereto acquired by the applicant and evidence thereof furnished to the Government. It is not now properly the subject of an exploration contract.

e. A Subordination Agreement is required from the beneficiaries of the trust referred to above, if they are different from parties who have already signed a Consent to Lien or Subordination Agreement.

As the questions concerning the applicant's interest in the land are complex and as there are several substantial matters to be clarified, we have not prepared a contract as requested and are returning the docket herewith until these matters are clarified.

H. C. Rubin
For J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

Attachment

HCRubin:gjb 6/6/55
Copy to: DMEA Docket
Sol. Docket
E. W. Ellis (2)
J. L. Hofflund
H. C. Rubin
Chron. File

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

Memorandum JUN - 6 1955

To: The Administrator, DMEA
Attention: E. W. Ellis

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3648 (Uranium), Utah Premier Uranium Company, Utah Premier claim groups, San Juan County, Utah

In connection with the request in Mr. Murphy's memorandum dated June 2 to prepare a contract covering the subject project, we have reviewed the property holdings of the applicant as disclosed in the docket.

The applicant's interest in the land referred to in Annex I appears to us to be as follows:

1. In an agreement executed November 4, 1953, G. O. Patterson, John L. Ballou, and John B. Marshall granted to H. Evan Roberts the exclusive right to mine, "whether by a direct lease from the Atomic Energy Commission or whether by a lease from the Atomic Energy Commission to the first parties which is assigned . . ." The agreement recites that it is subject to prior Government oil and gas leases and the rights of Rod P. Dixon or his assignees under an agreement dated September 14, 1953, as amended October 6, 1953. The agreement also provides that the grantors will do anything necessary, including transfer of title to Roberts or his assignee subject to the material conditions of the agreement if necessary. In addition to the claims listed in this agreement the lessors undertook to convey any later acquired claims "within the outer perimeter of said mining property herein specifically referred to."

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was granted, we should be furnished a copy of it. If it was not granted, and the landowners validated their locations pursuant to Public Law 585, a new lease is required including the latest recording data.

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As the questions concerning the applicant's interest in the land are complex and as there are several substantial matters to be clarified, we have not prepared a contract as requested and are returning the docket herewith until these matters are clarified.

s/ H. C. Rubin
For J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

Attachment

HCRubin:gjb 6/6/55
Copy to: DMEA Docket
Sol. Docket
E. W. Ellis (2)
J. L. Hofflund
H. C. Rubin
Chron. File

June 2.
~~May 23,~~ 1955

Memorandum

To: Acting Assistant Solicitor, DMEA

From: F. M. Murphy, Mining Engineer
Rare and Miscellaneous Metals Division

Subject: Proposed Contract
Utah Premier Uranium Company
Docket No. DMEA-3648 (Uranium)
Utah Premier claim groups
San Juan County, Utah

Will you kindly prepare a long-form contract with the subject applicant in accordance with the attached draft.

Please note our letter, dated May 23, for the applicant requesting various documents. Mr. Wechsler, has submitted 3 signed copies of the Owner's Consent to Lien, and advised this office, during an interview that he would submit the other documents as soon as possible.

Fred M. Murphy

Attachment

FMMurphy:am
cc to: Docket
Code 700
Mr. Murphy

DRAFT
5/23/55
Revised 6/2/55
FMMurphy/gla

See Mr. Murphy's copy for Annex I draft.

EXPLORATION PROJECT CONTRACT
UTAH PREMIER URANIUM COMPANY
DOCKET NO. DMEA-3648

EXHIBIT "A"

Description of the Work

The object of this project is to explore, by drilling, the basal member of the Chinle formation. The depths of the holes will range from 50 feet in Stage I, near the mineralized outcrop, to 400 feet farther back from the rim.

The work shall be performed in three (3) successive stages. The Operator shall perform all the work under Stage I and so much of each following stage as is approved in advance in writing by the Government based upon the results obtained in the previously completed stage or stages.

STAGE I

Stage I shall consist of bulldozing access roads, leveling eight (8) drill sites, and drilling eight (8) holes from these sites. The area in which these holes will be drilled is indicated on map entitled Figure 2, and covers part of the Crooked Wash, Crooked Wash Fraction, High Point, and High ~~Remnant~~ Point No. 1 claims.

The holes under Stage I shall be drilled to follow favorable mineralization or structural trends indicated by surface exposures and by other holes drilled during this stage, i.e., the thickening of the basal member of the Chinle formation to the southwest of Stage I drilling area, etc. No hole shall be drilled closer than 50 feet or more distant than 250 feet to any other drill hole.

Not in excess of sixteen (16) chemical analyses shall be made to determine the U_3O_8 and V_2O_5 content of samples procured from Stage I drilling.

STAGE II

Stage II shall consist of bulldozing accessroads and leveling thirteen (13) drill sites. The approximate locations of the drill sites are shown on map Figure 2. However, the exact location and direction of the drill-hole lines may be altered with Government approval because of information obtained ~~in~~ by Stage I drilling.

Not in excess of thirteen (13) holes shall be drilled on two lines spaced about 3,000 feet apart. The holes along each line shall be drilled at intervals of approximately 500 feet.

Not in excess of twenty-six (26) chemical analyses shall be made to determine the U_3O_8 and V_2O_5 content of samples procured from Stage II drilling.

STAGE III

Stage III shall consist of bulldozing access roads and leveling nine (9) drill sites at approved locations in the vicinity of favorable and/or mineralized holes drilled during the previous stages. No hole drilled in this Stage III shall be closer than 50 feet to any other hole.

Not in excess of Nine (9) holes shall be drilled, nor in excess of eighteen (18) chemical analyses to determine the U_3O_8 and V_2O_5 content of samples procured shall be performed during this Stage III.

General Provisions

1. No hole drilled under this contract shall be closer than 100 feet to the outer boundaries of the claim groups mentioned in Annex I.

2. A supervising geologist or mining engineer and one helper shall be employed full time while work is in progress under this contract.

3. The location of drill holes and access roads, the method of drilling, and the method of taking and storing samples shall be subject to Government approval.

4. All drill holes shall be logged and records of such logging, together with certified assay results of samples, shall be submitted to the Government with the Operator's monthly progress report.

5. Mineralized portions of the core shall be split, the Operator using one-half for assay purposes. The other half shall be stored for Government use with the rest of the core in boxes properly labeled as to drill-hole number. Markers indicating the depth represented shall be placed in the sections of core. If feasible, the length of core used for an individual sample should not exceed 12 inches. If no core is recovered in an inferred mineralized section of a drill hole, then the cuttings or sludge procured shall

be analyzed for its U_3O_8 and V_2O_5 content.

6. All holes shall be core drilled for the last 45 feet above the inferred elevation of the contact of the Chinle formation and the underlying Moenkopi formation, and shall bottom BX core size or larger, at least 5 feet below the contact. Furthermore, the Government will not reimburse the Operator for any uncompleted hole.

Estimated Costs of the Project

STAGE I (8 holes)

Category (1) Independent Contracts 1/

(1) Access roads and leveling drill sites; D-6 bulldozer or equivalent 2/, 5 days @ $100/day	$500.00
(2) 1,100 feet of non-core drilling @ $1.50/ft.	1,650.00

(3) 5[illegible] feet of core-drilling @ $3.50/[illegible] $1,750.00

Fixed Unit Costs[3]

(4) Incidental allowance[4] for each foot of drilling completed ... 1600 feet @ $0.50/ft. 800.00

(5) 16 chemical analyses for U_3O_8 xxx and V_2O_5 @ $5/each sample 80.00

$ 4,780.00

STAGE II (13holes)

Category (1) Independent Contracts[1]

(1) Access roads and leveling drill sites; D-6 bulldozer or equivalent[2] 10 days @ $100/day 1,000.00

(2) 4,550 feet of non-core drilling @ $1.50/ft. 6,825.00

(3) 650 feet of core-drilling @ $3.50/ft. 2,275.00

Fixed Unit Costs[3]

(4) Incidental allowance[4] for each foot of drilling completed ..... 5,200 feet @ $0.50/ft. 2,600.00

(5) 26 chemical analyses for U_3O_8 and V_2O_5 @ $5/each sample 130.00

12,830.00

STAGE III (9 holes)

Category (1) Independent Contracts

(1) Accessroads and leveling drill sites; D-6 bulldozer or equivalent[2] 4 days @ $100/day 400.00

(2) 2,750 feetof non-core drilling

@ $1.50/ft. $4,125.00

(3) 450 feet of core-drilling

@ $3.50/ft. 1,575.00

Fixed Unit Costs 3/

(4) Incidental allowance 4/ for

each foot of drilling completed

.....3,200 feet @ $0.50/ft. 1,600.00

(5) 18 chemical analyses for U_3O_8

and V_2O_5 @ $5/each sample 90.00

$7,790.00

1/ Actual Costs (Categories (2) through (7) of Article 6 of the contract form do not apply to this contract.

2/ Includes all access road and leveling drill site costs whatsoever, such as operator, moving bulldozer on and off property, etc.

3/ The Government will contribute to the fixed unit costs of analyses and "incidental allowance" 4/ as they accrue, in lieu of actual costs. ~~These costs of work will accrue, except the costs of bulldozing and drilling, etc. which the Government will contribute on the basis of actual costs.~~

4/ The "Incidental Allowance" covers all costs of the project whatsoever that are not included in the estimates for bulldozing, drilling, and the fixed unit cost for analyses, and includes such items as supervision, engineering, materials, supplies, etc.

S U M M A R Y

Total Agreed Unit Costs of Stage I	$4,780.00	
" " " " " " II	12,830.00	
" " " " " " III	7,790.00	
Total Agreed Unit Costs of the Project		$25,400.00
Government Participation @ 75%		$19,050.00

Government's copy

RECEIVED

SEP 26 1955

RESCISSION AGREEMENT

It is agreed this 24th day of August, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Utah Premier Uranium Company that Contract Idm-E841 (Docket No. DMEA-3648), dated July 18, 1955, shall be and is hereby rescinded as of the date of the contract, before any actions have been taken or costs incurred thereunder, without any obligation whatever one party to the other, the same as if said contract had never been entered into.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O P Mitchendon
Administrator, Defense Minerals
Exploration Administration

UTAH PREMIER URANIUM COMPANY

By Richard Bennion
president

Docket No. 3648

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 841

Date of Contract ~~or amendment~~: July 18, 1955

Name and Address of Operator:

Utah Premier Uranium Corporation
516 Continental Bank Bldg.
Salt Lake City, Utah

Amount of Government participation ____ $ 19,050.00

Percent of Government participation 75 %

Region: III State: Utah

Note: Please release $19,050.00. Contract cancelled.

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

(Title)

Date Delivered to Bureau of Mines, Washington. 9/27/55

54458

Docket No. DMEA - 3648

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 843

Date of Contract ~~xxxxxxxxxxxxxx~~ July 18, 1955

Name and Address of Operator:
Utah Premier Uranium Corporation,
a Utah corporation
516 Continental Bank Bldg.
Salt Lake City, Utah

Amount of Government participation _____ $ 19,050.00

Percent of Government participation 75 %

Region: 111 State: Utah

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

Date Delivered to Bureau of Mines, Washington. 7/18/55

54458

Government's Copy

MF-200
(Revised June 1954)

Docket No. DMEA - 3648

Commodity Uranium

Contract No. Idm-E 841

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this JUL 18 1955 day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Utah Premier Uranium Company, a Utah Corporation,

whose mailing address is 516 Continental Bank Bldg. Salt Lake City, Utah, hereinafter called the "Operator," as follows:

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

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

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

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: 15% Interest in lease held by H. Evan Roberts

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

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

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consent to Lien of lessors, and Consent to Lien and Subordination Agreement of H. Evan Roberts.

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Uranium. The work to be performed is described in Exhibit "A." The Operator on or before August 31, 1955 shall commence the work, and on or before December 31, 1955 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

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

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

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

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $25,400.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $19,050.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 9. And see Article 13.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

To the extent that costs are set forth in Exhibit "A" as "Fixed Unit Costs" they are in lieu of the actual costs that would otherwise be allowable under Article 6 of the contract.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Mittendorf

Administrator, Defense Minerals
Exploration Administration

UTAH PREMIER URANIUM COMPANY
(Operator)

By Nathan Wakeler

Attorney in Fact

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

.....

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
UTAH PREMIER URANIUM COMPANY
DOCKET NO. DMEA-3648

ANNEX I

The land referred to in Article 2 of this contract consists of 34 unpatented lode mining claims located in Secs. 29, 30, 31, and 32, T. 30 S., R. 25 E., S. L. B. & M., San Juan County, Utah. The claims are shown on a map "Figure 2. Geologic Map Showing Utah Premier Claims . . .," attached hereto and made a part hereof, and are recorded in the San Juan County Recording Office as follows:

Claim	Original Location		Amended Location	
	Book	Page	Book	Page
High Point	25	8	241	488
" " No. 1	19	145	241	488
" " No. 2	19	146	241	489
" " Fraction	47	490	241	487
Crooked Wash	19	306	241	486
" " Fraction	47	490	241	487
Paramount No. 1	19	140	243	3
" No. 2	19	141	243	3
" No. 3	19	141	243	4
" No. 4	19	142	243	4
" No. 5	19	142	243	5
" No. 6	19	143	243	5
" No. 1 Fraction	49	105	243	9
Silver Pot	23	57	241	483
" " No. 2	23	58	241	483
" " No. 3	23	59	241	484
" " No. 4	23	59	241	484
" " No. 5	23	60	241	485
Old Crow No. 3	23	31	241	500
" " No. 7 Fraction	47	488	243	1
" " No. 8 "	47	488	243	1
" " No. 9 "	47	489	243	2
" " No. 10 "	47	489	243	2
Brigham Tea No. 6	23	34	241	493
" " No. 8 Fraction	47	492	241	494
" " No. 9 "	47	492	241	494

Claim	Original Location		Amended Location	
	Book	Page	Book	Page
Brigham Tea No. 10 Fraction	47	493	241	495
Fair Hope	23	23	241	481
" " Fraction	47	491	241	482
" " No. 1 Fraction	97	454	241	481
Lost Canyon No. 1	29	279	241	480
" " No. 2	29	279	241	480
" " No. 3 Fraction	47	494	241	485
" " No. 4 Fraction	47	494	241	486

The Operator is in possession under an Agreement dated June 13, 1955, between G. O. Patterson et al., H. Evan Roberts, and the Operator, and the Operator represents and undertakes that there are no outstanding interests in the land other than those held by G. O. Patterson et al., and H. Evan Roberts, as disclosed to the Government.

EXPLORATION PROJECT CONTRACT
UTAH PREMIER URANIUM COMPANY
DOCKET NO. DMEA-3648

EXHIBIT "A"

Description of the Work

The object of this project is to explore the basal member of the Chinle formation for deposits of uranium ore by means of drilling. The depths of the holes are expected to range from 50 feet in Stage I, near the mineralized outcrop, to 400 feet farther back from the rim.

The work shall be performed in three (3) successive stages. The Operator shall perform all the work under Stage I, and so much of each of the following stages as is approved in advance in writing by the Government, based upon the results obtained in the previously completed stage or stages.

STAGE I

Stage I consists of bulldozing access roads, leveling eight (8) drill sites, and drilling eight (8) holes. The area in which these holes shall be drilled is indicated on the attached Figure 2, and covers part of the Crooked Wash, Crooked Wash Fraction, High Point, and High Point No. 1 claims.

The holes under Stage I shall be drilled to follow favorable mineralization or structural trends indicated by surface exposures and by other holes drilled during this stage, i. e., the thickening of the basal member of the Chinle formation to the southwest of Stage I drilling area, etc. No hole shall be drilled closer than 50 feet to nor more distant than 250 feet from any other drill hole.

Not in excess of sixteen (16) chemical analyses shall be made to determine the U_3O_8 and V_2O_5 content of samples procured from Stage I drilling.

STAGE II

Stage II consists of bulldozing access roads and leveling not to exceed thirteen (13) drill sites. The approximate

locations of the drill sites are shown on attached Figure 2. However, the exact location and direction of the drill-hole lines may be altered, with Government approval, based upon results obtained from Stage I drilling.

Not in excess of thirteen (13) holes shall be drilled on two lines spaced about 3,000 feet apart. The holes along each line shall be drilled at intervals of approximately 500 feet.

Not in excess of twenty-six (26) chemical analyses shall be made to determine the U_3O_8 and V_2O_5 content of samples procured from Stage II drilling.

STAGE III

Stage III consists of bulldozing access roads and leveling not to exceed nine (9) drill sites at locations approved by the Government in the vicinity of favorable and/or mineralized holes drilled during the previous stages. No hole drilled in this Stage III shall be closer than 50 feet to any other hole.

Not in excess of nine (9) holes shall be drilled, and not in excess of eighteen (18) chemical analyses shall be made to determine the U_3O_8 and V_2O_5 content of samples procured, during this Stage III.

GENERAL PROVISIONS

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

2. A supervising geologist or mining engineer and one helper shall be employed full time while work is in progress under this contract.

3. The location of drill holes and access roads, the method of drilling, and the method of taking and storing samples are subject to Government approval.

4. All drill holes shall be logged and records of such logging, together with certified assay results of samples,

shall be submitted to the Government with the Operator's monthly progress report.

5. Mineralized portions of the core shall be split. The Operator shall use one-half of the core for assay purposes, and the other half shall be stored for Government use with the rest of the core in boxes properly labeled as to drill-hole number. Markers indicating the hole depth represented shall be placed in the sections of core. If feasible, the length of core used for an individual sample should not exceed 12 inches. If no core is recovered in an inferred mineralized section of a drill hole, then the cuttings or sludge procured shall be analyzed for its U_3O_8 and V_2O_5 content.

6. All holes shall be core drilled from a point approximately 45 feet above the inferred elevation of the contact of the Chinle formation and the underlying Moenkopi formation, and shall bottom BX core size or larger, at least 5 feet below the contact. The Government will not contribute to the cost of any unfinished hole.

ESTIMATED COSTS OF THE PROJECT 1/

STAGE I (8 holes)

ACTUAL COSTS

Category (1) Independent Contracts

(1) Access roads and leveling drill sites; D-6 bulldozer or equivalent 2/, 5 days @ $100/day	$ 500.00	
(2) 1,100 feet of non-core drilling @ $1.50/ft.	1,650.00	
(3) 500 feet of core drilling @ $3.50/ft.	1,750.00	$ 3,900.00

1/ & 2/ See page 5.

FIXED UNIT COSTS 3/

(4) Incidental allowance for each foot of drilling completed . . . 1,600 feet @ $0.50/ft.	$ 800.00	
(5) 16 chemical analyses for U_3O_8 and V_2O_5 @ $5/each sample	80.00	$ 880.00
		$ 4,780.00

STAGE II (13 holes)

ACTUAL COSTS

Category (1) Independent Contracts

(1) Access roads and leveling drill sites; D-6 bulldozer or equivalent 2/, 10 days @ $100/day	$ 1,000.00	
(2) 4,550 feet of non-core drilling @ $1.50/ft.	6,825.00	
(3) 650 feet of core drilling @ $3.50/ft.	2,275.00	$10,100.00

FIXED UNIT COSTS 3/

(4) Incidental allowance for each foot of drilling completed . . . 5,200 feet @ $0.50/ft.	$ 2,600.00	
(5) 26 chemical analyses for U_3O_8 and V_2O_5 @ $5/each sample	130.00	$ 2,730.00
		$12,830.00

STAGE III (9 holes)

ACTUAL COSTS

Category (1) Independent Contracts

(1) Access roads and leveling drill sites; D-6 bulldozer or equivalent 2/, 4 days @ $100/day	$ 400.00	

(2) 2,750 feet of non-core drilling @ $1.50/ft.	$ 4,125.00	
(3) 450 feet of core drilling @ $3.50/ft.	1,575.00	$ 6,100.00
FIXED UNIT COSTS 3/		
(4) Incidental allowance for each foot of drilling completed . . . 3,200 feet @ $0.50/ft.	$ 1,600.00	
(5) 18 chemical analyses for U_3O_8 and V_2O_5 @ $5/each sample	90.00	$ 1,690.00
		$ 7,790.00

S U M M A R Y

Estimated Total Cost Stage I	$ 4,780.00
Estimated Total Cost Stage II	$12,830.00
Estimated Total Cost Stage III	$ 7,790.00
Estimated Total Cost of the Project	$25,400.00
Government Participation @ 75%	$19,050.00

1/ Categories (2) through (7) of Actual Costs under Article 6 of the contract form do not apply to this contract.

2/ Includes all access road and leveling drill site costs whatsoever.

3/ The Government will contribute to the fixed unit costs of analyses and "incidental allowance" as they accrue, in lieu of actual costs. The "Incidental Allowance" covers all costs of the project whatsoever that are not included in the estimates for bulldozing, drilling, and the fixed unit cost for analyses, and includes such items as supervision, labor, engineering, materials, supplies, etc.

MF-201
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator_____
Docket No. DMEA-_____
Contract No. Idm-E_____
Contract Date_____

SUBORDINATION AGREEMENT

To the United States of America:

Referring to that certain land in the County of San Juan, State of Utah, described as follows:1/

See attached schedule

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Subordinates whatever right, claim, lien or encumbrance the undersigned may have in or against the land to whatever interests, equities, and rights the Government may acquire under the contract (a) with respect to purchased property in or upon the land to the cost of which it has contributed, including the right to dismantle, sever, and remove it from the land; and (b) with respect to a percentage royalty on production from the land and a lien to secure the payment thereof; and

2. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Subordination Agreement; and (b) to give advance notice of this Subordination Agreement to any transferee of the right, claim, lien, or encumbrance hereby subordinated; and

3. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Subordination Agreement shall extend and apply thereto.

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.

(OVER)

Dated this 25th day of May, 1955

_____ [Seal]

A. Leon Roberts [Seal]

_____ [Seal]

I, _____, certify that I am the _____ _____, (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]

UTAH PREMIER URANIUM COMPANY

DOCKET NO. DMEA-3648

ANNEX I

The land referred to in this Subordination Agreement consists of 34 unpatented lode mining claims in Secs. 29, 30, 31 and 32, T. 30 S., R. 25 E., S. L. B. & M., San Juan County, Utah, as follows:

Claims

High Point
" " No. 1
" " " 2
" " Fraction

Crooked Wash
" " Fraction

Paramount No. 1
" " 2
" " 3
" " 4
" " 5
" " 6
" " 1 Fraction

Silver Pot
" " No. 2
" " " 3
" " " 4
" " " 5

Old Crow No. 3
" " " 7 Fraction
" " " 8 "
" " " 9 "
" " " 10 "

Claims

Brigham Tea No. 6
" " " 8 Fraction
" " " 9 "
" " " 10 "

Fair Hope
" " Fraction
" " No. 1 Fraction

Lost Canyon No. 1
" " " 2
" " " 3 Fraction
" " " 4 "

(Total 34 claims)

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator _____
Docket No. DMEA- _____
Contract No. Idm-E _____
Contract Date _____

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of San Juan, State of Utah, described as follows:1/

See ANNEX I, attached hereto and made part hereof.

_____,

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

_____

_____

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: NONE

Dated this 6th day of July, 1955.

John L. Ballou [Seal]

John B. Marshall [Seal]

G. O. Patterson [Seal]

I, _____ ~~President and the corporation named herein, hereby agree that this agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.~~

STATE OF UTAH)
) SS
COUNTY OF SALT LAKE) ~~[corporate seal]~~

On the 6th day of July, 1955 before me the undersigned, a Notary Public in and for said County and State, personally appeared RICHARD Y. BENNION, who swears that on July 5, 1955, he personally saw G. O. PATTERSON, JOHN B. MARSHALL and JOHN L. BALLOU affix their signatures to this instrument (owner's Consent to Lien) and that he knows them to be the same three persons whose signatures appear on the instrument.

Acknowledged:

Richard Y. Bennion

Richard Y. Bennion

WITNESS my hand and official seal

Kathryn C. Bradford

Notary Public in and for said County and State

My Commission Expires:

April 21, 1957

UTAH PREMIER URANIUM COMPANY

DOCKET NO. DMEA-3648

ANNEX I

The land referred to in this Consent to Lien consists of 34 unpatented lode mining claims in Secs. 29, 30, 31 and 32, T. 30 S., R. 25 E., S. L. B. & M., San Juan County, Utah, as follows:

Claims	Claims
High Point	Brigham Tea No. 6
" " No. 1	" " " 8 Fraction
" " " 2	" " " 9 "
" " Fraction	" " " 10 "
Crooked Wash	Fair Hope
" " Fraction	" " Fraction
Paramount No. 1	" " No. 1 Fraction
" " 2	Lost Canyon No. 1
" " 3	" " " 2
" " 4	" " " 3 Fraction
" " 5	" " " 4
" " 6	
" " 1 Fraction	
Silver Pot	
" " No. 2	
" " " 3	
" " " 4	
" " " 5	
Old Crow No. 3	
" " " 7 Fraction	
" " " 8 "	
" " " 9 "	
" " " 10 "	

(Total 34 claims)

(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 "EAST PARAMOUNT" or "UTAH-PREMIER" group more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof 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 UTAH PREMIER URANIUM COMPANY, 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 production 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.

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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.

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

4. Changes and added provisions None

dated this 17th day of June, 1955.

J. Leon Roberts (Seal)

_____ (Seal)

_____ (Seal)

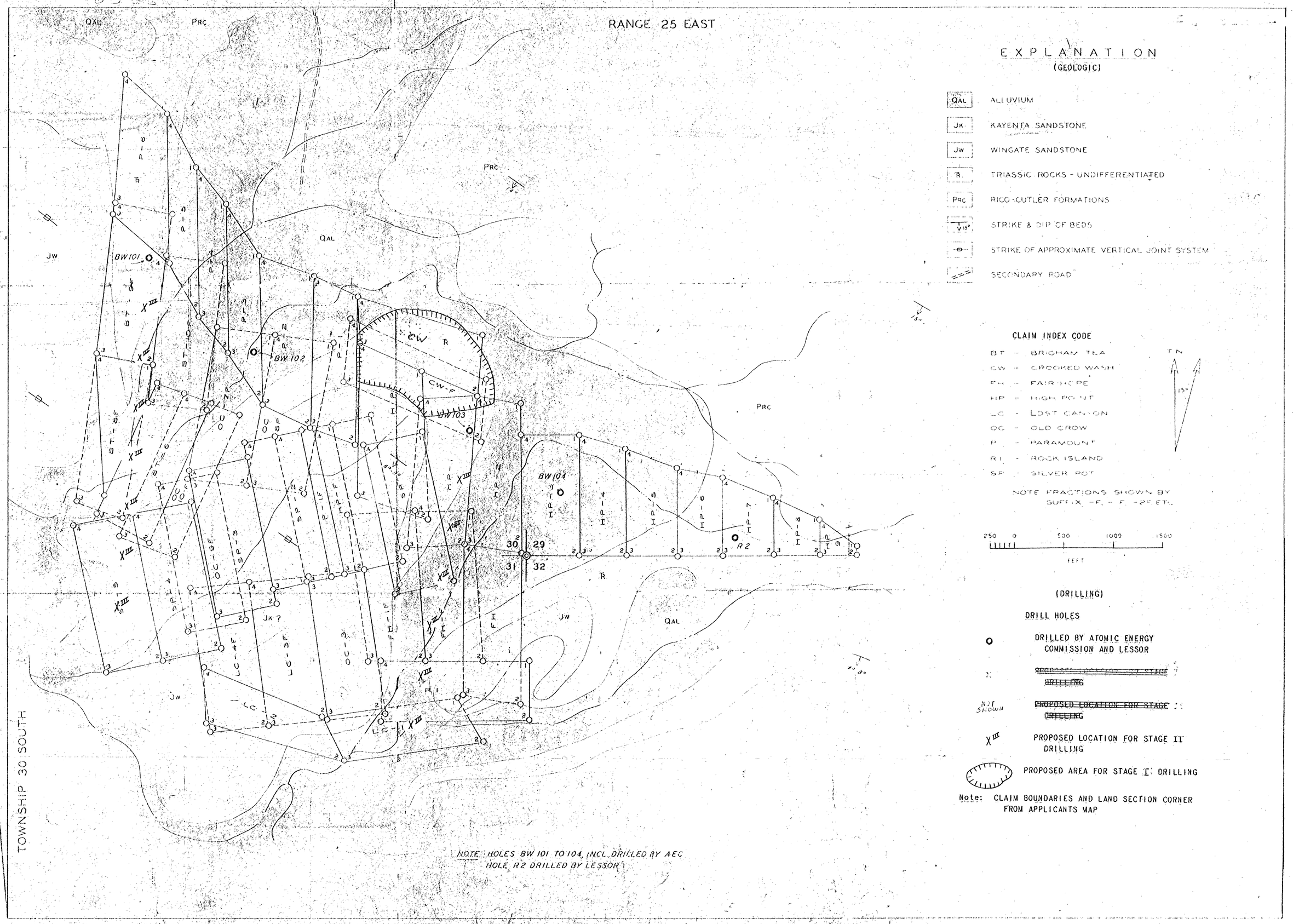

Figure 2. GEOLOGIC MAP SHOWING UTAH PREMIER CLAIMS, LISBON VALLEY DISTRICT, SAN JUAN COUNTY, UTAH