OUT

FILE NUMBER	NAME OF PERSON CHARGED TO	DATE OUT	FILE NUMBER	NAME OF PERSON CHARGED TO	DATE OUT
~~4127~~	~~[illegible]~~	~~4-5-57~~			
	~~[illegible]~~				
~~[illegible]~~		~~[illegible]~~			
~~194~~	~~[illegible]~~	~~[illegible]~~			
2624	Bof 36				
22[illegible]	[illegible]	[illegible]			

934666 U. S. GOVERNMENT PRINTING OFFICE

OUT

FILE NUMBER	NAME OF PERSON CHARGED TO	DATE OUT	FILE NUMBER	NAME OF PERSON CHARGED TO	DATE OUT
3297	Consolidated	11/4/57			
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DSFA-3 (February 1951)

934666 U. S. GOVERNMENT PRINTING OFFICE

9-7-56

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

RECEIVED
SEP - 7 1956

224 New Customhouse
Denver 2, Colorado

September 4, 1956

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket DMEA 4120 (Uranium), Ol Jato Uranium Company (Blue Jay claims), San Juan County, Colorado

In compliance with instructions in your letter of August 29, 1956 we are enclosing the Government's, Division, Docket, Operator's, Finance Office, and Field Team copies of a proposed Exploration Project Contract which was numbered Idm-E924.

Those concerned are advised by copies of this memorandum that the docket is being placed in an inactive file and the application is considered as having been withdrawn.

J. W. Townsend

J. W. Townsend

Enclosures

2 extra sets

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

224 New Customhouse
Denver 2, Colorado

November 10, 1955

Mr. Max K. Mangum
Gl Jato Uranium Company
c/o Rich, Hiten and Mangum
Attorneys at Law
Utah Oil Building
Salt Lake City 1, Utah

To be placed in Div. contract file DMEA-4120

Re: Docket DMEA 3772 (Uranium), closed application
Proposed Exploration Project cancelled
Contract 14m-2856, Bears Ears
Uranium Company, (Blue Jay
claims), San Juan County, Utah

Dear Mr. Mangum:

We received your letter of October 31, 1955, with attached four photostatic copies of documents pertaining to the present ownership of the Blue Jay claims.

The matter of assignment of Proposed Exploration Project Contract 14m-2856 from Bears Ears Uranium Company to Gl Jato Uranium Company has been referred to the Washington Office, DMEA, for their consideration as such matters are not within the authority delegated to this office.

The fact that the original and four copies of the Proposed Contract have not been returned to this office may complicate matters somewhat. Every effort should be made by you and Bears Ears Uranium Company to locate the missing copies of the Contract so that they can be returned to our Washington Office for use in conjunction with your request of October 3, 1955, for transfer of the contract.

Very truly yours,

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

By J. W. Townsend
J. W. Townsend

JWT:prl
cc: Chairman, Operating Committee (3)

1 set sent to M & T. for docket

RICH, ELTON & MANGUM
ATTORNEYS AT LAW
UTAH OIL BUILDING
SALT LAKE CITY 1, UTAH
TELEPHONE 0-0000

H. ARNOLD RICH
LEONARD W. ELTON
MAX K. MANGUM

October 31, 1955

DMEA
Date Rec'd.
NOV 1955
Denver

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

Re: 01 Jato Uranium Co.

Dear Mr. Traver:-

I am enclosing herewith four photostatted copies of our chain of title to the Blue Jay Claims. 01 Jato Uranium Company would appreciate your expediting the DMEA loan contract for execution by this company covering the above claims.

There are only one or two minor questions which we feel should be considered before our execution. First, we notice that the contract calls for completion of Stage One and Stage Two programs by December 15, 1955. This date would, of course, have to be extended primarily because of winter conditions. At this point we could not be certain of completing the program even if the contracts were already executed and we were on the ground working. Winter weather may well drive us off of Elk Ridge country any day now and keep us off until next spring.

The second question we would like to have some understanding on would be that we would not be required to drill all twelve holes on the first stage program. Supposing, for example, that we were fortunate enough to locate the channel and block out the edges with a lesser number of drill holes. We believe we should be privileged to use the additional footage to continue on the second stage.

I am also returning the copy of the proposed contract for Bear's Ears Uranium Company which you loaned me.

Sincerely,

Max K. Mangum

President, 01 Jato Uranium Co.

UNITED STATES
DEPARTMENT OF THE INTERIOR
U. S. BUREAU OF MINES
METAL ECONOMICS BRANCH
JUNEAU, ALASKA

OFFICIAL BUSINESS

P. O. BOX 560
JUNEAU, ALASKA

OPERATING COMMITTEE,
DEFENSE MINERALS EXPLORATION ADMIN.,
DEPARTMENT OF THE INTERIOR,
INTERIOR BUILDING,
WASHINGTON 25, D.C.

#9
#5.30
(0-130555

AUG 26 10 00 AM '55

ARVILLA E. WARREN
RECORDER, SAN JUAN COUNTY
BY _____

MINERAL DEED

BEARS EARS URANIUM COMPANY, a partnership, of Monticello, Utah, GRANTOR, for Ten Dollars and other good and valuable consideration, receipt of which is hereby acknowledged, hereby grants, bargains, quit-claims and conveys unto CALVIN BLACK, of Blanding, Utah, GRANTEE, the following identified unpatented lode mining claims situated chiefly in Section 15, Township 36 South, Range 18 East of the Salt Lake Meridian, San Juan County, Utah, more particularly described in notices recorded in the Office of the Recorder of said County as indicated below:

Name of Claim	Recording of Original Location		Recording of Notices of Lease Application Under Circular 7		Recording of Amended Notices of Location	
	Book	Page	Book	Page	Book	Page
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Blue Jay No. 3	63	287	93	97	219	362
Blue Jay No. 4	63	288	93	97	219	362
Blue Jay No. 5	63	288	93	98	219	363
Blue Jay No. 6	63	289	93	98	219	363
Blue Jay No. 7	63	289	93	99	219	364
Blue Jay No. 8	63	289	93	99	219	364
Blue Jay No. 9	63	290	93	100	219	365
Blue Jay No. 10	63	291	93	100	219	365
Blue Jay No. 11	63	291	93	101	219	366
Blue Jay No. 12	63	292	93	101	219	366
Blue Jay No. 13	63	292	93	102	219	367
Blue Jay No. 14	63	293	93	102	219	367
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Blue Jay No. 16	63	294	93	103	219	368
Blue Jay No. 17	63	294	93	104	219	369
Blue Jay No. 18	63	295	93	104	219	369
Blue Jay No. 19	63	295	93	105	219	370
Blue Jay No. 20	63	296	93	105	219	370
Blue Jay No. 26	193	343	93	108	219	373
Blue Jay No. 27	193	344				
Blue Jay No. 28	193	344				
Blue Jay No. 29	339	487				
Blue Jay No. 30	339	487				

WITNESS the hand of the grantor this 22nd day of August, 1955.

BEARS EARS URANIUM COMPANY

By _____
President

ATTEST:

_____
Secretary

STATE OF UTAH)
COUNTY OF) SS.

On this 22nd day of August, A.D. 1955, personally appeared

RICH, ELTON & MANGUM
UTAH OIL BUILDING
SALT LAKE CITY, UTAH

22

486

before me W. R. Young, President and DeMar Perkins, Secretary, who being first duly sworn by me did say that they are the President and Secretary of Bears Ears Uranium Company, a partnership; that they signed the foregoing instrument on behalf of said partnership by authority of a resolution of the partners, and said persons duly acknowledged to me that the foregoing Mineral Deed is the deed of the partnership.

My Commission Expires: 6-30-58

Delores S. Stewart
Notary Public

Residing at Monticello, Utah

Entry No. 0-13055 486
Recorded 8/26/55 At 10 A.M. Book 56 Page 487
FEE PAID
$ 5.20 By J.R. Deputy
ARVILLA E. WARREN,
San Juan County Recorder

#5
$11.20

AUG 26 10 00 AM '55

ARVILLA E. WARREN
RECORDER, SAN JUAN COUNTY
BY _____

O-130556

MINERAL DEED

CALVIN BLACK, of Blanding, Utah, Grantor, for Ten Dollars and other good and valuable consideration, receipt of which is hereby acknowledged, hereby grants, bargains, quit-claims and conveys unto OL JATO URANIUM COMPANY, a corporation of Utah, GRANTEE, the following identified unpatented lode mining claims situated chiefly in Section 15, Township 36 South, Range 18 East of the Salt Lake Meridian, San Juan County, Utah, more particularly described in notices recorded in the Office of the Recorder of said County as indicated below:

Name of Claim	Recording of Original Location		Recording of Notices of Lease Application Under Circular 7		Recording of Amended Notices of Location	
	Book	Page	Book	Page	Book	Page
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Blue Jay No. 3	63	287	93	97	219	362
Blue Jay No. 4	63	288	93	97	219	362
Blue Jay No. 5	63	288	93	98	219	363
Blue Jay No. 6	63	289	93	98	219	363
Blue Jay No. 7	63	289	93	99	219	364
Blue Jay No. 8	63	289	93	99	219	364
Blue Jay No. 9	63	290	93	100	219	365
Blue Jay No. 10	63	291	93	100	219	365
Blue Jay No. 11	63	291	93	101	219	366
Blue Jay No. 12	63	292	93	101	219	366
Blue Jay No. 13	63	292	93	102	219	367
Blue Jay No. 14	63	293	93	102	219	367
Blue Jay No. 15	63	293	93	103	219	368
Blue Jay No. 16	63	294	93	103	219	368
Blue Jay No. 17	63	294	93	104	219	369
Blue Jay No. 18	63	295	93	104	219	369
Blue Jay No. 19	63	295	93	105	219	370
Blue Jay No. 20	63	296	93	105	219	370
Blue Jay No. 26	193	343	93	108	219	373
Blue Jay No. 27	193	344				
Blue Jay No. 28	193	344				
Blue Jay No. 29	339	487				
Blue Jay No. 30	339	487				

WITNESS the hand of the grantor this 8th day of August, 1955.

Calvin Black

STATE OF UTAH)
COUNTY OF SALT LAKE) SS.

On this 8th day of August, A.D. 1955, personally appeared before me Calvin Black, the signer of the foregoing instrument, who duly acknowledged to me that he executed the same.

Lena D. Bohn
Notary Public
Residing at Salt Lak e City, Utah

22

RICH, ELTON & MANGUM
UTAH OIL BUILDING
SALT LAKE CITY, UTAH

(OVER)

488

Grantee, OL JATO URANIUM COMPANY, a coporation of Utah, accepts the within quit claimed BLUE JAY claims subject to the terms and conditions recited in that certain agreement dated the 15th day of July, 1955, by and between BEARS EARS URANIUM COMPANY, a partnership, and CALVAN BLACK, a copy of which agreement is attached hereto and made a part hereof.

OL JATO URANIUM COMPANY

By Max K. Mangum
Max K. Mangum, President

ATTEST:

Karl D. Dacey
Secretary

STATE OF UTAH)
COUNTY OF) SS

A G R E E M E N T

THIS AGREEMENT dated the 15th day of July, 1955, by and between BEARS EARS URANIUM COMPANY, a partnership, the partners of which and the wives of said partners are CLYN P. YOUNG and NORMA YOUNG, husband and wife, DARROLL P. YOUNG and LEDA YOUNG, husband and wife, M. H. YOUNG and INA YOUNG, husband and wife, HAROLD YOUNG and Marjorie YOUNG, husband and wife, DeMAR PERKINS and HELEN PERKINS, husband and wife, DARYLE M. REDD and PEARL REDD, husband and wife, W. R. YOUNG and NETA YOUNG, husband and wife, CALVIN BLACK and Carolyn BLACK, husband and wife, THERALD N. JENSEN and BONNIE JENSEN, husband and wife, Sellers, and Calvin Black for CB, Blanding, Utah, Buyer,

W I T N E S S E T H

1. That for the consideration hereinafter specified Sellers agree to sell and Buyer agrees to buy the following identified unpatented lode mining claims situated chiefly in Section 15, Township 36 South, Range 18 East of the Salt Lake Meridian, San Juan County, Utah, more particularly described in notices recorded in the Office of the Recorder of said County as indicated below:

Name of Claim	Recording of Original Location		Recording of Notices of Lease Application Under Circular 7		Recording of Amended Notices of Location	
	Book	Page	Book	Page	Book	Page
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Blue Jay No. 3	63	287	93	94	219	362
Blue Jay No. 4	63	288	93	97	219	362
Blue Jay No. 5	63	288	93	98	219	363
Blue Jay No. 6	63	289	93	98	219	363
Blue Jay No. 7	63	289	93	99	219	364
Blue Jay No. 8	63	289	93	99	219	364
Blue Jay No. 9	63	290	93	100	219	365
Blue Jay No.10	63	291	93	100	219	365
Blue Jay No.11	63	291	93	101	219	366
Blue Jay No.12	63	292	93	101	219	366

490

Blue Jay No.13	63	292	93	102	219	367
Blue Jay No.14	63	293	93	102	219	367
Blue Jay No.15	63	293	93	103	219	368
Blue Jay No.16	63	294	93	103	219	368
Blue Jay No.17	63	294	93	104	219	369
Blue Jay No.18	63	295	93	104	219	369
Blue Jay No.19	63	295	93	105	219	370
Blue Jay No.20	63	296	93	105	219	370
Blue Jay No.26	193	343	93	108	219	373
Blue Jay No.27	193	344				
Blue Jay No.28	193	344				

2. The sale price for said claims is the sum of $1,000.00 for each claim, and in addition thereto Buyer shall pay to the Sellers 12.5 percent of the gross returns realized from the sale of all ores marketed from said claims. In reckoning said mill returns all costs of exploring for, extracting and transporting said ores to the point of market shall be borne by the Buyer. Any transportation allowances payable under the Atomic Energy Commission program as well as any development allowances shall belong to the Buyer and shall not be reckoned as a part of the said mill returns. Said 12.5 percent payment shall be reckoned, however, on any discovery or production bonuses payable under the said Atomic Energy Commission program. The payment of said $1,000.00 per claim shall be made upon the execution of this agreement, and the payment of the 12.5 percent of the net mill returns shall be made on the ~~XXth~~ 25th day of each calendar month for all ores marketed in the preceding calendar month.

3. Concurrently with the payment of the said cash consideration of $1,000.00 per claim, Sellers agree to make, execute and deliver to Buyer a mineral quitclaim deed to the said mining claims.

4. Forthwith upon the execution of this agreement, Buyer agrees to enter upon said property and to commence drilling operations thereon, and to do or cause to be done such discovery and development work as may be necessary to properly determine the presence or absence of ore bodies upon said claims,

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and also such work as may be necessary to hold said claims in accordance with the assessment law requirements applicable thereto. Buyer shall seasonably post and file necessary assessment notice papers for the assessment year ending July 1, 1956, and July 1st of each year thereafter. If through prospecting of said mining property Buyer establishes the presence of an ore body which is of sufficient value to justify mining, he shall promptly thereafter begin the development of the said ore body and diligently pursue the mining thereof until the same is exhausted or until said property is reconveyed as hereinafter set forth. Buyer agrees to work and mine said property in a manner consistent with good and economic mining practices with due regard to the development and preservation of the same as mining property.

5. Buyer shall furnish Sellers with copies of any drill logs and maps made by him, and all drill holes put down by Buyer shall be plainly marked thereon for location and identification purposes. Also, Buyer shall, in a proper and reasonable manner, mark location on site of all drill holes and plug the same.

6. Buyer shall comply with all laws and regulations pertaining to the mining operations to be carried on hereunder, including the payment of all federal and state taxes and exactions levied or assessed on said mining property and in connection with the removal of ore therefrom, whether such taxes be property, occupation or other taxes; provided, that this shall not apply to any income taxes payable by Sellers on any ore mined and removed therefrom.

7. If a production tax or severance tax is levied or assessed against production from the property herein at any time during the term of this agreement, Buyer shall pay such

tax and shall withhold 12.5 percent of the same from Sellers' royalties herein as their proportionate share of said tax.

8. Buyer shall take out workmen's compensation insurance and maintain the same at all times hereunder, or comply at all times with the State regulations covering the carrying of self-insurance, if Buyer becomes a self-insurer under the laws of the State of Utah.

9. Buyer agrees to indemnify and hold Sellers harmless from any and all loss or damage, and from all claims for injury, death, loss or damage of any kind or character, and by whomsoever suffered, occasioned by or in connection with any work performed by Buyer, his agents or employees. Buyer further agrees to promptly pay all bills for labor and material incurred in Buyer's operations hereunder, and to indemnify and save Sellers harmless from all claims and liability of every kind and nature which may or might be incurred by reason of Buyer's operations hereunder. The parties shall never be considered partners generally, or in respect to any contractual or tort liability incurred hereunder.

10. Sellers or their duly designated agent, may at reasonable times enter upon said premises and descend into all mine workings for the purpose of inspecting the same at reasonable times without interference with mining operations. Sellers shall also have the right to enter upon the premises at all reasonable times for the purpose of probing any existing drill holes on said mining property.

11. Anything in this agreement to the contrary notwithstanding Buyer may, at any time, execute and deliver to Sellers or place of record in San Juan County, Utah, a reconveyance conveying his right, title and interest in said claims or any of them back to Sellers, and the execution and delivery or

recording of such reconveyance shall relieve Buyer of any duties, obligations and liabilities which he might otherwise thenceforth incur with respect to such reconveyed claims.

12. Any sum not paid when due by Buyer as herein provided shall bear interest at the rate of eight percent per annum.

13. Any notice or instrument to be given hereunder may be given by mailing the same by registered mail, postage prepaid; in the case of Sellers to be addressed as follows:

W. R. Young
Blanding, Utah

and in the case of Buyer to be addressed as follows:

Calvin Black
Box 269
Blanding, Utah

14. This agreement shall be fully assignable in whole or in part, and shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

Clyde P. Young
Norma Young
Darrell P. Young
Leda Young
M. H. Young
Max Perkins
Helen Perkins
Ina Young
Harold Young
Orpha C. Young
Pearl Redd
Lang C. M. Redd
W. R. Young
Neta Young

494

Sherrard McPherson

Bernice Johnson

Calvin Black

Carolyn Black

SELLERS

Calvin Black

BUYER

Entry No. 0-13056 488

Recorded 8/26/55 At 10 A.M. Book 56 Page 495

FEE PAID

ARVILLA E. WARREN,
San Juan County Recorder

$ 11.20 By J. R. Deputy

F14.00

AUG 26 10 00 AM '55

ARVILLA E. WARREN
RECORDER, SAN JUAN COUNTY
BY _____

O-13054

MINERAL DEED

CLYN P. YOUNG and NORMA YOUNG, husband and wife of Monticello, Utah, DARROLL P. YOUNG and LEDA YOUNG, husband and wife of Monticello, Utah, M. H. YOUNG and INA YOUNG, husband and wife of Moab, Utah, HAROLD YOUNG and Marjorie YOUNG, husband and wife of Mack, Colorado, DeMAR PERKINS and HELEN PERKINS, husband and wife, of Monticello, Utah, DARYLE M. REDD and PEARL REDD, husband and wife of Monticello, Utah, W. R. YOUNG and NETA YOUNG, husband and wife of Blanding, Utah, CALVIN BLACK and Carolyn BLACK, husband and wife of Blanding, Utah, and THERALD N. JENSEN and BONNIE JENSEN, husband and wife, of Price, Utah, Grantors, for $10.00 and other good and valuable consideration, receipt of which is hereby acknowledged, hereby grant, bargain, quit claim and convey unto Calvin Black CB ~~R. G. HANFORD~~ of Blanding, Utah, grantee, the following identified unpatented lode mining claims situated chiefly in Section 15, Township 36 South, Range 18 East of the Salt Lake Meridian, San Juan County, Utah, more particularly described in notices recorded in the Office of the Recorder of said County as indicated below:

Name of Claim	Recording of Original Location		Recording of Notices of Lease Application Under Circular 7		Recording of Amended Notices of Location	
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Blue Jay No. 6	63	289	93	98	219	363
Blue Jay No. 7	63	289	93	99	219	364
Blue Jay No. 8	63	289	93	99	219	364
Blue Jay No. 9	63	290	93	100	219	365
Blue Jay No. 10	63	291	93	100	219	365
Blue Jay No. 11	63	291	93	101	219	366

PROOF READ

52

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-11

Blue Jay No. 12 63	292	93	101	219	366
Blue Jay No. 13 63	292	93	102	219	367
Blue Jay No. 14 63	293	93	102	219	367
Blue Jay No. 15 63	293	93	103	219	368
Blue Jay No. 16 63	294	93	103	219	368
Blue Jay No. 17 63	294	93	104	219	369
Blue Jay No. 18 63	295	93	104	219	369
PROOF READ Blue Jay No. 19 63	295	93	105	219	370
Blue Jay No. 20 63	296	93	105	219	370
Blue Jay No. 26/193	343	93	108	219	373
Blue Jay No. 27/193	344				
Blue Jay No. 28/193	344				
Blue Jay No. 29/[illegible]					
Blue Jay No. 30					

WITNESS the hands of the grantors this 15th day of July, 1955.

Glyn R. Young
Norma Young
Darrell Young
Leda Young
M H Young
Lora Young

Harold Young
Margaret Young
Alice Perkins
Helen Perkins
Paul H. Rudd
Pearl Rudd
W. L. Young
Neta Young
Lelah Black
Carolyn Black
Theresa N. Jensen
Bonnie Jensen

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12

STATE OF UTAH)
: ss.
COUNTY OF San Juan)

Personally appeared before me this 21 day of July, 1955, CLYN P. YOUNG and NORMA YOUNG, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

F. Bennion Redd
Notary Public

My commission expires:
6-14-59

Residing at Monticello, Utah

STATE OF UTAH)
: ss.
COUNTY OF San Juan)

Personally appeared before me this 21st day of July, 1955, DARROLL P. YOUNG and LEDA YOUNG, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

F. Bennion Redd
Notary Public

My commission expires:
6-14-59

Residing at Monticello, Utah

STATE OF UTAH)
: ss.
COUNTY OF Grand)

Personally appeared before me this 23rd day of July, 1955, M. H. YOUNG and INA YOUNG, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

[illegible]
Notary Public

My commission expires:
1/18/59

Residing at Moab, Utah

STATE OF Utah)
: ss.
COUNTY OF San Juan)

Personally appeared before me this 22 day of July, 1955, HAROLD YOUNG and Marjorie YOUNG, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

[illegible]
Notary Public

My commission expires:
Aug 1958

Residing at Price Utah

STATE OF UTAH)
: ss.
COUNTY OF San Juan)

Personally appeared before me this 21st day of July, 1955, DeMAR PERKINS and HELEN PERKINS, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

F. Benmon Redd
Notary Public

My commission expires:
6-14-59

Residing at Monticello, Utah

STATE OF UTAH)
: ss.
COUNTY OF San Juan)

Personally appeared before me this 21st day of July, 1955, DARYLE M. REDD and PEARL REDD, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

F. Benmon Redd
Notary Public

My commission expires:
6-14-59

Residing at Monticello, Utah

STATE OF Utah)
: ss.
COUNTY OF San Juan)

Personally appeared before me this 22nd day of July, 1955, W. R. YOUNG and NETA YOUNG, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

[illegible]
Notary Public

My commission expires:
August 1958

Residing at Lacoshitl

STATE OF _____)
: ss.
COUNTY OF _____)

Personally appeared before me this 10 day of August, 1955, CALVIN BLACK and Caroline BLACK, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

[illegible]
Notary Public

My commission expires:
NOTARY PUBLIC, NEW JERSEY
MY COMMISSION EXPIRES JULY 20, 1960

Residing at Little Silver N.J.

STATE OF UTAH)
: ss.
COUNTY OF CARBON)

Personally appeared before me this 27 day of July, 1955, THERALD N. JENSEN and BONNIE JENSEN, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

My commission expires:

Jan. 14, 1958

Dan O. Keller
Notary Public

Residing at Price, Utah

Entry No. O-13054 481
Recorded 8/26/55 At 10 A.M. Book 56 Page 485
FEE PAID
ARVILLA E. WARREN,
San Juan County Recorder
$ 14.00 By D.R. Deputy

307 Utah Oil Bldg

October 3, 1955

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

Re: DMEA 3772 (Uranium),
Proposed Exploration
Contract Idm-E856,
Bears Ears Uranium Co.
(Blue Jay Claims)
San Juan County, Utah

Dear Mr. Traver:-

Ol Jato Uranium Company, a Utah corporation, recently purchased the Blue Jay Claims from the Bears Ears Uranium Co. Ol Jato is hereby applying for the DMEA contract which has previously been considered by your office in connection with these claims.

Would you therefore please forward the necessary papers for execution by Ol Jato Uranium Company in order to expedite consideration and approval of this DMEA application.

Sincerely,

President, Ol Jato Uranium Co.

Contents of the foregoing have been noted and are hereby approved.

Bears Ears Uranium Company

By

THERALD N. JENSEN
Attorney at Law
Price, Utah

September 29, 1955

W. M. Traver
Executive Officer
224 New Customhouse
Denver 2, Colorado

Dear Mr. Traver: Re: DMEA 3772 (Uranium), Proposed Exploration Contract Idm-2856, Bears Ears Uranium Company (Nine Jay Claims), San Juan County, Utah.

Your letter of September 12, 1955, addressed to Mr. W. R. Young has been received. Mr. Young has made a search and apparently we have never received the copies of the proposed short form exploration contract. Will you please check this matter and let me hear from you. I am one of the partners of the Bears Ears Uranium Company.

Thank you.

Very truly yours

/s/ T. N. JENSEN

TNJ/bk

cc. Mr. Max K. Mangum
Attorney at Law
Utah Oil Building
Salt Lake City 1
Utah

COPY

234 New Customhouse
Denver 2, Colorado

AIR MAIL

September 12, 1955

Mr. W. R. Young
Bears Ears Uranium Company
Blanding, Utah

RE: DMEA 3772 (Uranium), Proposed
Exploration Contract I6m-2856,
Bears Ears Uranium Company
(Blue Jay Claims), San Juan County,
Utah.

Dear Mr. Young:

On August 23, 1955, we transmitted to you for execution the Government, Division, Docket, Finance Office, and Field Team copies of the captioned proposed short form exploration contract, prepared in Washington and signed by the Administrator, pursuant to your application.

As of today, the executed copies of the contract have not been returned. Please expedite their return, properly signed; or, if you find the contract unsatisfactory to you or you are no longer interested, return them unsigned with your comments, in order that we may return them to the Washington Office for cancellation.

Very truly yours,

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

COPY

224 New Customhouse
Denver, Colorado

August 23, 1955

Mr. W. R. Young
Bears Ears Uranium Company
Blanding, Utah

Re: DMEA 5772 (Uranium), Proposed Exploration Contract Dm-2856, Bears Ears Uranium Company, (Blue Jay Claims) San Juan County, Utah

Dear Mr. Young:

Enclosed are the Government, Division, Docket, Finance Office and Field Team copies of Proposed Exploration Contract No. Dm-2856 prepared in Washington and signed by the Administrator, DMEA, pursuant to your application.

If you find the contract satisfactory in every respect, all copies are to be signed by you as Attorney in Fact and returned to this office.

Upon receipt of the five copies properly executed the "Operator's Copy" will be forwarded to you together with instructions relative to reporting work performed under the contract. You are cautioned not to start operations, irrespective of the date of the contract, until you receive your copy of the contract and the instructions.

When you return the five copies of the contract, please advise the approximate date on or before which you will be able to start work in order that we may insert it under Article 3 of all copies of the contract.

WMT:dja
cc: Barnhouse
Shaw (2)
Townsend
Gorrell. 2856
Chron

Enclosures

Very truly yours,

/s/ W. M. Trover

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

MF-103
(Revised April 1952)

Extra Copy

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Form Approved.
Budget Bureau No. 42-R1035.2.

/DMEA\
Date Rec'd.
JAN 3 1956
BUREAU OF MINES

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Not to be filled in by applicant

Docket No. DMEA-4120
Metal or Mineral Uranium
Date Received 1-9-56
Estimated Cost $10,892
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: See Supplemental Application, Page 1

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract See Supplemental Application, 3, page 1

(*b*) State any mine name by which the property is known. See Supp. App. (b), page 1

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Owner

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property.

(*e*) If you own the land, describe any liens or encumbrances on it None

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice. See Supp. App. 3 (f), page 2

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes. See Supp. App. 4(a) p. 2

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades. See Supp. App. p.2

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you. See Supp. App. 4 (c) page 3.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points. See Supp. App. 4 (d) page 3

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

RECEIVED
JAN 9 1956

16—66551-1

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore Uranium, vanadium, copper and associated minerals.

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc. See Supp. App. 5 (b), pages 3, 4, and 5.

(*c*) The work will start within 180 days and be completed within 9 months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations. See Supp. App. p. 5

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project: p. 6

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants. See Supp. App. 6(b), p. 7

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel. See Supp. App. 6 (c) p. 7

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be. See Supp. App. 6 (d) p. 7

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project. None

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project. None

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes. See Supp. App. 6 (g) p. 7.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)? Yes

(*b*) How do you propose to furnish your share of the costs? See Supp. App. 7 (b), p. 7.

☐ Money ☐ Use of equipment owned by you ☐ Other

Explain in detail on acompanying paper.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated December 27, 1955.

OL JATO URANIUM COMPANY
(Applicant)

By Mark K. Mangum
President

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

U. S. GOVERNMENT PRINTING OFFICE 16—66551-1

SUPPLEMENTAL APPLICATION RELATED TO DMEA 8772
BY REFERENCE

---

1. Oil Jato Uranium Company
c/o Max K. Mangum
307 Utah Oil Building
Salt Lake City 1, Utah

a Utah corporation, Max K. Mangum, President
307 Utah Oil Bldg.
Salt Lake City, Utah

Owen W. Bunker, Vice-President
Atlas Building
Salt Lake City, Utah

Karl F. Buell, Secretary and Treasurer
Atlas Building
Salt Lake City, Utah

3. The legal description of the land is as follows:

That part and portion of Blue Jay Claim 12, Blue Jay Claim 13, Blue Jay Claim 14, Blue Jay Claim 15, Blue Jay Claim 16, Blue Jay Claim 18 and Blue Jay Claim 19, which lie south of a line running east and west, which line is 1500 feet south of the north boundary line of Section 15, Township 36 South, Range 18 East, together with all of the following Blue Jay Claims which are located in said Section 15, Township 36 South, Range 18 East:

Blue Jay No. 11, Blue Jay No. 10, Blue Jay No. 9, Blue Jay No. 8, Blue Jay No. 7, Blue Jay No. 6, Blue Jay No. 5, Blue Jay No. 4, Blue Jay No. 3, Blue Jay No. 2, Blue Jay No. 1, Blue Jay No. 20, Blue Jay No. 26, Blue Jay No. 27, and Blue Jay No. 28.

A map is attached showing location of Blue Jay Claims with respect to section lines and with respect to said east-west line lying 1500 feet south of the north boundary of Section 15.

(b) None

(c) Owner

(e) None

3. (f)

Claim	Original Book	Original Page	Amended Book	Amended Page
Blue Jay 1	63	286	219	361
" " 2	63	287	219	361
" " 3	63	287	219	362
" " 4	63	288	219	362
" " 5	63	288	219	363
" " 6	63	289	219	363
" " 7	63	289	219	364
" " 8	63	289	219	364
" " 9	63	290	219	365
" " 10	63	291	219	365
" " 11	63	291	219	366
" " 12	63	292	219	366
" " 13	63	292	219	367
" " 14	63	293	219	367
" " 15	63	293	219	368
" " 16	63	294	219	368
" " 17	63	294	219	369
" " 18	63	295	219	369
" " 19	63	295	219	370
" " 20	63	296	219	373
" " 26	193	343		
" " 27	193	344		
" " 28	193	344		

4. (a) Rim stripping has been completed along most of the rim exposed on the southern flank of the Blue Jay Claims. Two mineralized channels have been exposed by the rim stripping, one of which appears to have commercial possibilities already exposed. In addition drill holes have been put down through the Shinarump and to the contact of Moenkopi on Blue Jays 1 to 16 inclusive. The attached map shows approximate location of drill holes and legend on said map explains results of drilling based upon examination of cores recovered or radiometric probe of holes. No operations are being conducted on the property at this time because of adverse weather. Weather permitting, property is accessible for examination by road which takes you right to the Blue Jay Claims.

(b) There is no past or current production, no blocked out ore reserves.

(c) The property lies on Elk Ridge west of Blanding, Utah, and has Shinarump, Chinle and Mossback cover overlying the Moenkopi formation. Along the south flank of the claims erosion has exposed the Moenkopi contact to view. Channel exposure appears to be bedded, with mineralization showing at the surface. Included as part of this application and by reference made a part hereof and marked Exhibit 4 (c) are photographs of the channel exposure with locations marked thereon of samples which were taken for chemical assay, together with chemical assay results of said samples. Please return exhibits marked 4 (c).

As additional information bearing upon this application we refer you to prior application submitted by Bears Ears Uranium Company, prior owner of the Blue Jay Claims, and by reference we incorporate herein any gological engineering reports or other technical-ogical information previously furnished to you by Bears Ears Uranium Company dealing with the Blue Jay Claims.

(d) The Blue Jay Claims are approximately 38 miles west of Blanding, Utah, on Elk Ridge. The road leading from Blanding to Hideout Mesa and Pinion Point traverses Section 15, wherein the Blue Jay Claims are located. Access road tying in with the above main road has been completed down to the southern rim exposure area on the Blue Jay Claims. Shipping point on these claims would either be at Monticello Mill or the White Canyon buying station. Manpower, material, supplies and equipment, power, etc., for operations is available. Water for drilling purposes can be obtained from a spring located near the Elk Ridge Uranium Company mine, not over three miles from claims.

5. (a) Uranium, vanadium, copper and associated minerals.

(b) It is proposed that the work to be performed be as follows:

<u>Description of the work</u>

The work consists of exploration by core and non-core drilling.

The drill holes shall test the favorable Shinarump Conglomerate of Upper Triassic age. Drilling depths are expected to average approximately 200 feet. The first hole shall be drilled by non-core plug bit to a depth of 25 feet and then shall be core drilled for the remainder of its depth in order to establish the general limits of the Chinle and Shinarump formations and the first red mudstone of the Moenkopi formation. All remaining holes shall be drilled by non core plug bit to the top of the potentially ore-bearing Shinarump Conglomerate and then shall be core drilled through the Shinarump formation to the first red mudstone in the Moenkopi formation. The minimum size of core drilling shall be AX.

All core and cuttings from the cored section of drill holes shall be split, and one-half shall be properly stored for the use of the Government. The Operator's portion of the core and cuttings shall be checked radiometrically for uranium, and samples indicating significant mineralization shall be analyzed chemically for uranium.

All drill holes shall be logged geologically and probed radiometrically, and the record of such logging and probing, together with certified copies of all assay certificates, shall be submitted with the Operator's monthly progress reports. The probing and other project work shall be done under the supervision of a competent geologist or mining engineer.

All holes shall be reamed and cased as necessary.

The work shall be done in two stages. The Operator shall perform Stage I, and shall perform as much of the second stage as the Government approves in writing in advance, based upon the results of Stage I.

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

STAGE I

The work under this stage consists of the preparation of access roads and drill sites by a TD-18 bulldozer

or equivalent unit, and the drilling of 12 holes aggregating 2,400 feet, more or less. The positions of these holes are indicated on the attached map, Figure 2. There are two rows of six holes each paralleling the Shinarump rim, with the holes in the second row staggered with respect to those of the first row. The rows are 200 feet apart and the holes in each row are 150 feet apart. If the 12 holes require more than 2,400 feet to reach the desired horizon the additional footage may be transferred to Stage I and deducted from the footage described under Stage II.

STAGE II

Stage II work consists of the preparation of access roads and drill sites by a TD-18 bulldozer or equivalent unit, and the drilling of a maximum of 12 holes aggregating not more than 2,400 feet as offsets to Stage I holes which show mineralization or strongly favorable geological criteria. The offset holes shall not be drilled closer than 75 feet from any previously drilled hole.

Map or sketch of the property showing the plan of the proposed exploration work already submitted to you by Bears Ears Uranium Company in connection with DMEA 3772 is by reference incorporated herein and made a part hereof as fully as though same were attached hereto.

(c) The work will start within 180 days and be completed within 9 months from the date of exploration project contract. Adverse weather on Elk Ridge prevents drilling operations until late Spring.

(d) Ol Jato Uranium Company has already operated properties, has had one DMEA loan on the Whirlwind Mine located in the San Juan Indian Reservation on State School Section land and has paid off this loan to the Government in full. Max K. Mangum, President and General Manager of the Company will supervize this operation as he has supervised past operations of the company.

6. Estimated cost of the project on a fixed unit cost basis are as follows:

STAGE I

725 ft. core drilling at $2.60/ft.	$ 1,885.00	
1,675 ft. non-core drilling at $1.60/ft.	2,680.00	
2 bulldozer moves, on or off property, at $37.50/move	75.00	
50 hrs. bulldozing at $12.00/hr.	600.00	
18 hrs. drill crew standby time at $10.00/hr.	180.00	
12 chemical sample analyses at $3.00/sample	36.00	$ 5,456.00

STAGE II

600 ft. core drilling at $2.60/ft.	$ 1,560.00	
1800 ft. non-core drilling at $1.60/ft.	2,880.00	
4 bulldozer moves on or off property at $37.50/move	150.00	
50 hrs. bulldozing at $12.00/hr.	600.00	
18 hrs. drill crew standby time at $10.00/hr.	180.00	
22 chemical sample analyses at $3.00/sample	66.00	5,436.00
Estimated total cost of the project		$10,892.00

(a) Independent Contract. Ol Jato Uranium Company is not certain at this time whether the work will be performed by independent contract, but it probably will be contracted to Boyles Bros. Drilling Company, hopefully within the limits of the estimated cost budget set forth above.

(b) See estimate above.

(c) See estimate above.

(d) See estimate above. 01 Jato Uranium Company does not own any drilling equipment or heavy equipment for clearing drill site roads.

(e) None.

(f) None.

(g) Assuming that work will be done by contract basis applicant, 01 Jato Uranium Company, will have no additional workmen's compensation, employers liability insurance or pay roll taxes as a result of this contract.

(h) See estimate of costs above.

7. (a) Yes.

(b) 01 Jato Uranium Company's share of the costs will be furnished either in cash to the contracting party or by way of royalty interests to be conveyed to contracting party in return for carrying out of exploration contracts outlined above.

HORNKOHL LABORATORIES

Telephone 8-8567

ANALYSES OF OIL, WATERS, SOILS, OIL CORES

P. O. Box 1673

714 TRUXTUN AVENUE
BAKERSFIELD, CALIFORNIA

November 23, 1955

Laboratory No. 91886-91993

Sample Ore

Marked As shown below

Received November 16, 1955

Submitted by Paramount Exploration
Box 1577
Bakersfield, California

* * * * * * * *

URANIUM ASSAYS

Sample Marked	Per cent Uranium as U_3O_8
#1 from Blue Jay #26	0.06
#2 " " " "	0.14
#3 " " " "	0.03
#3A " " " "	0.11
#4 " " " "	0.04
#5 " " " "	0.29
#5A " " " "	0.03
#6 Sample #6 from "Pay Day" mine	1.00

Respectfully submitted,

HORNKOHL LABORATORIES

Frank Hornkohl

mc

*5 ~~To be rerun~~

Exhibit 4 (c)

Rim Cut on Blue Jay #26

RECEIVED
JAN 9 1956

Government's Copy

MF-200A
(Revised June 1954)

Docket No. DMEA 4120

Commodity Uranium

Contract No. Idm-E 924

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this MAR 5 1956 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] Ol Jato Uranium Company, a Utah corporation, whose mailing address is c/o Max K. Mangum, 307 Utah Oil Building, Salt Lake City 1, 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-200A), the attached Exhibit "A," Annex I, and map (Figure 2)

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of 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] Owner of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] Deed, [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: A 12.5% royalty claim by the partners of Bears Ears Uranium Company and the wife of each

(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 of the land (lessor, seller, optionor, etc.), are attached, as follows: Subordination Agreement of the holders of the claim listed above.

[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."

16—70618-1

(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 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(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 June 1, 1956 shall commence the work, and on or before September 30, 1956 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

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) *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.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $10,892.00. The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $8,169.00: *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. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(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. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of 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. 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.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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 the unit costs thereof.

(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 7. *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 6) 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 thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

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

One and one-half (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 8. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 8 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 9. *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 10. *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 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

OL JATO URANIUM COMPANY
(Operator)

By [signature]
Administrator, Defense Minerals
Exploration Administration

By .....

.....

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—70618-1

EXPLORATION PROJECT CONTRACT
OL JATO URANIUM COMPANY
DOCKET NO. DMEA-4120

Annex I

The land referred to in Article 2 of the Contract consists of all of the Blue Jay Claims Nos. 1 through 11, 20, 26, 27, and 28, and that part of the Blue Jay Claims Nos. 12, 13, 14, 15, 16, 18, and 19 which lie south of a line running east and west, which line is 1500 feet south of the north boundary line of Section 15; all situated in secs. 15 and 22, T. 36 S., R. 18 E., S.L.M. & B., San Juan County, Utah. The claims are shown on the attached map entitled "Figure 2 - Map of Property and Exploration . . ." The notices of location are recorded at the County Courthouse in Monticello as follows:

Claim	Original Notices Book	Original Notices Page	Amended Notices Book	Amended Notices Page
Blue Jay 1	63	286	219	361
Blue Jay 2	63	287	219	361
Blue Jay 3	63	287	219	362
Blue Jay 4	63	288	219	362
Blue Jay 5	63	288	219	363
Blue Jay 6	63	289	219	363
Blue Jay 7	63	289	219	364
Blue Jay 8	63	289	219	364
Blue Jay 9	63	290	219	365
Blue Jay 10	63	291	219	365
Blue Jay 11	63	291	219	366
Blue Jay 12	63	292	219	366
Blue Jay 13	63	292	219	367
Blue Jay 14	63	293	219	367
Blue Jay 15	63	293	219	368
Blue Jay 16	63	294	219	368
Blue Jay 18	63	295	219	369
Blue Jay 19	63	295	219	370
Blue Jay 20	63	296	219	370
Blue Jay 26	193	343	219	373
Blue Jay 27	193	344		
Blue Jay 28	193	344		

EXPLORATION PROJECT CONTRACT
OL JATO URANIUM COMPANY
DOCKET NO. DMEA-4120

Exhibit "A"

Description of the Work

The work consists of exploration by core and non-core drilling.

The drill holes shall test the favorable Shinarump Conglomerate of Upper Triassic age. Drilling depths are expected to average approximately 200 feet. The first hole shall be drilled by non-core plug bit to a depth of 25 feet and then shall be core drilled for the remainder of its depth in order to establish the general limits of the Chinle and Shinarump formations and the first red mudstone of the Moenkopi formation. All remaining holes shall be drilled by non-core plug bit to the top of the potentially ore-bearing Shinarump Conglomerate and then shall be core drilled through the Shinarump formation to the first red mudstone in the Moenkopi formation. The minimum size of core drilling shall be AX.

All core and cuttings from the cored section of drill holes shall be split, and one-half shall be properly stored for the use of the Government. The Operator's portion of the core and cuttings shall be checked radiometrically for uranium, and samples indicating significant mineralization shall be analyzed chemically for uranium.

All drill holes shall be logged geologically and probed radiometrically, and the record of such logging and probing, together with certified copies of all assay certificates, shall be submitted with the Operator's monthly progress reports. The probing and other project work shall be done under the supervision of a competent geologist or mining engineer.

All holes shall be reamed and cased as necessary.

The work shall be done in two stages. The Operator shall perform Stage I, and shall perform as much of the second stage as the Government approves in writing in advance, based upon the results of Stage I.

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

Stage I

The work under this stage consists of the preparation of access roads and drill sites by a TD-18 bulldozer or equivalent unit,

and the drilling of 12 holes aggregating 2,400 feet, more or less. The positions of these holes are indicated on the attached map, Figure 2. There are two rows of six holes each paralleling the Shinarump rim, with the holes in the second row staggered with respect to those of the first row. The rows are 200 feet apart and the holes in each row are 150 feet apart. If the 12 holes require more than 2,400 feet to reach the desired horizon the additional footage may be transferred to Stage I and deducted from the footage described under Stage II.

Stage II

Stage II work consists of the preparation of access roads and drill sites by a TD-18 bulldozer or equivalent unit, and the drilling of a maximum of 12 holes aggregating not more than 2,400 feet as offsets to Stage I holes which show mineralization or strongly favorable geological criteria. The offset holes shall not be drilled closer than 75 feet from any previously drilled hole.

Estimated Cost of the Project

Fixed Unit Costs

Stage I

725 feet core drilling	@ $2.60/ft.	$1,885.00	
1,675 feet non-core drilling	@$1.60/ft.	2,680.00	
2 bulldozer moves, on or off property	@ $37.50/move	75.00	
50 hours bulldozing	@ $12.00/hr.	600.00	
18 hours drill crew standby time	@ $10.00/hr.	180.00	
12 chemical sample analyses	@ $3.00/sample	36.00	$5,456.00

Stage II

600 feet core drilling	@ $2.60/ft.	$ 1,560.00	
1,800 feet non-core drilling	@ $1.60/ft.	2,880.00	
4 bulldozer moves, on or off property	@ $37.50/move	150.00	
50 hours bulldozing	@ $12.00/hr.	600.00	

18 hours drill crew standby time @ $10.00/hr.	$ 180.00	
22 chemical sample analyses @ $3.00/sample	66.00	$ 5,436.00
Estimated Total Cost of the Project		$10,892.00
Government Participation @ 75%		$ 8,169.00

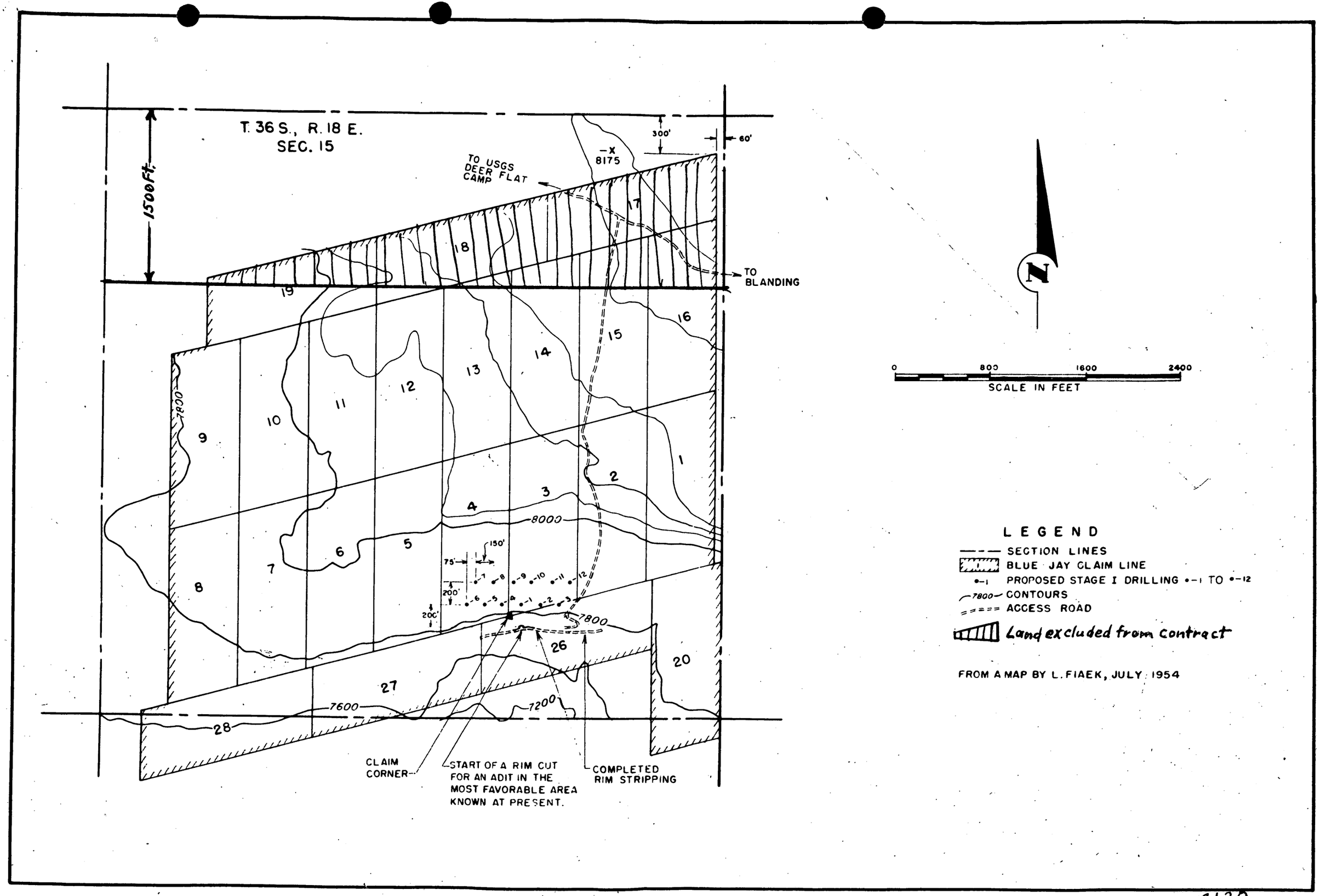

FIGURE 2 – MAP OF PROPERTY AND EXPLORATION, [redacted], BLUE JAY CLAIMS, SAN JUAN COUNTY, UTAH. DMEA [redacted] 4120

7/19/55 gla

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

224 New Customhouse
Denver 2, Colorado

July 18, 1955

To be placed in Div. file DMEA-4120

Memorandum

To: Secretary to the Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Report of Examination, DMEA Docket 3772 (Uranium), Bears Ears Uranium Company, (Blue Jay claims), San Juan County, Utah

Enclosed are the original and three copies of the report pertaining to the above application.

We concur in the recommendation for a two stage exploration project as outlined in the engineering report at a total cost of $11,069.25.

Nine extra copies of Figure 2 are attached for possible use in the contract.

DMEA Field Team, Region III

W. M. Traver

W. M. Traver

E. N. Harshman

E. N. Harshman

Enclosures

DMEA
Date Rec'd

JUL 13 1955

BUREAU OF MINES
Denver, Colorado

TRANSMITTED
JUL 15 1955

Region III

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
July 8, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: John F. Shaw

Subject: DMEA 3772, (Uranium) Blue Jay claims, Bears Ears Uranium Company, San Juan County, Utah

Enclosed are the original and ten copies of a "Summary, Conclusions, and Recommendations" by W. P. Williams, geologist, and C. M. Harrer, mining engineer and the original and ten copies of an engineering report by C. M. Harrer covering docket DMEA 3772.

The Bears Ears Uranium Company applied for exploration assistance in the amount of $39,600.00 to explore the Blue Jay group of claims with 24 diamond drill holes totaling 7,200 feet and to strip the rim rock contact on their Blue Jay claims 27 and 28.

The field examination was made on May 18, 1955, by W. P. Williams of the Geological Survey and C. M. Harrer, mining engineer, Bureau of Mines.

The examining team concluded that the chance for making a significant discovery for uranium on the Blue Jay claims is good.

A revised exploration program was proposed, and it was agreed to by the applicant's representative. The revised program would consist of diamond drilling in two stages. Stage I would consist of 12 holes totaling 2,400 feet, and Stage II would consist of 12 holes totaling 2,400 feet. Stage II would be depended upon in result of Stage I and would require prior written approval of the DMEA Field Team.

It is recommended that a contract be prepared authorizing 24 diamond drill holes at a total cost of $11,069.25. The amount of Government participation would be $8,301.94.

John F. Shaw
John F. Shaw
Supervising Mining Engineer

Enclosures

cc 10
DMEA 3772
Chron

JFS/ph

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

DMEA 3772, Blue Jay Claims

Bears Ears Uranium Company

San Juan County, Utah

Uranium

W. P. Williams, Geologist
Geological Survey

C. M. Harrer, Mining Engineer
Bureau of Mines

June 29, 1955

DMEA 3772

BLUE JAY CLAIMS
BEARS EARS URANIUM COMPANY
SAN JUAN COUNTY, UTAH

Summary, Conclusions, and Recommendations

By W. P. Williams
Geologist
Geological Survey

C. M. Harrer
Mining Engineer
Bureau of Mines

TRANSMITTED

JUL 15 1955

DMEA 3772

BLUE JAY CLAIMS
BEARS EARS URANIUM COMPANY
SAN JUAN COUNTY, UTAH

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

By W. P. Williams and C. M. Harrer

Bears Ears Uranium Company, unincorporated, of Blanding and Monticello, Utah, has applied to the Defense Minerals Exploration Administration for assistance to explore their Blue Jay group of claims with 24 diamond drill holes totaling 7,200 feet and to strip the rim rock contact on their Blue Jay claims 27 and 28. Total cost of the project was estimated at $39,600.00.

Field investigation of the property was made on May 18, 1955, by representatives of the Geological Survey and Bureau of Mines. Clynn Young of Monticello, Utah, accompanied the examiners and represented the applicant.

The Blue Jay group consists of 23 unpatented lode claims in section 15, T. 36 S., R. 18 E., Salt Lake meridian, San Juan County, Utah.

Rocks exposed on and near the Blue Jay claims include the Cedar Mesa Sandstone member and the Organ Rock and Meskinnini tongues of the Cutler formation of Permian age, the Moenkopi formation of lower Triassic age, the Shinarump conglomerate of upper Triassic age, the lower part of the Chinle formation of upper Triassic age, and sandstone units within the lower Chinle formation of Triassic age.

The chance of making a significant discovery of uranium on the Blue Jay claims appears to be good since:

1. Favorable structure in the form of a channel in the Triassic Shinarump formation has been uncovered by the applicant's rim stripping.

2. The property lies along a trend formed by known uranium ore deposits.

3. The property is near the center of the belt of continuous Shinarump conglomerate which assures the presence of a thick and continuous host rock.

4. The property lies along a trend of known geo-botanical anomalies.

5. The rim rock outcrop of the channel gives high scintillometer readings at accumulations of carbonaceous material and green-gray mudstones which are favorable for the occurrence of uranium ore deposits.

A two-stage exploration program consisting of 24 diamond drill holes totaling 4,800 feet is recommended for approval at an overall cost of $11,069.25. Stage I would consist of 12 holes totaling 2,400 feet as shown on figure 2 and would cost $5,592.25. Stage II would also consist of 12 holes totaling 2,400 feet which would be drilled around Stage I holes exhibiting uranium or favorable structure or to further explore the channel. It would cost $5,477.00.

Government participation in this exploration program would be 75 percent of $11,069.25 or $8,301.94.

Exploration costs have been estimated on the lowest of three bids submitted by the applicant. It should be noted that this bid by the Europa Exploration and Mining Corporation is exceptionally low and probably could not be duplicated if they were not on a nearby property.

DMEA 3772

BLUE JAY CLAIMS
BEARS EARS URANIUM COMPANY
SAN JUAN COUNTY, UTAH

Engineering Report

By C. M. Harrer
Mining Engineer
Bureau of Mines

DMEA 3772

BLUE JAY CLAIMS
BEARS EARS URANIUM COMPANY
SAN JUAN COUNTY, UTAH

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DMEA 3772

BLUE JAY CLAIMS
BEARS EARS URANIUM COMPANY
SAN JUAN COUNTY, UTAH

ENGINEERING REPORT

By

C. M. Harrer

INTRODUCTION

Bears Ears Uranium Company, of Blanding and Monticello, Utah, has requested assistance of the Defense Minerals Exploration Administration to explore their Blue Jay group of unpatented lode claims (figs. 1 and 2) for uranium. They propose to explore the most favorable location on their Blue Jay claims no., 3, 4, and 26, with 24 diamond drill holes totaling 7,200 feet and to carry on rim stripping on their Blue Jay claims no., 26 and 27. The total estimated cost for the project was $39,600.00. The proposed program would explore the basal Shinarump sandstone-conglomerate formation (Triassic) where it fills channels cut into the Moenkopi formation also of Triassic age. The possibility of making a significant discovery of uranium appears good.

A field examination was made on May 18, 1955, by a joint Geological Survey and Bureau of Mines team, accompanied by a representative of the applicant.

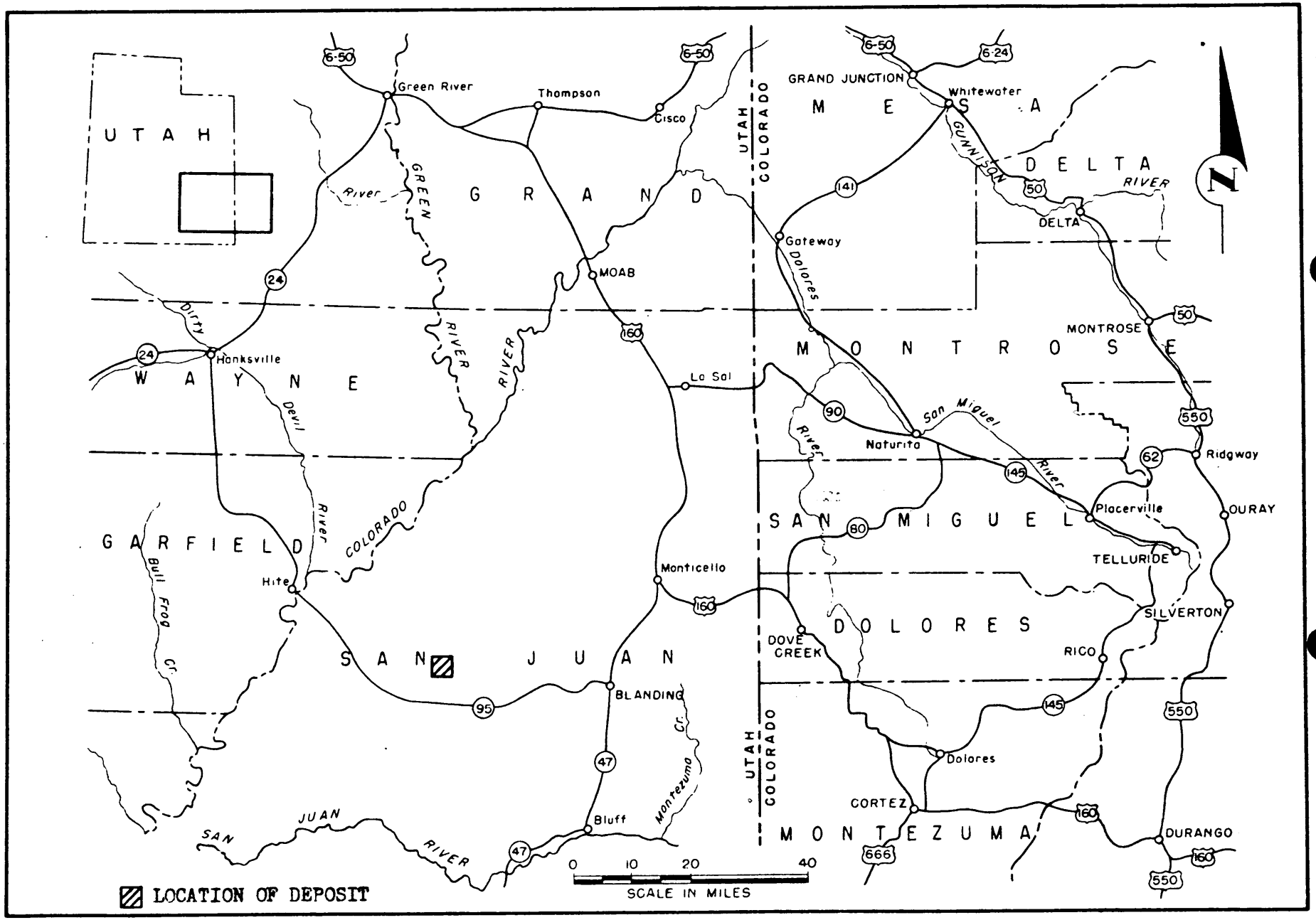


FIGURE 1 - LOCATION MAP, BEARS EARS URANIUM COMPANY, BLUE JAY CLAIMS, SAN JUAN COUNTY, UTAH. DMEA 3772

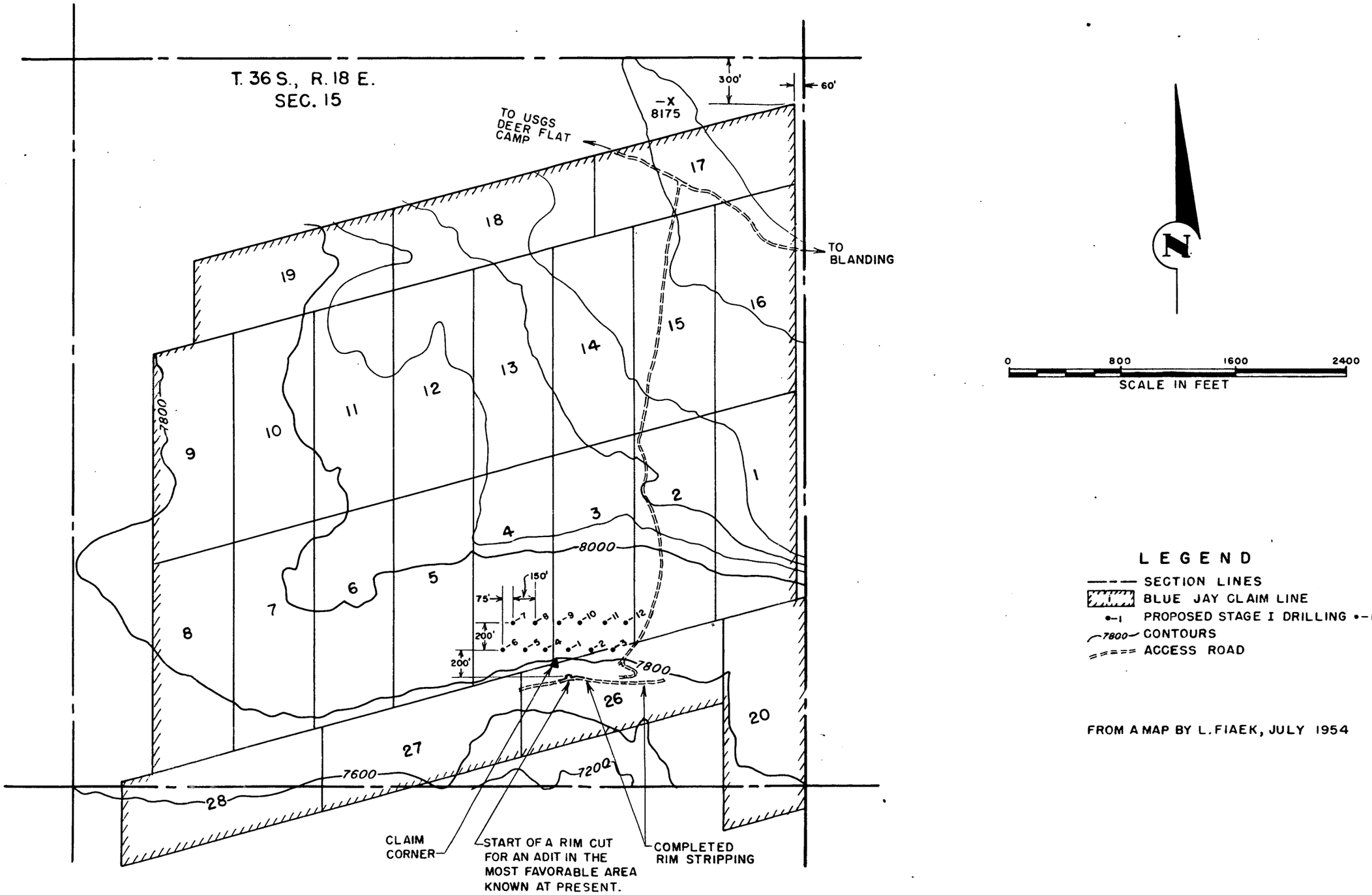


FIGURE 2 – MAP OF PROPERTY AND EXPLORATION, BEARS EARS URANIUM COMPANY, BLUE JAY CLAIMS, SAN JUAN COUNTY, UTAH. DMEA 3772

ACKNOWLEDGMENTS

Clyde Young of Monticello, Utah, accompanied the examining team and represented the applicant, Bears Ears Uranium Company.

W. F. Williams, geologist of the Geological Survey, was the Geological Survey member of the examining team. He was accompanied by F. J. Kleinhampl, also of the Geological Survey and stationed at the local Deer Flat camp.

LOCATION, TOPOGRAPHY, AND PHYSICAL FEATURES

The Blue Jay group of claims are in section 15, T. 36 S., R. 18 E., Salt Lake meridian, in San Juan County, Utah. The claims are variously described as in the Bears Ears, Deer Flat and White Canyon Mining Districts. Altitudes range between 7,600 and 8,200 feet above sea-level. The property is 60 miles from Monticello, 35 miles from Blanding, and 40 miles from the White Canyon purchasing depot at the Happy Jack mine.

The area is typical Colorado Plateau mesa land with deep canyons cutting into the higher areas. The mesa rims are almost vertical cliffs grading into steep slopes covered by landslide debris and talus. The normally semi-arid climate permits year around mining operations. Access to the region is over rough roads. Water for domestic and drilling use must be hauled from springs or catch basins or the nearest creek. All supplies must be hauled from Blanding or Monticello which are connected by motor freight transportation with Grand Junction, the nearest major supply center. Labor is available locally and in nearby towns.

HISTORY AND PRODUCTION

The Blue Jay group of claims was located on February 12, 1954, by the members of Bears Ears Uranium Company. There has been no production from the claims. The nearest production has been from the Sandy No. 3 and Sandy mines about 1 to 1-1/2 miles northwest (section 8, T. 36 N., R. 18 E.) and the Hideout mine (section 14, T. 36 N., R. 17 E.) about 4-1/2 miles west. The following production statistics were secured from the Atomic Energy Commission and are correct through March 1955.

Mine	Dry Tons Uranium Ore	Percent U_3O_8
Hideout	6,582.19	0.25
Sandy	1,027.25	0.22
Sandy No. 3	1,969.37	0.17

The search for uranium in the Deer Flats area dates from 1951 when it was first considered for exploration by the Atomic Energy Commission. The Atomic Energy Commission estimates about 10,000 tons of indicated and inferred uranium ore at the head of Burch Canyon which is about 1-1/2 miles to the southeast of the Blue Jay claims.

OWNERSHIP AND EXTENT

The contiguous group of standard, unpatented lode locations (fig. 2) known as the Blue Jay claims has been located and is owned by the members of the Bears Ears Uranium Company. The company is unincorporated and consists of members of the "Young family" and close relations. A Power-of-Attorney agreement executed on February 14, 1955, designated W. R. Young of Blanding, Utah, as the official representative of Bears Ears Uranium Company.

The company consists of Clyde P. Young, Darrell P. Young, Darylie M. Redd and DeVar Perkins of Monticello, Utah; W. R. Young of Blanding, Utah; Mildruff N. Young of Moab, Utah; Harold Young of Mac, Colorado; Calvin Black and Theralo N. Jensen of Price, Utah.

The company's group of 23 contiguous lode claims are in section 15, T. 36 S., R. 18 E., Salt Lake meridian (fig. 2) in San Juan County, Utah. They have been reported as in the Bears Ears, Deer Flat, and White Canyon Mining Districts; approximately 3 miles northeast of Maverick Point on the north rim of a tributary running into Burch Canyon.

Claims held by Bears Ears Uranium Company and information on file in the records of the San Juan County courthouse at Monticello, Utah, are as follows:

	Original Location			Location under A.E.C. Circ. 7, lease application			Amended locations Public Law 585		
Claim No.	Date	Book	Page	Date	Book	Page	Date	Book	Page
Blue Jay-1	2/12/54	63	286	4/14/54	93	96	10/20/54	219	361
2	2/12/54	63	287	4/14/54	93	96	10/20/54	219	361
3	2/12/54	63	287	4/14/54	93	97	10/20/54	219	362
4	2/12/54	63	288	4/14/54	93	97	10/20/54	219	362
5	2/12/54	63	288	4/14/54	93	98	10/20/54	219	363
6	2/12/54	63	289	4/14/54	93	98	10/20/54	219	363
7	2/12/54	63	289	4/14/54	93	99	10/20/54	219	364
8	2/12/54	63	289	4/14/54	93	99	10/20/54	219	364
9	2/12/54	63	290	4/14/54	93	100	10/20/54	219	365
10	2/12/54	63	291	4/14/54	93	100	10/20/54	219	365
11	2/12/54	63	291	4/14/54	93	101	10/20/54	219	366
12	2/12/54	63	292	4/14/54	93	101	10/20/54	219	366
13	2/12/54	63	292	4/14/54	93	102	10/20/54	219	367
14	2/12/54	63	293	4/14/54	93	102	10/20/54	219	367
15	2/12/54	63	293	4/14/54	93	103	10/20/54	219	368
16	2/12/54	63	294	4/14/54	93	103	10/20/54	219	368
17	2/12/54	63	294	4/14/54	93	104	10/20/54	219	369
18	2/12/54	63	295	4/14/54	93	104	10/20/54	219	369
19	2/12/54	63	295	4/14/54	93	105	10/20/54	219	370
20	2/12/54	63	296	4/14/54	93	105	10/20/54	219	370
26	9/21/54	193	343	4/14/54	93	108	10/20/54	219	373
27	9/21/54	193	344	--			--		
28	9/21/54	193	344	--			--		

DESCRIPTION OF DEPOSITS

Permian and Triassic rocks are exposed on the Blue Jay group of claims. The only exposures of the potentially ore-bearing Shinarump (Triassic) formation are along the cliff-like rim rock on the Blue Jay claims no. 26 and 27. The applicants have stripped about 1,000 feet of the rim rock contact between the Shinarump and Moenkopi formations on the Blue Jay claim no. 26 (fig. 2) and have exposed a channel in the Moenkopi formation which is filled with Shinarump sediments. This channel structure is an important guide in the search for uranium ore. The channel outcrop on the Blue Jay no. 26 claim is filled with up to 40 feet of gray to white sandstone with small lenses of conglomerate and mudstone. Considerable carbonaceous material is also present. Radioactivity was evidenced by scintillometer readings of two to ten times background count. Known uranium ore bodies in the general area consist of uraninite and copper sulfide minerals disseminated through Shinarump conglomerate-sandstone. There are no copper or uranium outcrops on the property; however, deposits of 1,000 to 10,000 tons can be inferred in the lower Shinarump sandstone units from data available on deposits in the general area. Geologists of the U. S. Geological Survey have located geo-botanical-uranium anomalies on the property.

The most favorable exposure for uranium occurrence, as indicated by channel thickness and radioactive anomalies was at the prepared location of an intended adit (fig. 2) and recommended exploration is planned around this exposure.

MINABLE ORE RESERVES

There are no calculable reserves of uranium ore on the property and there was no basis for sampling the property.

PRESENT STATUS

Exploration and Development

During December 1954 and early in 1955, the applicants improved their Blue Jay claims with a very steep and rough access road and about 1,000 feet of rim stripping (fig. 2) which partly exposes the Triassic, Shinarump-Moenkopi contact. Preparations were made at the time to start an adit along this contact. The adit has not been driven to date, since the applicant decided on a program of exploration drilling.

Mining, Milling, and other Facilities

There are no buildings or equipment of any kind on the property.

PROPOSED EXPLORATION AND COSTS

Bears Ears Uranium Company originally proposed to partly explore their Blue Jay group of claims for uranium by stripping the Shinarump-Moenkopi rim contact on their Blue Jay claim no. 27 and by drilling 24 holes, totaling 7,200 feet, on their Blue Jay claims no., 3, 4, and 26. These holes would be arranged in four fences or rows which would be 200 feet apart in a north-south direction. The six holes in each fence would be 50 feet apart in an east-west direction.

The cost of this proposed work has been roughly estimated from the applicant's figures as follows:

7,800 feet of drilling at $3.00 per foot		$21,600.00
Engineering and geologic services		2,000.00
Supervision, accounting, and sampling		4,000.00
Rim Stripping		
Rental of a TD-18 Bulldozer 750 hours at $12.00 per hour	$9,000.00	
Employment of a driller-powderman 750 hours at $2.00 per hour	1,500.00	
Blasting and drilling equipment rental 750 hours at $2.00 per hour	1,500.00	
Total Rim Stripping Cost		12,000.00
Total estimated cost of the applicant's project		$39,600.00

The above estimate is based on rough figures and not on formal bids.

REVISED AND RECOMMENDED EXPLORATION PROGRAM AND COSTS

During the field examination and conference on May 18, 1955, Glynn P. Young, representing the applicant, Bears Ears Uranium Company, agreed on the following modified and two-stage exploration program in which the stripping of the Triassic, Shinarump-Moenkopi rim was eliminated.

Stage I would consist of 12 diamond drill holes with an average depth of about 200 feet and totaling 2,400 feet. The holes would be arranged in two fences of 6-holes each which would be 200 feet apart in a north-south direction and the holes in each fence would be spaced

150 feet apart in an east-west direction. The first fence of holes would be 200 feet north or back from the rim, and the first hole would be 200 feet north of a former adit location and favorable area shown on figure 2. The second fence of holes would be 200 feet north of the first fence and its holes would be staggered as shown on figure 2. Stage I holes would not necessarily have to be drilled in the order shown, but would be influenced by results obtained.

The first hole would be drilled by non-core plug bit to a depth of 25 feet and core drilled for the remainder of its depth. The results obtained from this hole will establish the general limits of the Chinle and Shinarump formations and the first red mudstone of the Moenkopi formation, all of Triassic age. All remaining holes would be drilled by non-core, plug bit to the top of the potentially ore-bearing Shinarump conglomerate and then core drilled through the Shinarump formation to the first red mudstone in the Moenkopi formation. Core drilling should recover core not less than AX size.

All holes, cuttings, and core should be logged radiometrically and geologically and copies of the logs, patterned after those of the Geological Survey, and certified by a competent geologist, should be a contract requirement.

Those portions of the core containing significant amounts of uranium should be split and analyzed for U_3O_8. One half of the core split should remain in place in the core boxes until disposed of by the DMEA. Provision is made for the chemical analyses of 12 samples for U_3O_8 and $CaCO_3$.

Stage I would be completed in 30 days at an over-all cost of $5,592.00.

Stage II would consist of an additional 12 holes with an average depth of about 200 feet and totaling 2,400 feet. The holes would form a pattern of drilling, offsetting those holes of Stage I which contain significant amounts of uranium in the opinion of the Field Team or which exhibit particularly favorable structure. Stage II drilling would be determined from the results of Stage I and would require prior approval of the DMEA Field Team.

Provision should be made to transfer funds from or to either stage, as approved.

Stage II would be completed in 30 days at an over-all cost of $5,462.00.

Hole no. 1 of Stage I is estimated on the basis of 25 feet of plug bit, non-core diamond drilling and 175 feet of core drilling, not less than AX size. Since the thickness of the Shinarump conglomerate exposed on the property was measured at about 40 feet, the remaining 23 holes of Stages I and II are estimated on the basis of 150 feet of plug bit, non-core diamond drilling and 50 feet of core-drilling, not less than AX size.

Detailed costs of the revised and recommended exploration program are estimated as follows:

Stage I (12 holes completed in 30 days)

Independent contracts	Costs	Distribution: Plug bit, non-core diamond drilling	Distribution: Core diamond drilling
Approximately 1,675 feet of diamond plug bit, non-core drilling at $1.00 per foot (0-200 feet depth)	$1,675.00	$1,675.00	
Approximately 725 feet of core drilling (minimum size AX) at $2.00 per foot (0-200 feet depth)	1,450.00		$1,450.00
Standby time to log holes 24 hours at $10.00 per hour	240.00	120.00	120.00
Access roads and drill sites preparation - 50 hours at $12.00 per hour	600.00	300.00	300.00
Moving bulldozer in and out twice	150.00	75.00	75.00
Total	$4,115.00	$2,170.00	$1,945.00
Labor, supervision and consultants			
Geologist consultant at $500.00 for 1 month	$ 500.00	$ 250.00	$ 250.00
1-full time field supervisor to spot holes, take care of samples, core and records at $500.00 per month	500.00	250.00	250.00
Total	$1,000.00	$ 500.00	$ 500.00
Operating equipment			
Rental of a Babbel counter and deep hole probe for 1 month at $175.00 per month	$ 175.00	$ 100.00	$ 75.00

	Costs	Distribution: Plug bit, non-core diamond drilling	Distribution: Core diamond drilling
1-pick-up truck or Jeep station wagon. Depreciation at $40.00 per month	$ 40.00	$ 20.00	$ 20.00
Total	$ 215.00	$ 120.00	$ 95.00
Operating materials and supplies			
Service charge on pick-up truck or Jeep station wagon 1,000 miles at .07 per mile	$ 70.00	$ 35.00	$ 35.00
Drill logs and engineering supplies	30.00	15.00	15.00
15-core boxes at $3.50 each	52.50		52.50
Total	$ 152.50	$ 50.00	$ 102.50
Miscellaneous			
Assaying 12 samples for U_3O_8 and $CaCO_3$ at $5.00 per sample	$ 60.00		$ 60.00
Payroll taxes - 5 percent of $1,000.00	$ 50.00	$ 25.00	$ 25.00
Total	$ 110.00	$ 25.00	$ 85.00
Total Costs of Stage I	$5,592.00	$2,865.00	$2,727.00

Stage II (12 holes completed in 30 days)

Independent contracts			
Approximately 1800 feet of diamond plug bit, non-core drilling at $1.00 per foot (0-200 feet depth)	$1,800.00	$1,800.00	
Approximately 600 feet of core drilling (minimum size AX) at $2.00 per foot (0-200 feet depth)	1,200.00		$1,200.00

	Costs	Distribution: Plug bit, non-core diamond drilling	Distribution: Core diamond drilling
Standby time to log holes - 24 hours at $10.00 per hour	$ 240.00	$ 120.00	$ 120.00
Access roads and drill sites preparation - 50 hours at $12.00 per hour	600.00	300.00	300.00
Moving bulldozer in and out twice	150.00	75.00	75.00
Total	$3,990.00	$2,295.00	$1,695.00
Labor, supervision and consultants			
Geologist consultant at $500.00 for 1 month	$ 500.00	$ 250.00	$ 250.00
Fulltime field supervisor to spot holes, take care of samples, core and records - $500.00 for one month	500.00	250.00	250.00
Total	$1,000.00	$ 500.00	$ 500.00
Operating equipment			
Rental of a Rabbel counter and deep hole probe for 1 month at $175.00	$ 175.00	$ 100.00	$ 75.00
1-pickup truck or Jeep station wagon. Depreciation at $40.00 per month	40.00	20.00	20.00
Total	$ 215.00	$ 120.00	$ 95.00
Operating materials and supplies			
Service charge on pick-up truck or Jeep station wagon - 1,000 miles at .07 per mile	$ 70.00	$ 35.00	$ 35.00

	Costs	Distribution: Plug bit, non-core diamond drilling	Distribution: Core diamond drilling
Drill logs and engineering supplies	$ 30.00	$ 15.00	$ 15.00
12-core boxes at $3.50 each	42.00		42.00
Total	$ 142.00	$ 50.00	$ 92.00
Miscellaneous			
Assaying 13 samples for U_3O_8 and $CaCO_3$ at $5.00 per sample	$ 65.00		$ 65.00
Payroll taxes - 5 percent of $1,000.00	50.00	$ 25.00	25.00
Total	$ 115.00	$ 25.00	$ 90.00
Total Costs of Stage II	$5,462.00	$2,990.00	$2,472.00

The total over-all cost of Stages I and II is estimated at $11,054.00 on the basis of the lowest estimate submitted by the applicant. It should be noted that this bid by Europa Exploration and Mining Corporation is exceptionally low and probably could not be duplicated if they were not already in the area.

Three formal drilling bids were submitted by the applicant and copies are appended at the end of the report.

The applicant's revised program of exploration is outlined in his letter to the Executive Officer, DMEA Field Team, dated May 29, 1955.

RECAPITULATION

Average cost of Stage I plug bit drilling	($2,865.00) / (1675 ft.)	$	1.71 per ft.
Average cost of Stage I core drilling	($2,667.00) / (725 ft.)	$	3.68 per ft.
Cost of chemical analyses for 12 samples in Stage I		$	60.00
Average cost of Stage II plug bit drilling	($2,990.00) / (1800 ft.)	$	1.67 per ft.
Average cost of Stage II core drilling	($2,407.00) / (600 ft.)	$	4.01 per ft.
Cost of chemical analyses for 13 samples in Stage II		$	65.00
Total over-all cost per foot of hole completed in Stage I		$	2.33
Total over-all cost per foot of hole completed in Stage II		$	2.88
Total over-all cost per foot of hole completed in Stages I and II		$	2.30
Total cost of Stage I		$	5,592.25
Total cost of Stage II		$	5,477.00
Total cost of Stages I and II		$	11,069.25
Government participation of 75 percent is		$	8,301.94
Time to complete Stage I and II			2-months

PROPOSED FINANCING

Bears Ears Uranium Company is prepared to furnish its share of the cost of the proposed exploration in cash.

CONCLUSIONS

The possibility of making a significant discovery of uranium appears good.

The 12 holes of Stage I, as shown on figure 2, should be sufficient to determine the existence of uranium ore bodies. Should these holes fail to show evidence of uranium or particularly favorable structure for its occurrence, the project should be terminated.

The second stage of 12 holes should be drilled to explore uranium indications or exceptionally favorable structure found in Stage I drilling.

The basal part of the Triassic Shimarump formation is the only ore-bearing horizon in this locality.

The estimated footages of plug-bit non-core drilling and core drilling must be kept flexible since their actual amounts are dependent upon geologic attitudes which at present cannot be determined.

RECOMMENDATIONS

A two-stage exploration program consisting of 24 diamond drill holes totaling 4,800 feet is recommended for approval at an overall cost of $11,069.25. Stage I will consist of 12 holes totaling 2,400 feet, as shown on figure 2. Stage II will consist of 12 holes totaling 2,400 feet, which will be drilled around holes containing uranium or favorable structure, and as authorized by the Field Team. Provision should be made to transfer funds from Stage II to Stage I, or vice versa, as required and approved. The geologic and

radiometric logs of all holes should be certified by a qualified geologist and submitted as soon as they are completed. All core must be at least of AX size. Since the actual depths of non-core and core drilling are an approximation and will be set by the results obtained in the first hole, the amounts of each type of drilling should be held flexible.

Government participation would be 75 percent of $11,069.25 or $8,301.94.

/ph

STEWART URANIUM DRILLING CO., INC.

P. O. BOX 534 SUDCO MONTICELLO, UTAH

M. R. STEWART, PRESIDENT
D. W. STEWART, VICE-PRESIDENT
H. A. REID, JR., SEC.-TREAS.

MAIN OFFICE
BAYTOWN, TEXAS

May 23, 1955

Bears Ears Uranium
c/o Clynn Young
Monticello, Utah

Dear Mr. Young:

I wish to take this means of submitting my bid for drilling on your companies' properties located in San Juan County, Utah.

Plug drilling:

0' to 100'	$1.50 per foot
100' to 200'	$2.00 per foot
200' to 300'	$2.50 per foot
300' to 400'	$3.00 per foot

(The hole diameter will be from 4¼" to 4 3/4").

Core drilling:

0' to 100'	$3.00 per foot
100' to 200'	$4.00 per foot
200' to 300'	$5.00 per foot
300' to 400'	$6.00 per foot

(The hole diameter will be 3 3/4": core diameter 2 5/16").

In the event casing is to be used, you will furnish the casing and pay for setting it at rate of $15.00 per hour.

Washout Time	$15.00 per hour
Standby Time	$10.00 per hour
Fishing Time	$10.00 per hour

A maximum of 48 hours per month. (Fishing Time only)

The bid I have made is for drilling and coring in the Chinlee and Shinarump conglomerate formation. There will no "move-in-time" for a minimum of 3,600 feet of drilling, in case the footage falls short of 3,600 feet, we will charge .90¢ per mile, per truck from our office

in Monticello to your prospect. Also the same rate will be charged from your prospect back to our office in Monticello.

I think this pretty well covers everything and hope that I can be of service to you, I am

Sincerely

STEWART URANIUM DRILLING CO.

Harry A. Reid Jr.

Harry A. Reid, Jr.
Secretary-Treasurer

HAR:dss

H. B. MILLER DRILLING COMPANY
P. O. BOX 45
BUDE, MISSISSIPPI

GEN. DEL. GREEN RIVER, UTAH

$2.75 Per ft.	Plug drilling (Water & Air) Up to 300 Ft.
$3.00 Per ft.	20 ft. Lengths, first and second runs of Core
$3.75 Per ft.	Core drilling, up to 300 ft.
Water Truck	10¢ per mile for water haul, plus $200.00 per month.
$8.00 Per hr.	Travel time to job.

All material such as bran, drilling mud, etc. furnished by client. Client provides for roads to site of drilling.

LLOYD WALTER VIVELL
Attorney at Law Average Adjuster
232 SPRECKELS BUILDING
San Diego 1, California

Telephone
BElmont 9-1030

EUROPA EXPLORATION & MINING CORP.

P.O. BOX 269 BLANDING, UTAH

May 21, 1955

Bear's Ears Uranium Co.,
C/O Young's Machine Co.,
Monticello, Utah.

Gentlemen:

We submit the following bid on your drilling job on Elk Ridge in San Juan County, Utah.

Plug hole drilling to a maximum depth of 200 feet or 2 feet into the Moenkopi: Per ft. $1.~~00~~ 7.00 Rod.

Core drilling to a maximum depth of 200 feet of 2 feet into the Moenkopi: Per ft. $2.00

Our equipment consists of new Mayhew 1000 drills in first class condition and, as we are now drilling on Elk Ridge, near your property, we can move on to your job on very short notice.

We will post a performance bond, if required, guaranteeing completion of the contract in accordance with its terms. Mr. R. C. Hanford, our General Manager may be contacted through P. O. Box 269 in Blanding.

Very truly yours,

EUROPA EXPLORATION & MINING CORP.

By _____
Exec. Vice President.

LWV/W

IN REPLY REFER TO:

RECEIVED
JUN 15 1955
DMEA
Date Rec'd.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

JUN 14 1955
BUREAU OF MINES
Denver, Colorado

June 13, 1955

Memorandum

TRANSMITTED
JUL 15 1955

To: Field Team, Region III

From: E. N. Harshman

Subject: DMEA Docket 3772, Bears Ears Uranium Company, Unincorporated, Blue Jay group of claims, San Juan County, Utah

Enclosed are 10 copies of a geologic report by W. F. Williams, U. S. Geological Survey, covering his examination of the above subject property.

Geological conditions on the Blue Jay claims appear favorable for the occurrence of significant uranium ore deposits, and Williams recommends a two-stage exploration program with a total of 4,500 feet of core and non-core drilling.

I concur with this recommendation.

Should the exploration recommended by Williams result in the discovery of significant ore deposits, exploration of other parts of the Blue Jay claim group may be warranted.

Nine extra copies of the figures in the geologic report are included also.

E. N. Harshman

E. N. Harshman
Member, Field Team

Enclosures (46)

EHHarshman:arh

MINERAL DEPOSITS
DMEA
RECEIVED
JUN 9 1955
U. S.
GEOLOGICAL SURVEY,
DENVER, COLORADO

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
COLORADO PLATEAU DISTRICT
P. O. BOX 360
GRAND JUNCTION, COLORADO

June 7, 1955

RECEIVED
JUL 18 1955

Memorandum

To: E. N. Harshman, DMEA Field Team, Region III

From: W. P. Williams

Subject: DMEA 3772, Bears Ears Uranium Company, Unincorporated, Blue Jay group of claims, San Juan County, Utah

Transmitted herewith are 12 copies of a geological report by W. P. Williams, covering the field examination of the above-referenced property.

Because the property contains a favorable structure in the form of a Shinarump channel and the property lies along trends formed by known ore deposits and geobotanical anomalies, and because other geologic conditions are favorable for uranium ore deposits, I recommend that a DMEA contract be approved to provide for a total of 4,800 feet of ~~core~~ drilling. The drilling should be performed in two stages of 2,400 feet per stage.

Mr. Philip H. Dodd, district geologist, Exploration Division, U. S. Atomic Energy Commission, Grand Junction Operations Office, concurs with my recommendations.

We are enclosing herewith 9 extra copies of the maps accompanying the geological report. Returned herewith is the brochure covering this application.

W P Williams

W. P. Williams,
Geologist

WPW/mlr

Enclosures

UNITED STATES DEPARTMENT OF THE INTERIOR

DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
REPORT OF EXAMINATION BY FIELD TEAM
REGION III

DMEA 3772, Bears Ears Uranium Company, Unincorporated, Blue Jay group of claims, San Juan County, Utah

Uranium

Geologic Report

by

W. P. Williams
U. S. Geological Survey

June 9, 1955

DMEA 3772

RECEIVED
JUL 18 1955

INTRODUCTION AND SUMMARY

The Bears Ears Uranium Company, Blanding, Utah, has applied to the Defense Minerals Exploration Administration (docket No. 3772) for assistance to explore for uranium ore. The property involved consists of 23 unpatented mining claims, known as the Blue Jay group, located in sec. 15, T. 36 S., R. 18 ~~W.~~ E., S.L.M., southwestern Elk Ridge, San Juan County, Utah, (fig. 1).

The property was examined on May 18, 1955, by a party composed of C. M. Harrer, U. S. Bureau of Mines, F. J. Kleinhampl and W. P. Williams, U. S. Geological Survey, and Clynn Young of Bears Ears Uranium Company.

The Blue Jay claims may be reached by traveling about 40 miles west from Blanding, Utah, over graded dirt roads. The property may be inaccessible at times during the winter months.

GEOLOGY

The exposed rocks on and near the Blue Jay claims include in ascending order the Cedar Mesa sandstone member and the Organ Rock and Hoskinnini tongues of the Cutler formation of Permian age, the Moenkopi formation of Lower Triassic age, the Shinarump conglomerate of Upper Triassic age, the lower part of the Chinle formation of Upper Triassic age, and sandstone units within the lower Chinle.

Table I shows the stratigraphic sequence, thickness, and characteristics of the rocks in the vicinity of the Blue Jay claims.

Table I

Partial stratigraphy of southwest Elk Ridge

Age	Member or Unit	Formation	Estimated thickness (feet)	Character of rocks
Upper Triassic	Moss Back sandstone member	Chinle	75	Massive gray to white conglomeratic sandstone.
		Lower Chinle	75	Blue, gray, and red mudstone. Locally contains many thin gray flaggy sandstone ledges.
		Shinarump Conglomerate	30	Discontinuous gray and white, quartz sandstone with minor lenses of conglomerate and mudstone. Fills channels cut into top of underlying moenkopi formation.
Unconformity				
Lower and Mid-Triassic		Moenkopi	250	Red, buff, and brown shale and sandstone. Shale dominant at top and base. Some thick sandstone ledges near middle of formation.

Table I (continued)

Partial stratigraphy of southwest Elk Ridge

Age	Member of Unit	Formation	Estimated thickness (feet)	Character of rocks
Permian	Hoskinnini tongue	Cutler	60	Reddish to buff silty sandstone and minor interbedded shale.
	Organ Rock tongue		200	Massive red sandy silt stone.
Permian	Cedar Mesa sandstone	Cutler	1,000	Thick, gray, festoon cross-bedded sandstone.

In the vicinity of the Blue Jay claims all radioactivity noted is in the lower part of the Shinarump conglomerate. The Shinarump is a light gray, friable, medium- to coarse-grained quartz sandstone with thin lenses of clay and conglomerate. In the Elk Ridge area the Shinarump fills channels and scours cut into the underlying Moenkopi formation. Channel structures in the Shinarump are important guides to exploration for uranium ore. No uranium deposits are known in the Shinarump where channel control is not present. Figure 2 shows the limits of continuous outcrop of the Shinarump on Elk Ridge. The Blue Jay claims are located near the center of the belt of continuous Shinarump.

The applicants have stripped the rim on the Blue Jay claims for a distance of about 1,000 feet. Over most of that distance the contact of the Shinarump with the Moenkopi is well exposed. The regional dip of the rocks in the vicinity is about 2 degrees southwest. Where the Shinarump has been uncovered by stripping on the Blue Jay claims, the dip increases several degrees and a

well-defined channel appears to be present on the property. I cannot say with certainty, at present, which direction the channel is trending. The average thickness of the Shinarump in the vicinity is about 20 feet. In the channel on the Blue Jay claims the Shinarump thickens to about 40 feet, thus affording about 20 feet of relief in the channel.

Scintillometer readings along the base of the channel on the Blue Jay claims were anomalously high. At the small cut show on figure 4, readings were about ten time as high as the background count for the area. At the cut a favorable environment for the localization of uranium mineralization exists. A lens of green and gray mudstone, about 8 feet thick and 30 feet wide, is at the base of a well-defined channel in Shinarump sandstone that is 30 to 40 feet thick. Abundant carbonaceous material is present in the mudstone. Neither copper nor uranium minerals could be seen in the outcrops on the property.

Many other Shinarump channels are known on Elk Ridge near the Blue Jay claims. The locations and trends of a few are shown on figure 3. The Exploration Division, U. S. Atomic Energy Commission, Grand Junction Operations Office, drilled about 38 holes at the head of Burch Canyon about $1\frac{1}{4}$ miles east of the Blue Jay claims. Consultation with Messrs. Philip H. Dodd and Louis Garbrecht, Exploration Division, AEC, afforded the following information on the drilling: the drill holes were on about 100 foot centers. A total of 4,880 feet was drilled. Seventy-one percent of the holes drilled were mineralized. Thirty-three percent of the mineralized holes penetrated material of ore grade. Reserve calculations by the AEC

showed 10,000 tons of indicated and inferred ore was discovered by that drilling. The drilling was successful in discovering a "strong" channel that is trending toward the Blue Jay claims, figure 3.

Geologists of the Mineral Deposits Branch, U. S. Geological Survey, Colorado Plateau District, have been engaged in a geobotanical program in which an attempt is made to correlate anomalous amounts of uranium and other trace elements in plants and trees with the occurrence of uranium ore bodies. Cedar, Juniper, and pinon trees have been sampled along the Shinarump outcrop on the Blue Jay claims and the surrounding territory. The locations of geobotanical anomalies - trees that contained 1.0 or more parts per million uranium - are shown on figure 3.

It is readily apparent that the Blue Jay claims are located on a channel in the Shinarump conglomerate, the ore host, in a position where the Shinarump is continuous. Trends of other channels in the vicinity appear to either pass through or intersect on the Blue Jay claims. The line of geobotanical anomalies passes through the claims.

ORE DEPOSITS

There are no developed ore reserves on the Blue Jay claims. The history of production in the immediate vicinity of the claims has been poor, but much prospecting and exploration remains to be done before the uranium producing potential of the Elk Ridge area can be accurately evaluated.

The largest mine in the vicinity, the Hideout mine about $4\frac{1}{2}$ miles west of the Blue Jay claims, produced 6,582 dry tons of ore containing 0.25 percent U_3O_8, through March, 1955. The Hideout deposit is estimated by USGS geologists to contain about 10,000 tons of uranium ore. The Sandy No. 3 mine, about $1\frac{1}{2}$ miles west produced 1,969 tons of ore containing 0.17 percent U_3O_8. The Sandy mine, about a mile west, produced 1,027 tons containing 0.22 percent U_3O_8. The AEC estimates that 10,000 tons of indicated and inferred ore exist at the head of Burch Canyon $1\frac{1}{2}$ miles southeast. In Burch Canyon uranium is associated with copper minerals, and carbonaceous and petroliferous material. No uranium minerals have been identified. West of the Blue Jay claims the ore minerals are uraninite, chalcopyrite, chalcocite, bornite, and covellite. The ore minerals replace wood fragments and are disseminated in sandstone.

Ore deposits in the vicinity of the Blue Jay claims may be expected to range in size from 1,000 to 10,000 tons and consist of relatively unoxidized uranium and copper minerals that are associated with carbonaceous material or are disseminated in lower Shinarump sandstones.

PROPOSED EXPLORATION

The applicant proposes to explore the Blue Jay claims by doing 750 hours of rim stripping and road building, and drilling four rows of drill holes, six holes in each row, with the average depth of holes estimated at 300 feet, for a total of 7,200 feet of drilling. The total project cost, including assaying and geological, engineering, and supervisory, and accounting services, is estimated by the applicant to be $39,600.

It is my opinion that enough rim stripping has been completed by the applicant to reveal the presence of the channel and that no mineable ore exists in the stripped outcrop. Further rim stripping would uncover the west flank of the channel, but ore bodies would probably not be found very far up on the flank. I believe that two rows of stage I core drill holes placed 200 and 400 feet behind the rim with holes 150 feet apart within the rows will probably establish the trend of the channel and find favorable or mineralized rock that may be present within the drilling area. Hole depths would probably not be in excess of 175 feet, but 200 feet average depth might be used if a contract is prepared to avoid the possibility of a shortage of drilling footage. The first hole should be drilled 200 feet behind the small cut made by the applicant in the basal Shinarump. With that hole as a starting point, 11 more holes should be drilled in the pattern shown on figure 4.

Stage II should consist of 12 more drill holes placed between favorable stage I holes or used to explore further the channel by extending the drill hole pattern of stage I but only in the event stage I reveals the trend of the channel or discovers favorable or mineralized rock.

Drilling Summary

Hole No.	Plug-bit footage	Coring footage	Total Drilling (ft.)
		Stage I	
1	25	175 40'	200
	(160' ea.)	(~~48'~~ ea.)	(200' ea.)
2-12, incl.	1760	440	2200
	Total stage I	drilling - - -	2400
		Stage II	
13-24, incl.	(160' ea.	(40' ea)	
	1920	480	2400
	Total project footage - - -		4800

Collar elevations of all drill holes should be accurately determined by the operator so that relief within the channel may be accurately determined.

The first drill hole should be cored in its entirety below overburden for geologic information and to establish geologic control for succeeding holes. Succeeding holes may be cored only through the Shinarump conglomerate. All holes should be bottomed in the red mudstone and shale immediately beneath the Shinarump.

Provision should be made in the contract for the cost of about ten assays for U_3O_8 in each stage. Provision should also be made for the preparation of drill sites and roads, surveying, supervision, and geological-engineering service.

The applicant stated that he has a Babbel gamma-ray detection instrument with which to probe the holes. The Babbel probe would be adequate for the project. The holes will be check-logged with USGS "Barnaby" equipment.

CONCLUSIONS AND RECOMMENDATIONS

The Blue Jay claims appear favorable for the occurrence of uranium ore deposits for the following reasons: 1) Favorable structure in the form of a channel in the Triassic Shinarump formation has been uncovered by rim-stripping by the applicant, 2) the property lies along a trend formed by known ore deposits, 3) the property is located near the center of the belt of continuous Shinarump conglomerate which assures the presence of a thick, continuous ore host rock, 4) the property lies along a trend formed by known geobotanical anomalies, 5) the outcrop of the channel gives high scintillometer readings (several times above background) in accumulations of carbonaceous material and green and gray mudstones which are favorable for ore deposits.

The chances of finding a significant ore deposit on the property appear to be good. I recommend that a DMEA contract be approved to provide for exploration work in the manner outlined above. The application was reviewed and discussed with Mr. Philip H. Dodd and Mr. Louis Garbrecht, geologists, Exploration Division, U. S. Atomic Energy Commission, Grand Junction Operations Office. They concur with my recommendation for approval. The above exploration program was reviewed with the applicant, and he concurs with the program.

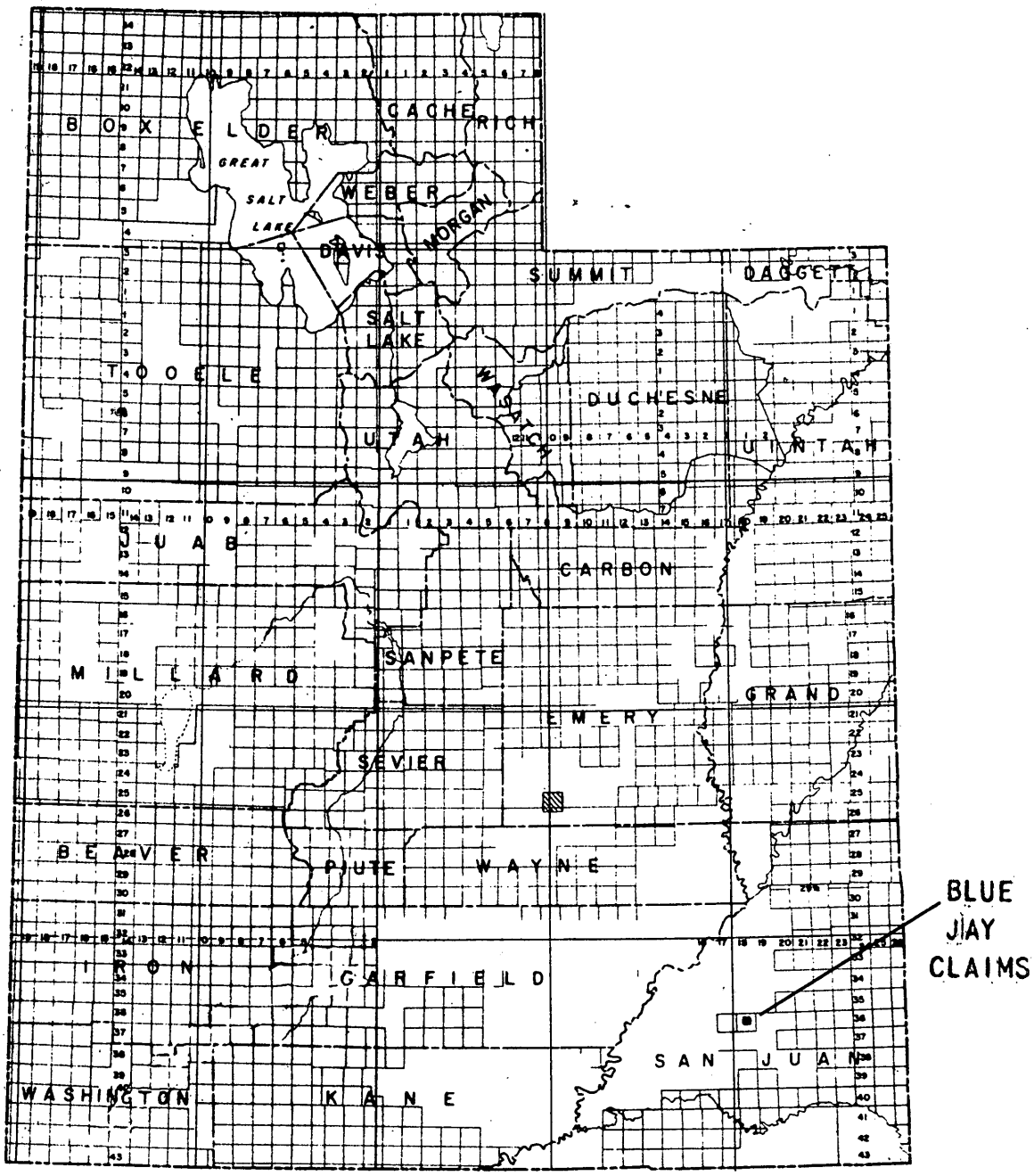


Figure 1. INDEX MAP OF UTAH SHOWING LOCATION OF BLUE JAY CLAIMS, BEARS EARS URANIUM COMPANY, SAN JUAN COUNTY, UTAH

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET NO. 3772

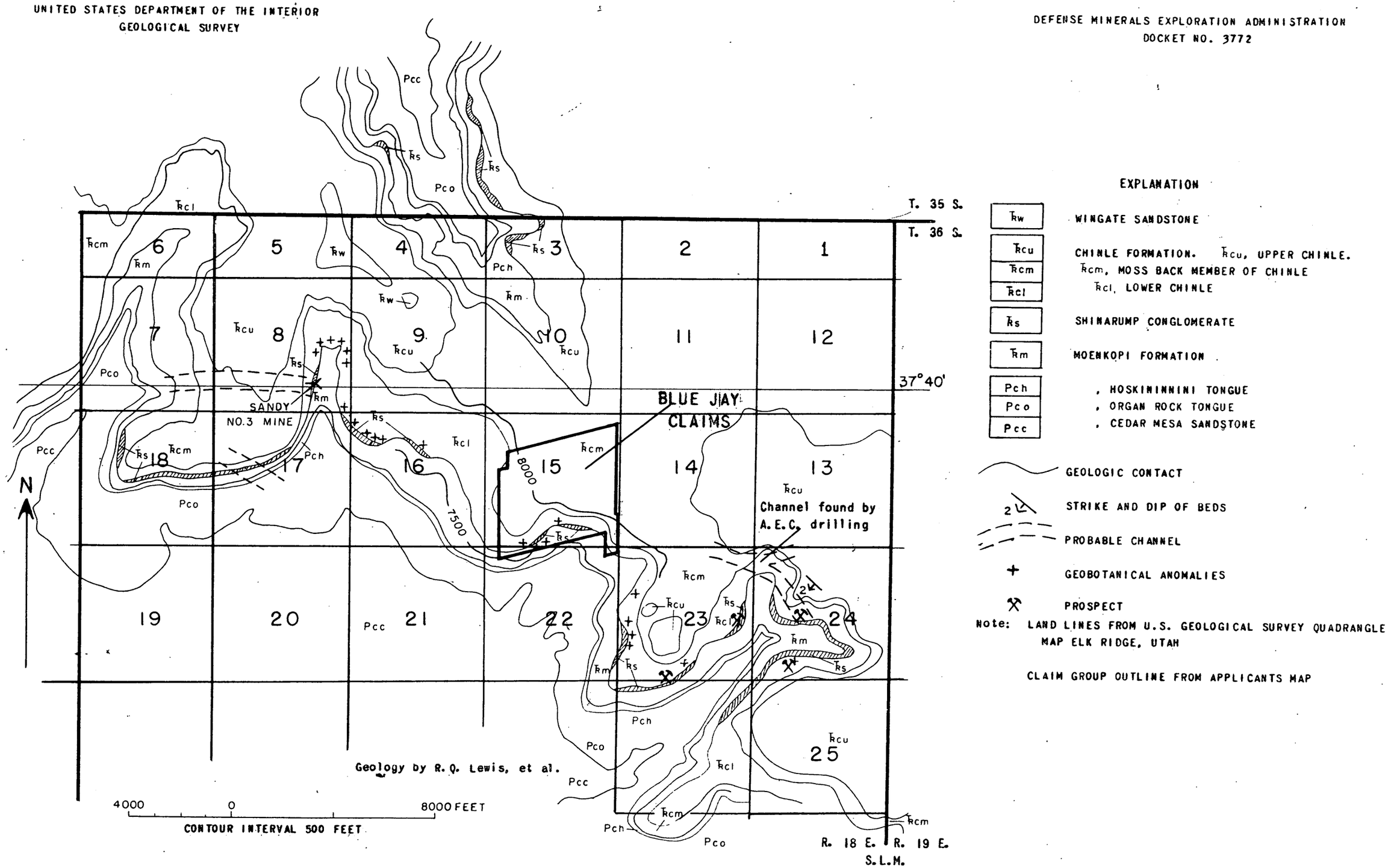
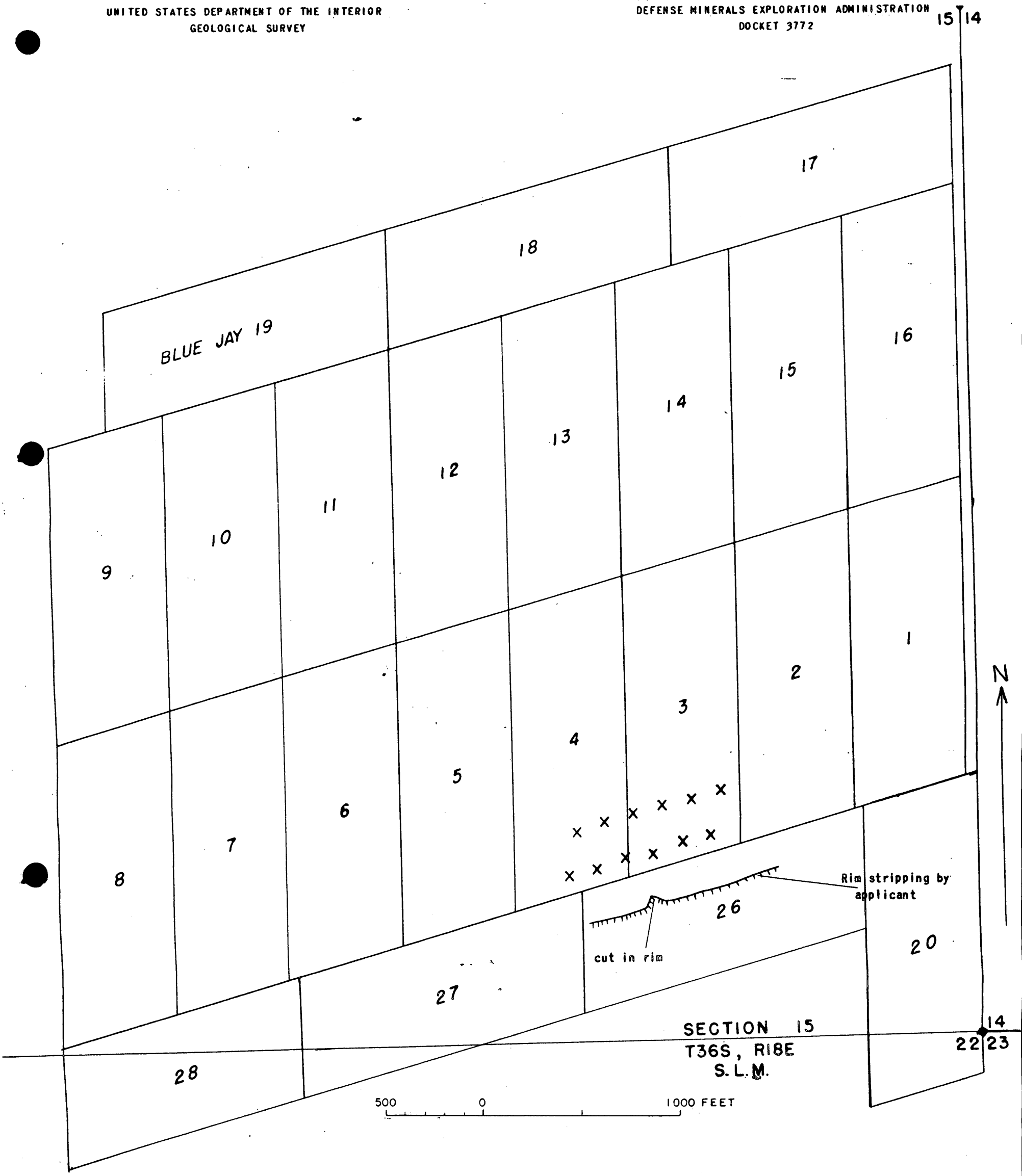


Figure 3. GEOLOGIC MAP SHOWING LOCATION OF BLUE JAY CLAIMS, BEARS EARS URANIUM COMPANY, ELK RIDGE AREA, SAN JUAN COUNTY, UTAH



EXPLANATION

X LOCATION OF PROPOSED STAGE I DRILL HOLE

Note: CLAIM BOUNDARIES FROM MAP BY APPLICANT

Figure 4. CLAIM MAP OF BLUE JAY CLAIMS, SHOWING LOCATION OF PROPOSED STAGE I DRILL HOLES, BEARS EARS URANIUM COMPANY, SAN JUAN COUNTY, UTAH

Division Copy

MF-200A
(Revised June 1954)

Docket No. DMEA 5120

Commodity Uranium

Contract No. Idm-E 924

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this MAR 5 1956 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] Oil Jeto Uranium Company, a Utah corporation, whose mailing address is c/o Max K. Mangum, 307 Utah Oil Building Salt Lake City 1, 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-200A), the attached Exhibit "A," Annex I, and map (Figure 2)

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of 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] Owner of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] Deed, [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: A 12.5% royalty claim by the partners of Bears Ears Uranium Company and the wife of each

(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 of the land (lessor, seller, optionor, etc.), are attached, as follows: Subordination Agreement of the holders of the claim listed above.

[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."

(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 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(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 June 1, 1956 shall commence the work, and on or before September 30, 1956 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

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) *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.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $10,892.00. The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $8,169.00: *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. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(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. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of 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. 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.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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 the unit costs thereof.

(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 7. *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 6) 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 thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

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

One and one-half (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 8. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 8 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 9. *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 10. *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 11. *Changes and added provisions.*—

Contin
Dwyer
Appd. Sol. OR
Ching
Ellis
Chambers
Selfridge

Executed in sextuplicate the day and year first above written.

OL JATO URANIUM COMPANY
(Operator)

By .....

.....

THE UNITED STATES OF AMERICA

By O. Mittendorf
Administrator, Defense Minerals
Exploration Administration

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

EXPLORATION PROJECT CONTRACT
OL JATO URANIUM COMPANY
DOCKET NO. DMSA-4120

Annex I

The land referred to in Article 2 of the Contract consists of all of the Blue Jay Claims Nos. 1 through 11, 20, 26, 27, and 28, and that part of the Blue Jay Claims Nos. 12, 13, 14, 15, 16, 18 and 19 which lie south of a line running east and west which line is 1500 feet south of the north boundary line of Section 15; all situated in secs. 15 and 22, T. 36 S., R. 18 E., S.L.M. & B., San Juan County, Utah. The claims are shown on the attached map entitled "Figure 2 - Map of Property and Exploration . . ." The notices of location are recorded at the County Courthouse in Monticello as follows:

Claim	Original Notices Book	Original Notices Page	Amended Notices Book	Amended Notices Page
Blue Jay 1	63	286	219	361
Blue Jay 2	63	287	219	361
Blue Jay 3	63	287	219	362
Blue Jay 4	63	288	219	362
Blue Jay 5	63	288	219	363
Blue Jay 6	63	289	219	363
Blue Jay 7	63	289	219	364
Blue Jay 8	63	289	219	364
Blue Jay 9	63	290	219	365
Blue Jay 10	63	291	219	365
Blue Jay 11	63	291	219	366
Blue Jay 12	63	292	219	366
Blue Jay 13	63	292	219	367
Blue Jay 14	63	293	219	367
Blue Jay 15	63	293	219	368
Blue Jay 16	63	294	219	368
Blue Jay 18	63	295	219	369
Blue Jay 19	63	295	219	370
Blue Jay 20	63	296	219	370
Blue Jay 26	193	343	219	373
Blue Jay 27	193	344		
Blue Jay 28	193	344		

EXPLORATION PROJECT CONTRACT
OL JATO URANIUM COMPANY
DOCKET NO. DMEA-4120

Exhibit "A"

Description of the Work

The work consists of exploration by core and non-core drilling.

The drill holes shall test the favorable Shinarump Conglomerate of Upper Triassic age. Drilling depths are expected to average approximately 200 feet. The first hole shall be drilled by non-core plug bit to a depth of 25 feet and then shall be core drilled for the remainder of its depth in order to establish the general limits of the Chinle and Shinarump formations and the first red mudstone of the Moenkopi formation. All remaining holes shall be drilled by non-core plug bit to the top of the potentially ore-bearing Shinarump Conglomerate and then shall be core drilled through the Shinarump formation to the first red mudstone in the Moenkopi formation. The minimum size of core drilling shall be AX.

All core and cuttings from the cored section of drill holes shall be split, and one-half shall be properly stored for the use of the Government. The Operator's portion of the core and cuttings shall be checked radiometrically for uranium, and samples indicating significant mineralization shall be analyzed chemically for uranium.

All drill holes shall be logged geologically and probed radiometrically, and the record of such logging and probing, together with certified copies of all assay certificates, shall be submitted with the Operator's monthly progress reports. The probing and other project work shall be done under the supervision of a competent geologist or mining engineer.

All holes shall be reamed and cased as necessary.

The work shall be done in two stages. The Operator shall perform Stage I, and shall perform as much of the second stage as the Government approves in writing in advance, based upon the results of Stage I.

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

Stage I

The work under this stage consists of the preparation of access roads and drill sites by a TD-18 bulldozer or equivalent unit,

and the drilling of 12 holes aggregating 2,400 feet, more or less. The positions of these holes are indicated on the attached map, Figure 2. There are two rows of six holes each paralleling the Shinarump rim, with the holes in the second row staggered with respect to those of the first row. The rows are 200 feet apart and the holes in each row are 150 feet apart. If the 12 holes require more than 2,400 feet to reach the desired horizon the additional footage may be transferred to Stage I and deducted from the footage described under Stage II.

Stage II

Stage II work consists of the preparation of access roads and drill sites by a TD-18 bulldozer or equivalent unit, and the drilling of a maximum of 12 holes aggregating not more than 2,400 feet as offsets to Stage I holes which show mineralization or strongly favorable geological criteria. The offset holes shall not be drilled closer than 75 feet from any previously drilled hole.

Estimated Cost of the Project

Fixed Unit Costs

Stage I

725 feet core drilling	@ $2.60/ft.	$1,885.00	
1,675 feet non-core drilling	@ $1.60/ft.	2,680.00	
2 bulldozer moves, on or off property	@ $37.50/move	75.00	
50 hours bulldozing	@ $12.00/hr.	600.00	
18 hours drill crew standby time	@ $10.00/hr.	180.00	
12 chemical sample analyses	@ $3.00/sample	36.00	$5,456.00

Stage II

600 feet core drilling	@ $2.60/ft.	$ 1,560.00	
1,800 feet non-core drilling	@ $1.60/ft.	2,880.00	
4 bulldozer moves, on or off property	@ $37.50/move	150.00	
50 hours bulldozing	@ $12.00/hr.	600.00	

DMEA
Date Rec'd

JUL 13 1955

BUREAU OF MINES
Denver, Colorado

TRANSMITTED
JUL 15 1955

Region III

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
July 8, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: John F. Shaw

Subject: DMEA 3772, (Uranium) Blue Jay claims, Bears Ears Uranium Company, San Juan County, Utah

Enclosed are the original and ten copies of a "Summary, Conclusions, and Recommendations" by W. P. Williams, geologist, and C. M. Harrer, mining engineer and the original and ten copies of an engineering report by C. M. Harrer covering docket DMEA 3772.

The Bears Ears Uranium Company applied for exploration assistance in the amount of $39,600.00 to explore the Blue Jay group of claims with 24 diamond drill holes totaling 7,200 feet and to strip the rim rock contact on their Blue Jay claims 27 and 28.

The field examination was made on May 18, 1955, by W. P. Williams of the Geological Survey and C. M. Harrer, mining engineer, Bureau of Mines.

The examining team concluded that the chance for making a significant discovery for uranium on the Blue Jay claims is good.

A revised exploration program was proposed, and it was agreed to by the applicant's representative. The revised program would consist of diamond drilling in two stages. Stage I would consist of 12 holes totaling 2,400 feet, and Stage II would consist of 12 holes totaling 2,400 feet. Stage II would be depended upon in result of Stage I and would require prior written approval of the DMEA Field Team.

It is recommended that a contract be prepared authorizing 24 diamond drill holes at a total cost of $11,069.25. The amount of Government participation would be $8,301.94.

John F. Shaw
Supervising Mining Engineer

Enclosures

cc 10
DMEA 3772
Chron

JFS/ph

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

DMEA 3772, Blue Jay Claims

Bears Ears Uranium Company

San Juan County, Utah

Uranium

W. P. Williams, Geologist
Geological Survey

C. M. Harrer, Mining Engineer
Bureau of Mines

June 29, 1955

DMEA 3772

BLUE JAY CLAIMS
BEARS EARS URANIUM COMPANY
SAN JUAN COUNTY, UTAH

Summary, Conclusions, and Recommendations

By W. P. Williams
Geologist
Geological Survey

C. M. Harrer
Mining Engineer
Bureau of Mines

TRANSMITTED
JUL 15 1955

DMEA 3772

BLUE JAY CLAIMS
BEARS EARS URANIUM COMPANY
SAN JUAN COUNTY, UTAH

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

By W. P. Williams and C. M. Harrer

Bears Ears Uranium Company, unincorporated, of Blanding and Monticello, Utah, has applied to the Defense Minerals Exploration Administration for assistance to explore their Blue Jay group of claims with 24 diamond drill holes totaling 7,200 feet and to strip the rim rock contact on their Blue Jay claims 27 and 28. Total cost of the project was estimated at $39,600.00.

Field investigation of the property was made on May 18, 1955, by representatives of the Geological Survey and Bureau of Mines. Clynn Young of Monticello, Utah, accompanied the examiners and represented the applicant.

The Blue Jay group consists of 23 unpatented lode claims in section 15, T. 36 S., R. 18 E., Salt Lake meridian, San Juan County, Utah.

Rocks exposed on and near the Blue Jay claims include the Cedar Mesa Sandstone member and the Organ Rock and Moenkopi tongues of the Cutler formation of Permian age, the Moenkopi formation of lower Triassic age, the Shinarump conglomerate of upper Triassic age, the lower part of the Chinle formation of upper Triassic age, and sandstone units within the lower Chinle formation of Triassic age.

The chance of making a significant discovery of uranium on the Blue Jay claims appears to be good since:

1. Favorable structure in the form of a channel in the Triassic Shinarump formation has been uncovered by the applicant's rim stripping.

2. The property lies along a trend formed by known uranium ore deposits.

3. The property is near the center of the belt of continuous Shinarump conglomerate which assures the presence of a thick and continuous host rock.

4. The property lies along a trend of known geo-botanical anomalies.

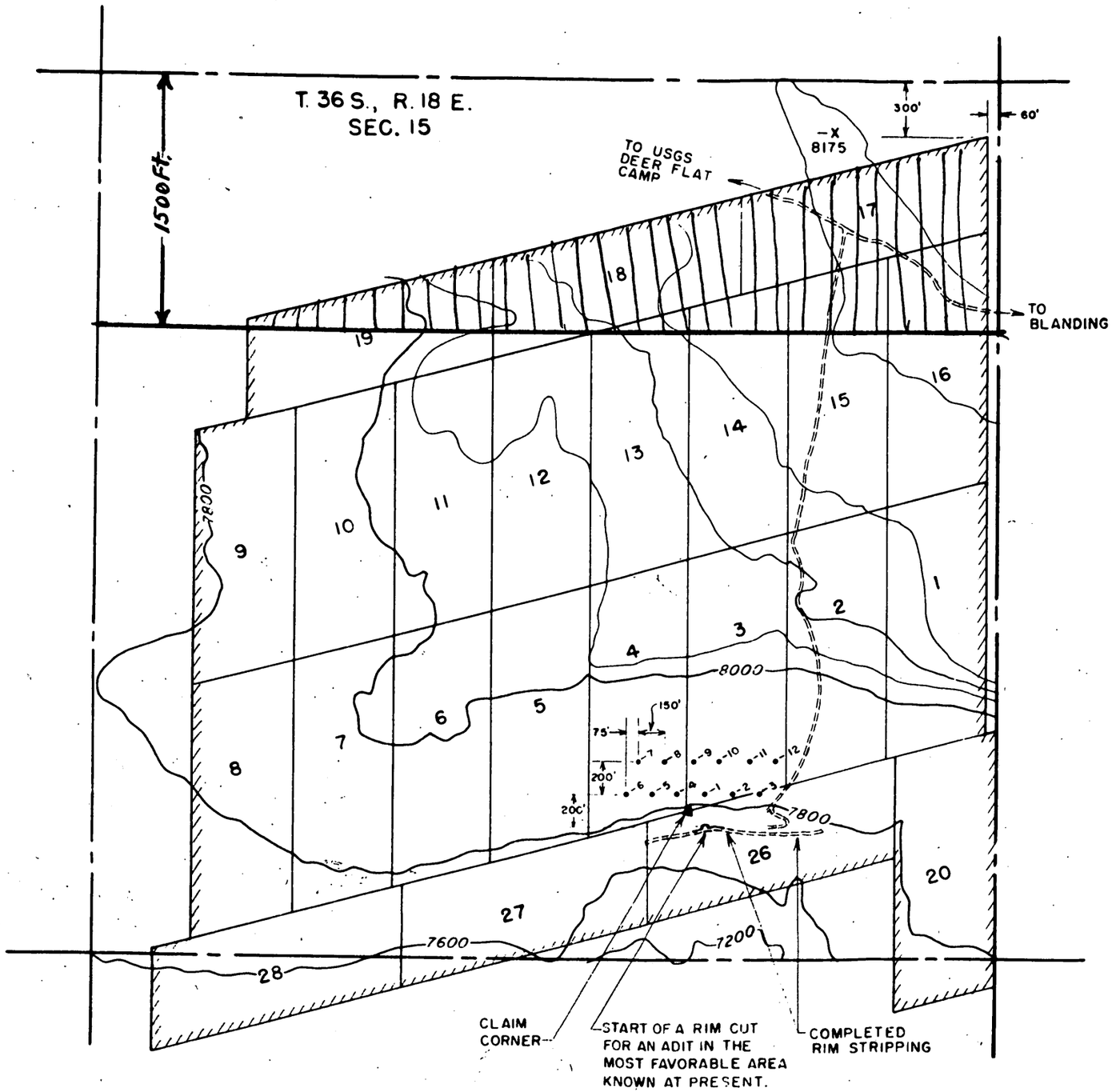
5. The rim rock outcrop of the channel gives high scintillometer readings at accumulations of carbonaceous material and green-gray mudstones which are favorable for the occurrence of uranium ore deposits.

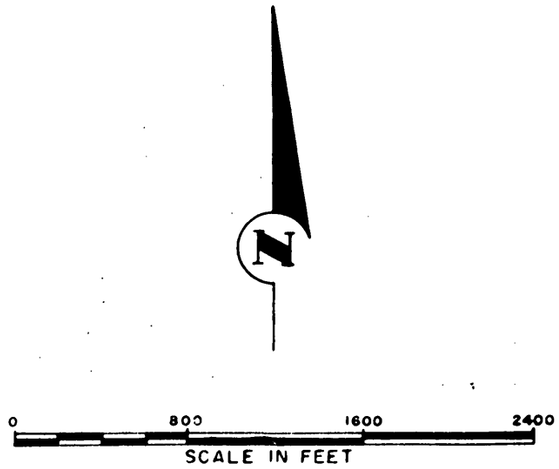
A two-stage exploration program consisting of 24 diamond drill holes totaling 4,800 feet is recommended for approval at an overall cost of $11,069.25. Stage I would consist of 12 holes totaling 2,400 feet as shown on figure 2 and would cost $5,592.25. Stage II would also consist of 12 holes totaling 2,400 feet which would be drilled around Stage I holes exhibiting uranium or favorable structure or to further explore the channel. It would cost $5,477.00.

Government participation in this exploration program would be 75 percent of $11,069.25 or $8,301.94.

Exploration costs have been estimated on the lowest of three bids submitted by the applicant. It should be noted that this bid by the Europa Exploration and Mining Corporation is exceptionally low and probably could not be duplicated if they were not on a nearby property.

18 hours drill crew standby time @ $10.00/hr.	$ 180.00	
22 chemical sample analyses @ $3.00/sample	66.00	$ 3,436.00
Estimated Total Cost of the Project		$10,892.00
Government Participation @ 75%		$ 8,169.00





LEGEND

- SECTION LINES
- BLUE JAY CLAIM LINE
- •-1 PROPOSED STAGE I DRILLING •-1 TO •-12
- 7800 CONTOURS
- ACCESS ROAD
- Land excluded from contract

FROM A MAP BY L. FIAEK, JULY 1954

FIGURE 2 – MAP OF PROPERTY AND EXPLORATION, [redacted], BLUE JAY CLAIMS, SAN JUAN COUNTY, UTAH. DMEA [redacted] 4120

Docket Copy

MF-200A
(Revised June 1954)

Docket No. DMEA 4120

Commodity Uranium

Contract No. Idm-E 924

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this MAR 5 1956 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] Oi Jato Uranium Company, a Utah corporation, whose mailing address is c/o Max K. Mangum, 307 Utah Oil Building Salt Lake City 1, 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-200A), the attached Exhibit "A," Annex I, and map (Figure 2)

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of 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] Owner of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] Deed, [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: a 12.5% royalty claim by the partners of Bears Ears Uranium Company and the wife of each

(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 of the land (lessor, seller, optionor, etc.), are attached, as follows: Subordination Agreement of the holders of the claim listed above.

[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."

16—70618-1

(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 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(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 June 1, 1956 shall commence the work, and on or before September 30, 1956 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

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) *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.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $10,892.00. The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $8,169.00: *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. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(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. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of 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. 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.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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 the unit costs thereof.

(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 7. *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 6) 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 thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

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

One and one-half (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 8. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 8 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 9. *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 10. *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 11. *Changes and added provisions.*—

Robin
Dwyer
"Appd. Sol. Off."
Chung
Ellis
Sapphire
Selfridge
Hyderson

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

OL JATO URANIUM COMPANY
(Operator)

By C O Mittendorf
Administrator, Defense Minerals
Exploration Administration

By .....

.....

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—70618-1

EXPLORATION PROJECT CONTRACT
OL JATO URANIUM COMPANY
DOCKET NO. DMEA-4120

Annex I

The land referred to in Article 2 of the Contract consists of all of the Blue Jay Claims Nos. 1 through 11, 20, 26, 27, and 28, and that part of the Blue Jay Claims Nos. 12, 13, 14, 15, 16, 18 and 19 which lie south of a line running east and west, which line is 1500 feet south of the north boundary line of Section 15; all situated in secs. 15 and 22, T. 36 S., R. 18 E., S.L.M. & B., San Juan County, Utah. The claims are shown on the attached map entitled "Figure 2 - Map of Property and Exploration . . ." The notices of location are recorded at the County Courthouse in Monticello as follows:

Claim	Original Notices Book	Original Notices Page	Amended Notices Book	Amended Notices Page
Blue Jay 1	63	286	219	361
Blue Jay 2	63	287	219	361
Blue Jay 3	63	287	219	362
Blue Jay 4	63	288	219	362
Blue Jay 5	63	288	219	363
Blue Jay 6	63	289	219	363
Blue Jay 7	63	289	219	364
Blue Jay 8	63	289	219	364
Blue Jay 9	63	290	219	365
Blue Jay 10	63	291	219	365
Blue Jay 11	63	291	219	366
Blue Jay 12	63	292	219	366
Blue Jay 13	63	292	219	367
Blue Jay 14	63	293	219	367
Blue Jay 15	63	293	219	368
Blue Jay 16	63	294	219	368
Blue Jay 18	63	295	219	369
Blue Jay 19	63	295	219	370
Blue Jay 20	63	296	219	370
Blue Jay 26	193	343	219	373
Blue Jay 27	193	344		
Blue Jay 28	193	344		

EXPLORATION PROJECT CONTRACT
OL JATO URANIUM COMPANY
DOCKET NO. DMEA-4120

Exhibit "A"

Description of the Work

The work consists of exploration by core and non-core drilling.

The drill holes shall test the favorable Shinarump Conglomerate of Upper Triassic age. Drilling depths are expected to average approximately 300 feet. The first hole shall be drilled by non-core plug bit to a depth of 25 feet and then shall be core drilled for the remainder of its depth in order to establish the general limits of the Chinle and Shinarump formations and the first red mudstone of the Moenkopi formation. All remaining holes shall be drilled by non-core plug bit to the top of the potentially ore-bearing Shinarump Conglomerate and then shall be core drilled through the Shinarump formation to the first red mudstone in the Moenkopi formation. The minimum size of core drilling shall be AX.

All core and cuttings from the cored section of drill holes shall be split, and one-half shall be properly stored for the use of the Government. The Operator's portion of the core and cuttings shall be checked radiometrically for uranium, and samples indicating significant mineralization shall be analyzed chemically for uranium.

All drill holes shall be logged geologically and probed radiometrically, and the record of such logging and probing, together with certified copies of all assay certificates, shall be submitted with the Operator's monthly progress reports. The probing and other project work shall be done under the supervision of a competent geologist or mining engineer.

All holes shall be reamed and cased as necessary.

The work shall be done in two stages. The Operator shall perform Stage I, and shall perform as much of the second stage as the Government approves in writing in advance, based upon the results of Stage I.

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

Stage I

The work under this stage consists of the preparation of access roads and drill sites by a TD-18 bulldozer or equivalent unit,

and the drilling of 12 holes aggregating 2,400 feet, more or less. The positions of these holes are indicated on the attached map, Figure 2. There are two rows of six holes each paralleling the Shinarump rim, with the holes in the second row staggered with respect to those of the first row. The rows are 200 feet apart and the holes in each row are 150 feet apart. If the 12 holes require more than 2,400 feet to reach the desired horizon the additional footage may be transferred to Stage I and deducted from the footage described under Stage II.

Stage II

Stage II work consists of the preparation of access roads and drill sites by a TD-18 bulldozer or equivalent unit, and the drilling of a maximum of 12 holes aggregating not more than 2,400 feet as offsets to Stage I holes which show mineralization or strongly favorable geological criteria. The offset holes shall not be drilled closer than 75 feet from any previously drilled hole.

Estimated Cost of the Project

Fixed Unit Costs

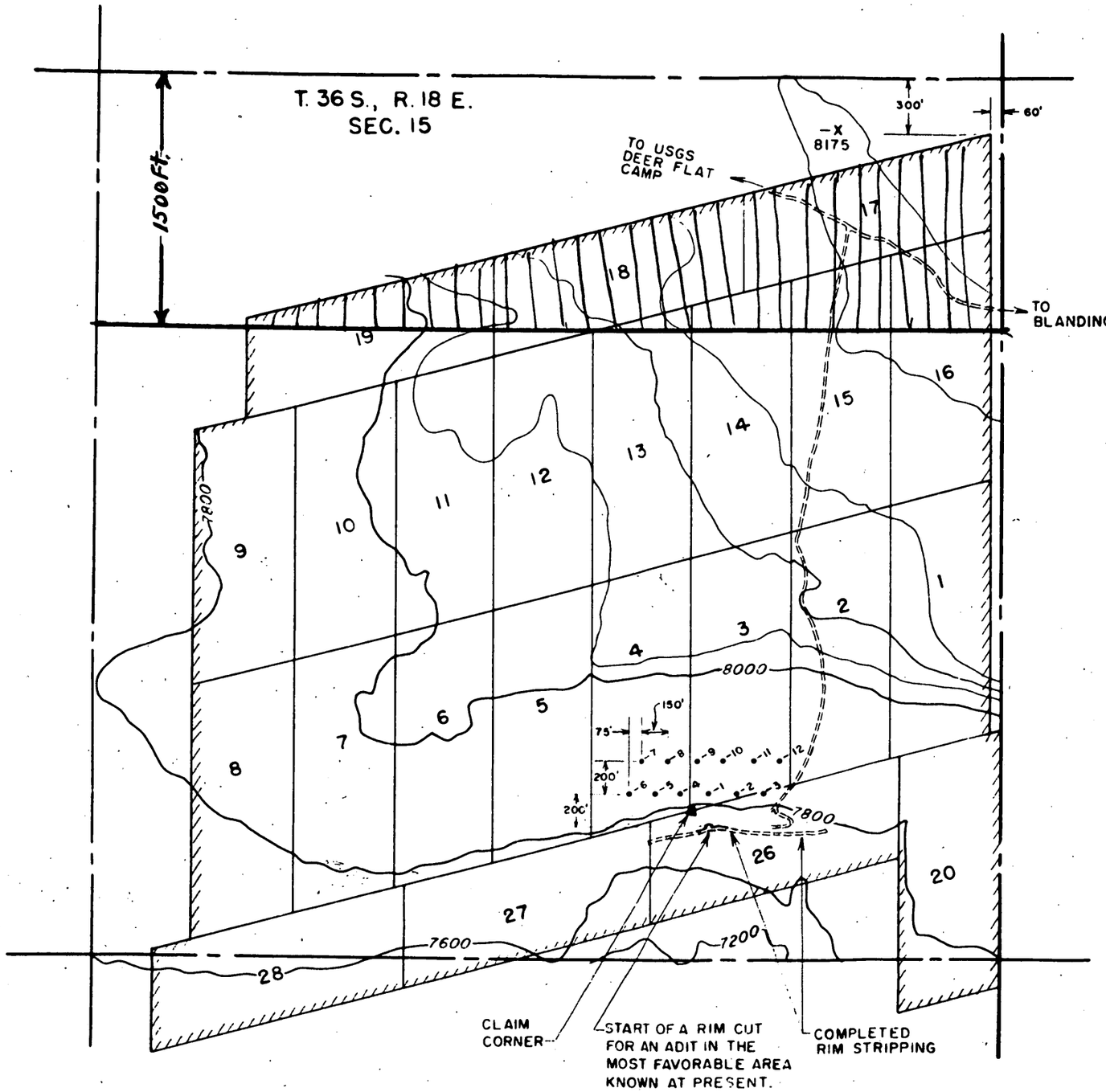
Stage I

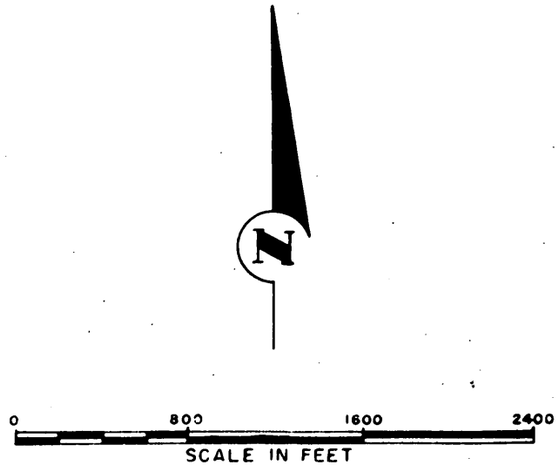
725 feet core drilling	@ $2.60/ft.	$1,885.00	
1,675 feet non-core drilling	@$1.60/ft.	2,680.00	
2 bulldozer moves, on or off property	@ $37.50/move	75.00	
50 hours bulldozing	@ $12.00/hr.	600.00	
18 hours drill crew standby time	@ $10.00/hr.	180.00	
12 chemical sample analyses	@ $3.00/sample	36.00	$5,456.00

Stage II

600 feet core drilling	@ $2.60/ft.	$ 1,560.00	
1,800 feet non-core drilling	@ $1.60/ft.	2,880.00	
4 bulldozer moves, on or off property	@ $37.50/move	150.00	
50 hours bulldozing	@ $12.00/hr.	600.00	

18 hours drill crew standby time @ $10.00/hr.	$ 180.00	
22 chemical sample analyses @ $3.00/sample	66.00	$ 5,436.00
Estimated Total Cost of the Project		$10,892.00
Government Participation @ 75%		$ 8,169.00





LEGEND

- SECTION LINES
- BLUE JAY CLAIM LINE
- •-1 PROPOSED STAGE I DRILLING •-1 TO •-12
- 7800 CONTOURS
- ACCESS ROAD
- Land excluded from contract

FROM A MAP BY L. FIAEK, JULY 1954

FIGURE 2 – MAP OF PROPERTY AND EXPLORATION, [redacted], BLUE JAY CLAIMS, SAN JUAN COUNTY, UTAH. DMEA [redacted] 4120

Operator Copy

MF-200A
(Revised June 1954)

Docket No. DMEA 4120

Commodity Uranium

Contract No. Idm-E 924

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

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16—70618-1

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(b) *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.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $10,892.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $8,169.00: *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. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(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. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of 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. 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.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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 the unit costs thereof.

(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 7. *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 6) 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 thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

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

One and one-half (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 8. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 8 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 9. *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 10. *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 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

OL JATO URANIUM COMPANY
(Operator)

By .....

.....

THE UNITED STATES OF AMERICA

By O. Mitchell Dow

Administrator, Defense Minerals
Exploration Administration

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

EXPLORATION PROJECT CONTRACT
OL JATO URANIUM COMPANY
DOCKET NO. DMRA-4120

Annex I

The land referred to in Article 2 of the Contract consists of all of the Blue Jay Claims Nos. 1 through 11, 20, 26, 27, and 28, and that part of the Blue Jay Claims Nos. 12, 13, 14, 15, 16, 18, and 19 which lie south of a line running east and west, which line is 1500 feet south of the north boundary line of Section 15; all situated in secs. 15 and 22, T. 36 S., R. 18 E., S.L.M. & B., San Juan County, Utah. The claims are shown on the attached map entitled "Figure 2 - Map of Property and Exploration . . ." The notices of location are recorded at the County Courthouse in Monticello as follows:

Claim	Original Notices Book	Original Notices Page	Amended Notices Book	Amended Notices Page
Blue Jay 1	63	286	219	361
Blue Jay 2	63	287	219	361
Blue Jay 3	63	287	219	362
Blue Jay 4	63	288	219	362
Blue Jay 5	63	288	219	363
Blue Jay 6	63	289	219	363
Blue Jay 7	63	289	219	364
Blue Jay 8	63	289	219	364
Blue Jay 9	63	290	219	365
Blue Jay 10	63	291	219	365
Blue Jay 11	63	292	219	366
Blue Jay 12	63	292	219	366
Blue Jay 13	63	292	219	367
Blue Jay 14	63	293	219	367
Blue Jay 15	63	293	219	368
Blue Jay 16	63	294	219	368
Blue Jay 18	63	295	219	369
Blue Jay 19	63	295	219	370
Blue Jay 20	63	296	219	370
Blue Jay 26	193	343	219	373
Blue Jay 27	193	344		
Blue Jay 28	193	344		

EXPLORATION PROJECT CONTRACT
OL JATO URANIUM COMPANY
DOCKET NO. DMSA-4120

Exhibit "A"

Description of the Work

The work consists of exploration by core and non-core drilling.

The drill holes shall test the favorable Shinarump Conglomerate of Upper Triassic age. Drilling depths are expected to average approximately 200 feet. The first hole shall be drilled by non-core plug bit to a depth of 25 feet and then shall be core drilled for the remainder of its depth in order to establish the general limits of the Chinle and Shinarump formations and the first red mudstone of the Moenkopi formation. All remaining holes shall be drilled by non-core plug bit to the top of the potentially ore-bearing Shinarump Conglomerate and then shall be core drilled through the Shinarump formation to the first red mudstone in the Moenkopi formation. The minimum size of core drilling shall be AX.

All core and cuttings from the cored section of drill holes shall be split, and one-half shall be properly stored for the use of the Government. The Operator's portion of the core and cuttings shall be checked radiometrically for uranium, and samples indicating significant mineralization shall be analyzed chemically for uranium.

All drill holes shall be logged geologically and probed radiometrically, and the record of such logging and probing, together with certified copies of all assay certificates, shall be submitted with the Operator's monthly progress reports. The probing and other project work shall be done under the supervision of a competent geologist or mining engineer.

All holes shall be reamed and cased as necessary.

The work shall be done in two stages. The Operator shall perform Stage I, and shall perform as much of the second stage as the Government approves in writing in advance, based upon the results of Stage I.

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

Stage I

The work under this stage consists of the preparation of access roads and drill sites by a TD-18 bulldozer or equivalent unit,

and the drilling of 12 holes aggregating 2,400 feet, more or less. The positions of these holes are indicated on the attached map, Figure 2. There are two rows of six holes each paralleling the Shinarump rim, with the holes in the second row staggered with respect to those of the first row. The rows are 200 feet apart and the holes in each row are 150 feet apart. If the 12 holes require more than 2,400 feet to reach the desired horizon the additional footage may be transferred to Stage I and deducted from the footage described under Stage II.

Stage II

Stage II work consists of the preparation of access roads and drill sites by a TD-18 bulldozer or equivalent unit, and the drilling of a maximum of 12 holes aggregating not more than 2,400 feet as offsets to Stage I holes which show mineralization or strongly favorable geological criteria. The offset holes shall not be drilled closer than 75 feet from any previously drilled hole.

Estimated Cost of the Project

Fixed Unit Costs

Stage I

725 feet core drilling	@ $2.60/ft.	$1,885.00	
1,675 feet non-core drilling	@ $1.60/ft.	2,680.00	
2 bulldozer moves, on or off property	@ $37.50/move	75.00	
50 hours bulldozing	@ $12.00/hr.	600.00	
18 hours drill crew standby time	@ $10.00/hr.	180.00	
12 chemical sample analyses	@ $3.00/sample	36.00	$5,456.00

Stage II

600 feet core drilling	@ $2.60/ft.	$ 1,560.00	
1,800 feet non-core drilling	@ $1.60/ft.	2,880.00	
4 bulldozer moves, on or off property	@ $37.50/move	150.00	
50 hours bulldozing	@ $12.00/hr.	600.00	

18 hours drill crew standby time @ $10.00/hr.	$ 180.00	
22 chemical sample analyses @ $3.00/sample	66.00	$ 5,436.00
Estimated Total Cost of the Project		$10,892.00
Government Participation @ 75%		$ 8,169.00

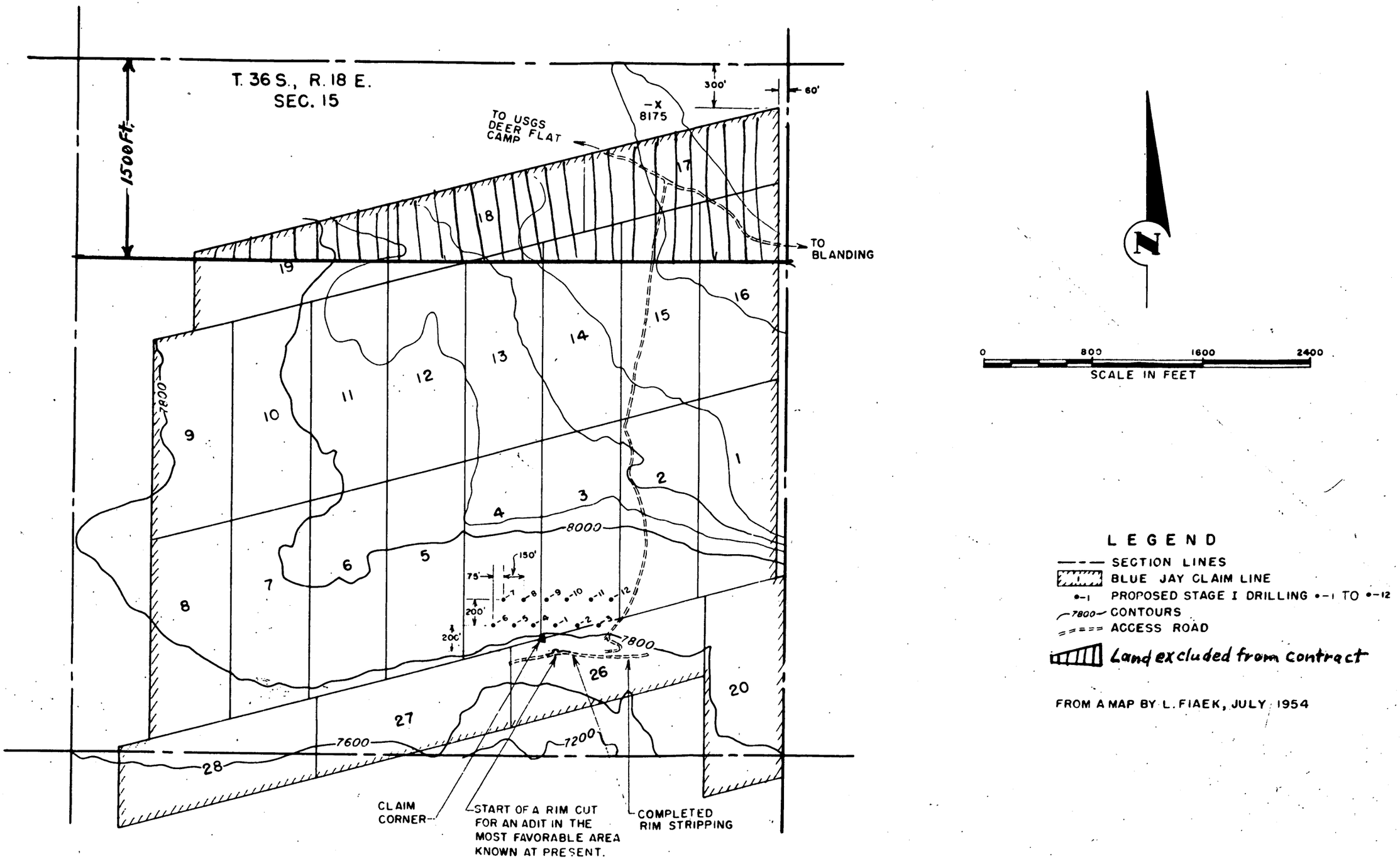

FIGURE 2 – MAP OF PROPERTY AND EXPLORATION, [redacted], BLUE JAY CLAIMS, SAN JUAN COUNTY, UTAH. DMEA [redacted] 4120

Finance Office Copy

MF-200A
(Revised June 1954)

Docket No. DMEA [illegible]

Commodity Uranium

Contract No. Idm-E 924

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this MAR 5 1956 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] Oil Jato Uranium Company, a Utah corporation, whose mailing address is c/o Max K. Mangum, 527 Utah Oil Building, Salt Lake City 2, 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-200A), the attached Exhibit "A," Annex I, and map (Figure 2)

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of 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] owner of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] Deed, [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: A 12.5% royalty claim by the partners of Keara Kare Uranium Company and the wife of each

(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 of the land (lessor, seller, optionor, etc.), are attached, as follows: Subordination Agreement of the holders of the claim listed above.

[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."

16—70618-1

(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 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(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 June 1, 1956 shall commence the work, and on or before September 30, 1956 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

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) *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.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $10,892.00. The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $8,169.00: *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. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(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. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of 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. 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.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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 the unit costs thereof.

(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 7. *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 6) 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 thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

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

One and one-half (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 8. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 8 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 9. *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.

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ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

OL JATO URANIUM COMPANY
(Operator)

By O P Mitchell

Administrator, Defense Minerals Exploration Administration

By .....

.....

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—70618-1

EXPLORATION PROJECT CONTRACT
OL JATO URANIUM COMPANY
DOCKET NO. DMMA-4120

Annex I

The land referred to in Article 2 of the Contract consists of all of the Blue Jay Claims Nos. 1 through 11, 20, 26, 27, and 28, and that part of the Blue Jay Claims Nos. 12, 13, 14, 15, 16, 18 and 19 which lie south of a line running east and west which line is 1500 feet south of the north boundary line of Section 15; all situated in secs. 15 and 22, T. 36 S., R. 18 E., S.L.M. & B., San Juan County, Utah. The claims are shown on the attached map entitled "Figure 2 - Map of Property and Exploration . . ." The notices of location are recorded at the County Courthouse in Monticello as follows:

Claim	Original Notices Book	Original Notices Page	Amended Notices Book	Amended Notices Page
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Blue Jay 27	193	344		
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EXPLORATION PROJECT CONTRACT
OL JATO URANIUM COMPANY
DOCKET NO. DMRA-4120

Exhibit "A"

Description of the Work

The work consists of exploration by core and non-core drilling.

The drill holes shall test the favorable Shinarump Conglomerate of Upper Triassic age. Drilling depths are expected to average approximately 200 feet. The first hole shall be drilled by non-core plug bit to a depth of 25 feet and then shall be core drilled for the remainder of its depth in order to establish the general limits of the Chinle and Shinarump formations and the first red mudstone of the Moenkopi formation. All remaining holes shall be drilled by non-core plug bit to the top of the potentially ore-bearing Shinarump Conglomerate and then shall be core drilled through the Shinarump formation to the first red mudstone in the Moenkopi formation. The minimum size of core drilling shall be AX.

All core and cuttings from the cored section of drill holes shall be split, and one-half shall be properly stored for the use of the Government. The Operator's portion of the core and cuttings shall be checked radiometrically for uranium, and samples indicating significant mineralization shall be analyzed chemically for uranium.

All drill holes shall be logged geologically and probed radiometrically, and the record of such logging and probing, together with certified copies of all assay certificates, shall be submitted with the Operator's monthly progress reports. The probing and other project work shall be done under the supervision of a competent geologist or mining engineer.

All holes shall be reamed and cased as necessary.

The work shall be done in two stages. The Operator shall perform Stage I, and shall perform as much of the second stage as the Government approves in writing in advance, based upon the results of Stage I.

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Stage I

The work under this stage consists of the preparation of access roads and drill sites by a TD-18 bulldozer or equivalent unit,

and the drilling of 12 holes aggregating 2,400 feet, more or less. The positions of these holes are indicated on the attached map, Figure 2. There are two rows of six holes each paralleling the Shinarump rim, with the holes in the second row staggered with respect to those of the first row. The rows are 200 feet apart and the holes in each row are 150 feet apart. If the 12 holes require more than 2,400 feet to reach the desired horizon the additional footage may be transferred to Stage I and deducted from the footage described under Stage II.

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Stage II work consists of the preparation of access roads and drill sites by a TD-18 bulldozer or equivalent unit, and the drilling of a maximum of 12 holes aggregating not more than 2,400 feet as offsets to Stage I holes which show mineralization or strongly favorable geological criteria. The offset holes shall not be drilled closer than 75 feet from any previously drilled hole.

Estimated Cost of the Project

Fixed Unit Costs

Stage I

725 feet core drilling	@ $2.60/ft.	$1,885.00	
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12 chemical sample analyses	@ $3.00/sample	36.00	$5,456.00

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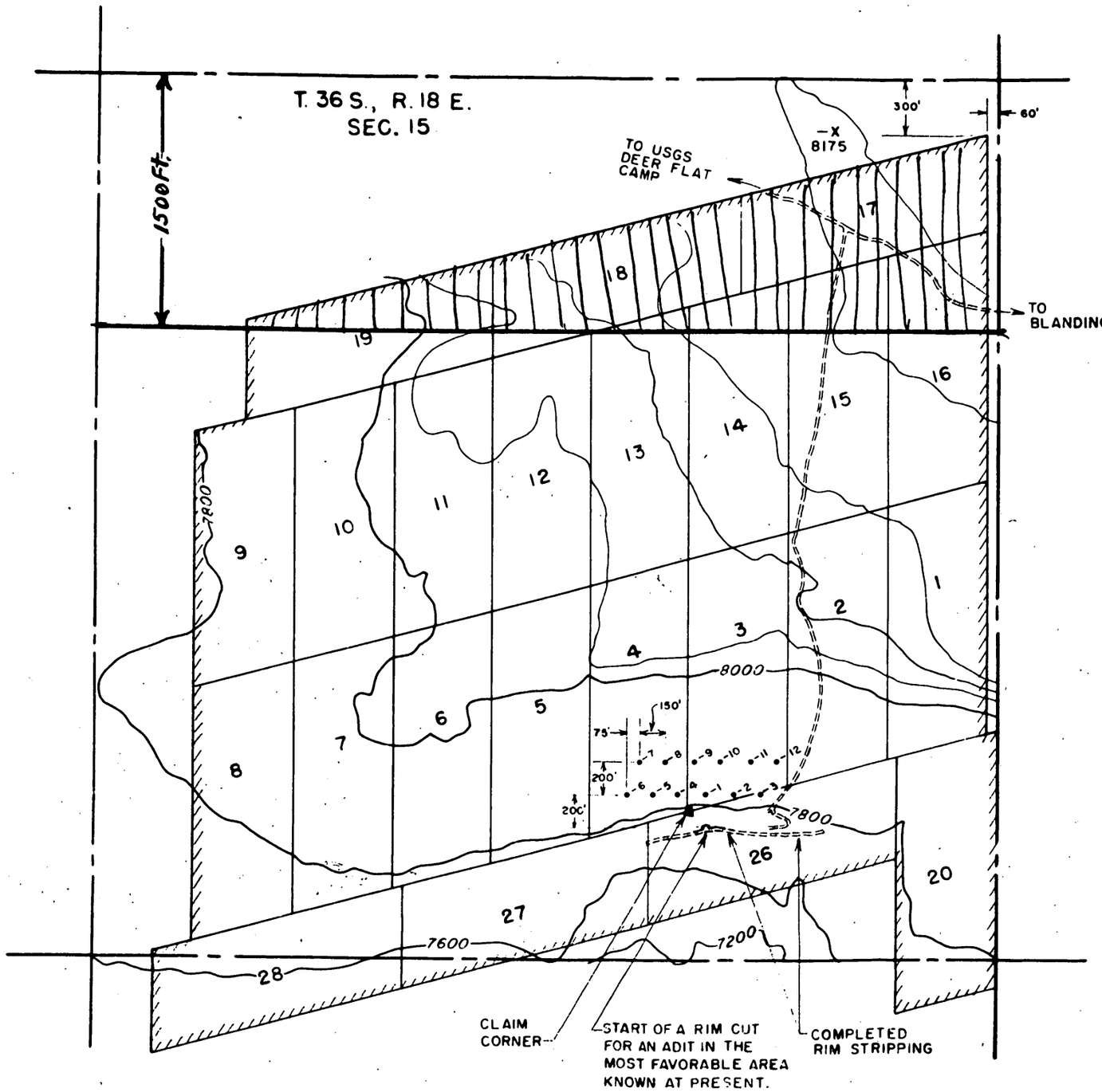
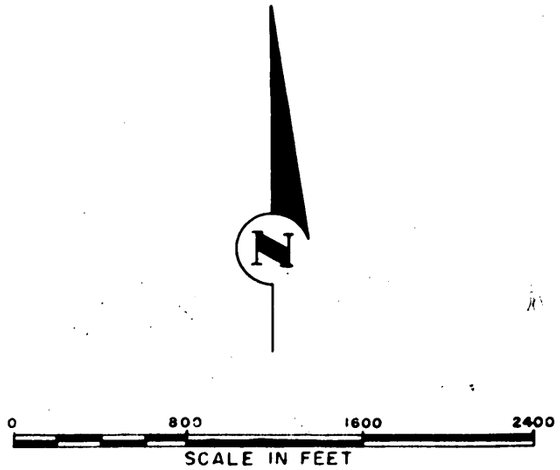
22 chemical sample analyses @ $3.00/sample	66.00	$ 5,436.00
Estimated Total Cost of the Project		$10,892.00
Government Participation @ 75%		$ 8,169.00





LEGEND

- SECTION LINES
- BLUE JAY CLAIM LINE
- •-1 PROPOSED STAGE I DRILLING •-1 TO •-12
- 7800 CONTOURS
- ACCESS ROAD
- Land excluded from contract

FROM A MAP BY L. FIAEK, JULY 1954

FIGURE 2 – MAP OF PROPERTY AND EXPLORATION, [redacted], BLUE JAY CLAIMS, SAN JUAN COUNTY, UTAH. DMEA [redacted] 4120

Field Office Copy

MAR 12 1956

BUREAU OF MINES
Denver, Colorado

MF-200A
(Revised June 1954)

Docket No. DMEA 4120

Commodity Uranium

Contract No. Idm-E 924

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this MAR 5 1956 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] Ol Jato Uranium Company, a Utah corporation, whose mailing address is c/o Max K. Mangum, 307 Utah Oil Building Salt Lake City 1, 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-200A), the attached Exhibit "A," Annex I, and map (Figure 2)

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of 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] Owner of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] Deed, [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: A 12.5% royalty claim by the partners of Bears Ears Uranium Company and the wife of each

(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 of the land (lessor, seller, optionor, etc.), are attached, as follows: Subordination Agreement of the holders of the claim listed above.

[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."

16—79618-1

(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 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(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 June 1, 1956 shall commence the work, and on or before September 30, 1956 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

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) *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.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $10,892.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $8,169.00: *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. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(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. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of 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. 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.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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 the unit costs thereof.

(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 7. *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 6) 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 thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

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

One and one-half (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.

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Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

OL JATO URANIUM COMPANY
(Operator)

By C O Mitchenor
Administrator, Defense Minerals
Exploration Administration

By .....

.....

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—70618-1

EXPLORATION PROJECT CONTRACT
OL JATO URANIUM COMPANY
DOCKET NO. DMEA-4120

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EXPLORATION PROJECT CONTRACT
OL JATO URANIUM COMPANY
DOCKET NO. EMKA-4120

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Estimated Cost of the Project

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22 chemical sample analyses @ $3.00/sample		66.00	$ 5,436.00
Estimated Total Cost of the Project			$10,872.00
Government Participation @ 75%			$ 8,169.00

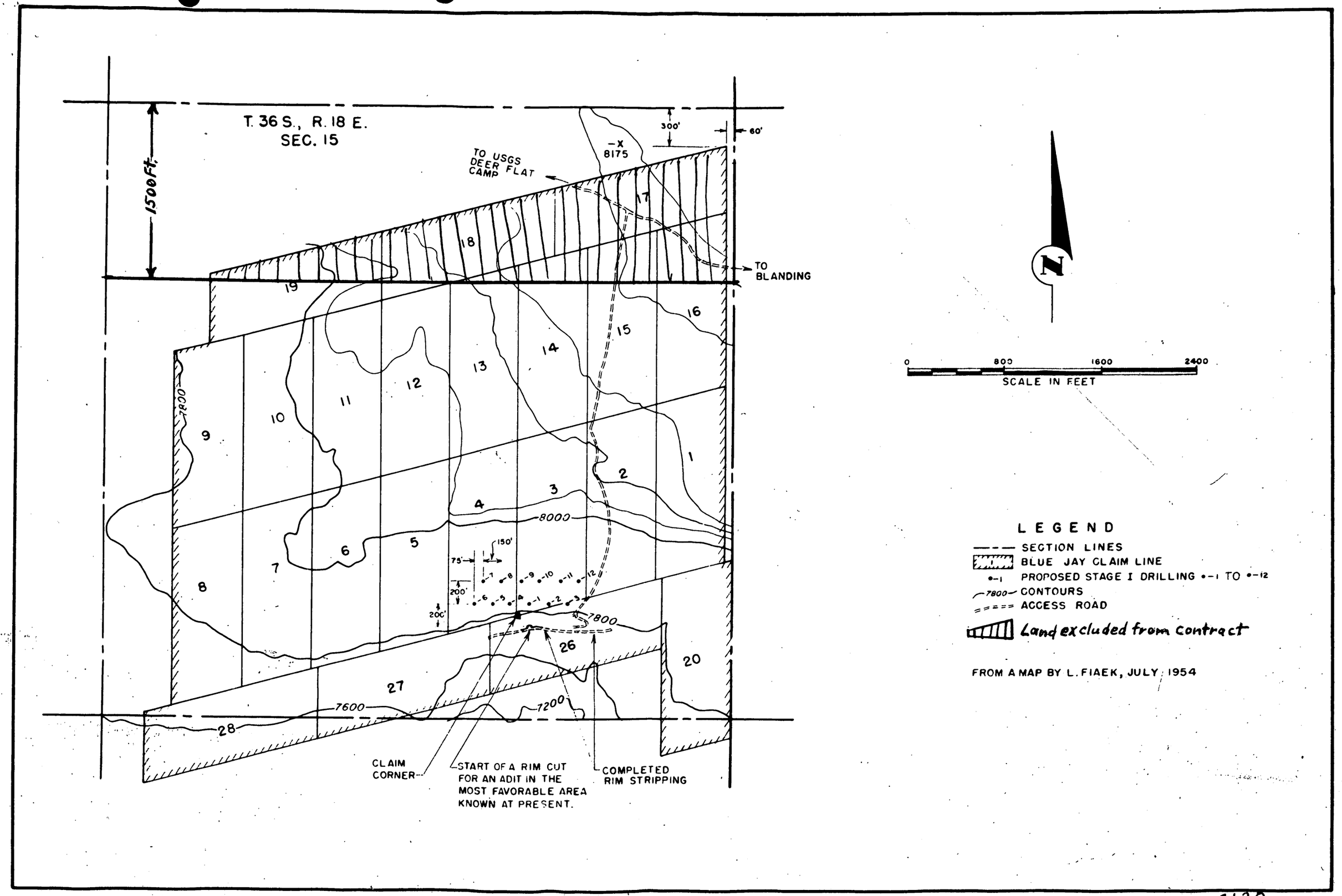

FIGURE 2 – MAP OF PROPERTY AND EXPLORATION, [redacted], BLUE JAY CLAIMS, SAN JUAN COUNTY, UTAH. DMEA [redacted] 4120

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 8-27-56

REFERRED TO:

1. ~~Operating Com., Rm. 4459~~
2. ~~Mr. Johnson, Rm. 4460~~
3. ~~Mr. Mittendorf, Rm. 4459~~
4. ~~Mr. Dakan, Rm. 4456~~
5. Mails & Files, Rm. 4450

DMEA-4120
proposed contract
Idm-E924

Attn: Catherine Curtin

FOR:

	Action		Recommendation
	Approval		Record
	Comment		of
	Conference		Referring
	Consideration		to
	Filing		Reply for signa-
	Instructions		ture of
X	Investigation		Rewriting
X	Initials	X	Signature
	Mailing		Suggestions
	Previous correspondence		Your information

REMARKS:
Proposed contract Idm-E924, dated March 5, 1956, requested to be returned from Region III, unsigned by Applicant. Docket closed by withdrawal.

Check (X) before the items needing attention.

Ernest Wm. Ellis

gla *Initials of sender.*

GPO 16—63815-1

Extra Copy

MF-200A
(Revised June 1954)

Docket No. DMEA [redacted]

Commodity [redacted]

Contract No. Idm-E S24

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this MAR 5 1956 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] Oil Jato Uranium Company, a Utah corporation, whose mailing address is c/o Max L. Maugan, 307 Utah Oil Building, Salt Lake City 1, 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-200A), the attached Exhibit "A," Annex I, and [redacted] (Figure 2)

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of 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] Owner of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] 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: [redacted]

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

[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."

16—70618-1

(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 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of [redacted] The work to be performed is described in Exhibit "A." The Operator on or before [redacted] shall commence the work, and on or before [redacted] (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

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) *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.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $[redacted] The Government will contribute [redacted] percent of the fixed unit costs as work is performed, in a total sum not in excess of $[redacted]: *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. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(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. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of 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. 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.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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 the unit costs thereof.

(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 7. *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 6) 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 thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

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

One and one-half (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 8. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 8 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 9. *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 10. *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 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

OL JATO URANIUM COMPANY
(Operator)

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

By .....

.....

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—70618-1

EXPLORATION PROJECT CONTRACT
OL JATO URANIUM COMPANY
DOCKET NO. DMEA-4180

Annex I

The land referred to in Article 2 of the Contract consists of all of the Blue Jay Claims Nos. 1 through 11, 20, 26, 27, and 28, and that part of the Blue Jay Claims Nos. 12, 13, 14, 15, 16, 18 and 19 which lie south of a line running east and west, which line is 1500 feet south of the north boundary line of Section 15, all situated in secs. 15 and 22, T. 36 S., R. 18 E., S.L.M. & B., San Juan County, Utah. The claims are shown on the attached map entitled "Figure 2.- Map of Property and Exploration . . ." The notices of location are recorded at the County Courthouse in Monticello as follows:

Claim	Original Notices Book	Original Notices Page	Amended Notices Book	Amended Notices Page
Blue Jay 1	63	286	219	361
Blue Jay 2	63	287	219	361
Blue Jay 3	63	287	219	362
Blue Jay 4	63	288	219	362
Blue Jay 5	63	288	219	363
Blue Jay 6	63	289	219	363
Blue Jay 7	63	289	219	364
Blue Jay 8	63	289	219	364
Blue Jay 9	63	290	219	365
Blue Jay 10	63	291	219	365
Blue Jay 11	63	292	219	366
Blue Jay 12	63	292	219	366
Blue Jay 13	63	292	219	367
Blue Jay 14	63	293	219	367
Blue Jay 15	63	293	219	368
Blue Jay 16	63	294	219	368
Blue Jay 18	63	295	219	369
Blue Jay 19	63	295	219	370
Blue Jay 20	63	296	219	370
Blue Jay 26	193	343	219	373
Blue Jay 27	193	344		
Blue Jay 28	193	344		

EXPLORATION PROJECT CONTRACT
OL JATO URANIUM COMPANY
DOCKET NO. DMRA-4120

Exhibit "A"

Description of the Work

The work consists of exploration by core and non-core drilling.

The drill holes shall test the favorable Shinarump Conglomerate of Upper Triassic age. Drilling depths are expected to average approximately 200 feet. The first hole shall be drilled by non-core plug bit to a depth of 25 feet and then shall be core drilled for the remainder of its depth in order to establish the general limits of the Chinle and Shinarump formations and the first red mudstone of the Moenkopi formation. All remaining holes shall be drilled by non-core plug bit to the top of the potentially ore-bearing Shinarump Conglomerate and then shall be core drilled through the Shinarump formation to the first red mudstone in the Moenkopi formation. The minimum size of core drilling shall be AX.

All core and cuttings from the cored section of drill holes shall be split, and one-half shall be properly stored for the use of the Government. The Operator's portion of the core and cuttings shall be checked radiometrically for uranium, and samples indicating significant mineralization shall be analyzed chemically for uranium.

All drill holes shall be logged geologically and probed radiometrically, and the record of such logging and probing, together with certified copies of all assay certificates, shall be submitted with the Operator's monthly progress reports. The probing and other project work shall be done under the supervision of a competent geologist or mining engineer.

All holes shall be reamed and cased as necessary.

The work shall be done in two stages. The Operator shall perform Stage I, and shall perform as much of the second stage as the Government approves in writing in advance, based upon the results of Stage I.

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

Stage I

The work under this stage consists of the preparation of access roads and drill sites by a TD-18 bulldozer or equivalent unit,

and the drilling of 12 holes aggregating 2,400 feet, more or less. The positions of these holes are indicated on the attached map, Figure 2. There are two rows of six holes each paralleling the Shimarump rim, with the holes in the second row staggered with respect to those of the first row. The rows are 200 feet apart and the holes in each row are 150 feet apart. If the 12 holes require more than 2,400 feet to reach the desired horizon the additional footage may be transferred to Stage I and deducted from the footage described under Stage II.

Stage II

Stage II work consists of the preparation of access roads and drill sites by a TD-18 bulldozer or equivalent unit, and the drilling of a maximum of 12 holes aggregating not more than 2,400 feet as offsets to Stage I holes which show mineralization or strongly favorable geological criteria. The offset holes shall not be drilled closer than 75 feet from any previously drilled hole.

Estimated Cost of the Project

Fixed Unit Costs

Stage I

725 feet core drilling	@ $2.60/ft.	$1,885.00	
1,675 feet non-core drilling	@ $1.60/ft.	2,680.00	
2 bulldozer moves, on or off property	@ $37.50/move	75.00	
50 hours bulldozing	@ $12.00/hr.	600.00	
18 hours drill crew standby time	@ $10.00/hr.	180.00	
12 chemical sample analyses	@ $3.00/sample	36.00	$5,456.00

Stage II

600 feet core drilling	@ $2.60/ft.	$ 1,560.00	
1,800 feet non-core drilling	@ $1.60/ft.	2,880.00	
4 bulldozer moves, on or off property	@ $37.50/move	150.00	
50 hours bulldozing	@ $12.00/hr.	600.00	

18 hours drill crew standby time @ $10.00/hr.	$ 180.00		
22 chemical sample analyses @ $3.00/sample		66.00	$ 5,436.00
Estimated Total Cost of the Project			$10,888.00
Government Participation @ 75%			$ 8,169.00

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
9-5	Ching	700
9-5	Ellis	700
"	Johnson	110
		~~100~~
9/6	P	220
		225

SEP 6 1957

Mr. Calvin Black
C & W Black Mining Co.
Box 569
Monticello, Utah

Re: Docket Nos. DMEA-3772 and DMEA-4120 (Uranium)
Blue Jay Claims
San Juan County, Colorado

Dear Mr. Black:

Reference is made to your letter of August 28, 1957, regarding the reopening of an old application or the submission of a new one covering the subject claims.

As you may know, our experience with this property has been very unsatisfactory in the past. Under Docket No. DMEA-3772, a contract was offered the Bears Ears Uranium Company, which at the last moment, sold the claims to you and rejected the proffered contract. You, in turn, conveyed the claims to the Ol Jato Uranium Company. The latter company then submitted a new application under Docket No. DMEA-4120. A new contract was then drawn up and forwarded to our Field Team at Denver pending receipt of a Subordination Agreement or Performance Bond in lieu thereof. A number of months passed, but the required documents were not submitted, despite repeated correspondence from our Field Team, and finally the application was considered withdrawn.

We have detailed our experience with this property because of the unusual difficulties that invariably have arisen during the processing of an application connected with it. While we have no objection to your making a new application, we wish to make the following inquiries:

1. Is it the intention of the C & W Black Mining Company to pursue the application and any exploration contract that might result from it to its final conclusion?

2. Will the C & W Black Mining Company be able to secure executed Consent to Lien and Subordination Agreement forms from all parties holding title to the land or liens or claims against it?

8623

In making out a new application, it will be necessary that you submit all the necessary legal documents showing your right to possession in the land and all royalty and other claimants against it. It is important that you submit a map showing the new drifting completed and a complete description of the results of this work, including assay certificates, if any. Four copies of all documents are required.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

MChing/izm 9-5-57
cc to: Mr. Ching
Admr.'s Reading File
THKiilsgaard, 5224
DMEA FT Reg. 3 (20 w/2 cc's of incoming letter
Docket DMEA-3772
Docket DMEA-4120

Surname copy

ching (all)
Ellis

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

August 27, 1956

Memorandum

To: The Administrator

From: Ernest Wm. Ellis, Chief
Rare and Miscellaneous Metals Division

Subject: Docket No. DMEA-4120 (Uranium)
Ol Jato Uranium Company
Blue Jay Claims
San Juan County, Utah

JUSTIFICATION FOR CLOSING DOCKET
AND WITHDRAWING PROPOSED AMENDMENT
NO. IDM-E924, DATED MARCH 5, 1956

For the reasons outlined below, this Division recommends that the subject proposed contract should be recalled from Region III and the docket closed on our records:

1. Originally, the application was filed under Docket DMEA-3772, Bears Ears Uranium Company, dated February 15, 1955. It was docketed in Washington on April 14, 1955.

2. Following a field examination on May 18, 1955, a joint report, dated June 29, 1955, was transmitted to Washington with the Field Team's memorandum, dated July 15, 1955, recommending a 2-stage exploration project at a total cost of $11,069.25. A proposed contract, assigned No. IDM-E856, was drawn and sent to Region III on August 18, 1955, for the signature of the Operator.

3. On November 10, 1955, Mr. Townsend returned the Operator's unsigned copy (Operator claimed to have lost all the other copies that were forwarded), and data relative to transferring the proposed contract from Bears Ears Uranium Co. to Ol Jato Uranium Co.

4. The Supplemental Application filed by the Ol Jato Uranium Company, dated December 27, 1956, was docketed in Washington on January 9, 1956.

Mr. Ching, on February 21, 1956, requested the Legal Division to rewrite the contract under Ol Jato Uranium Company, stating that the subordination agreement was being secured by the Field Team (see Mr. Traver's memo

700

Chairman, Operating Committee, DMEA

8/28/56

BUR MINES DN 235 8-27-56 4-30 PM

CHAIRMAN, OPERATING COMMITTEE, DMEA

RE DOCKET DMEA 4120, 01 JATO URANIUM COMPANY, ADMINISTRATOR S LETTER TO APPLICANT DATED JULY 26,1956. HAVE EXXX HEARD NOHXXX NOTHING FROM APPLICANT. RECOMMEND THAT MATTER BE PLACED IN CLXX CLOSED FILES. PLEASE ADVISE IF WE SHOULD FORWARD ALL COPIES OF CONTRACT.

W M TRAVER

Ltr. to Traver & Ap. mailed 8/29/56

RECEIVED
AUG 27 1956

Denver, Colorado

AUG 28 8 08 AM '56

BUREAU OF MINES

WASHINGTON D. C.

c o p ie s

Monticello, Utah
August 28, 1957

C. O. Mittendaif, Administrator
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D.C.

Re: DMEA Docket No. 3772 (4120)
Blue Jay Claims

Dear Sir:

Over two years ago the application for assistance for mineral exploration referred to above was initiated under Bears Ears Uranium Company, by my associates and me. I went into the Military Service shortly thereafter and we sold the property to Oljato Uranium Company of which I am an officer. Oljato, from what I can find out pursued the application almost to completion and then did not finish it.

I was in Grand Junction, Colorado recently and talked to your representative, Mr. Hasler about negotiating another loan on this same property. He suggested I write to you and see if we could reopen the old application or if we should submit a new one.

We have leased the Blue Jay Claims from Oljato and would like to either reopen the a old application or submit a new one. There will be some amendments to the old one we would like to make if it is used, because of further work done on this property, consisting of drifting 100 feet in the channel. This work was completed in June of this year.

Please advise as to what would be the best procedure at your earliest convenience.

Very truly yours,

/s/ Clavin Black
C & W BLACK MINING COMPANY

Surname copy

Ching (aus) 700
Ellis
Selfridge
Lamb
Williams

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

Mr. O. W. Bunker, President
Oil Jato Uranium Company
114 Atlas Building
Salt Lake City 1, Utah

AUG 29 1956

Re: Docket No. DMEA-4120 (Uranium)
Blue Jay Claims
San Juan County, Utah

Dear Mr. Bunker:

Reference is made to your communication of August 1, 1956, in response to our inquiry to Mr. Max K. Mangum under date of July 26. It is noted that you are endeavoring to interest new capital in exploring the subject property and, if successful, you expect to file a new application or an amendment to the subject application. You requested that we bear with you until you can effect your new working agreement.

We wish to cooperate with you fully in allowing ample time to supply the requested information; however, we cannot indefinitely postpone action on an application. Inasmuch as any new application would be assigned a new docket number, and due to the period of time the proposed contract under the subject docket number has been held in abeyance, it is considered administratively expedient to request our Regional Office at Denver to return the proposed contract to this office. We are, therefore, considering your application as having been withdrawn and are placing the subject docket in our inactive files.

We regret the necessity of taking such action, however, it is taken without prejudice to your proposed project. If at some future time you desire to reopen this case, you may do so by filing a new application, referring to the subject application by the DMEA docket number, and furnishing the information previously requested, together with any other information that you think might be helpful.

Sincerely yours,

SIGNED

ACTING Administrator

cc to: Max K. Mangum
307 Utah Oil Building
Salt Lake City, Utah

EWEllis/gla 8-27-56
cc to: Admr.'sReading File
Docket
Messrs. JECrawford, Rm. 3641
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA
Code 700, Mr. Ching
DMEA Field Team, Region III (2)

January 5, 1956).

By memorandum dated February 29, 1956, Mr. Adams was requested to cancel proposed Contract Idm-E856, Docket No. DMEA-3772, Bears Ears Uranium Company, simultaneously with the numbering of the proposed contract in Docket DMEA-4120, Oil Jate Uranium Company. The latter proposed contract was numbered Idm-E924.

5. The new proposed contract was forwarded to Mr. Traver on March 5, 1956, with the proviso that Region III should obtain the subordination agreement, for the signature of the Operator.

6. Since the above date there are numerous communications between Mr. Traver, Mr. Mangum, and this office regarding failure to obtain the subordination agreement. On April 30, Mr. Traver inquired of this office whether a performance bond would be acceptable in lieu of a subordination agreement, and on May 1 he was advised that a performance bond would be acceptable. Mr. Townsend's letter of May 24 to Mr. Mangum indicates that no further information was supplied to the Denver Office regarding the performance bond.

7. As in the case of Docket No. DMEA-3772, Bears Ears Uranium Company, and the instant docket -- if Mr. Bunker files either an amendment to this application (perhaps a supplement as they did in DMEA-4120) or a new application, a new docket number would result.

Ernest Wm. Ellis

Ernest Wm. Ellis

EWEllis/gla
8-27-56
cc to: Docket
Code 700
Mr. Ching

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

August 27, 1956

Memorandum

To: The Administrator

From: Ernest Wm. Ellis, Chief
Rare and Miscellaneous Metals Division

Subject: Docket No. DMEA-4120 (Uranium)
Ol Jato Uranium Company
Blue Jay Claims
San Juan County, Utah

JUSTIFICATION FOR CLOSING DOCKET
AND WITHDRAWING PROPOSED AMENDMENT
NO. IDM-E924, DATED MARCH 5, 1956

For the reasons outlined below, this Division recommends that the subject proposed contract should be recalled from Region III and the docket closed on our records:

1. Originally, the application was filed under Docket DMEA-3772, Bears Ears Uranium Company, dated February 15, 1955. It was docketed in Washington on April 14, 1955.

2. Following a field examination on May 18, 1955, a joint report, dated June 29, 1955, was transmitted to Washington with the Field Team's memorandum, dated July 15, 1955, recommending a 2-stage exploration project at a total cost of $11,069.25. A proposed contract, assigned No. Idm-E856, was drawn and sent to Region III on August 18, 1955, for the signature of the Operator.

3. On November 10, 1955, Mr. Townsend returned the Operator's unsigned copy (Operator claimed to have lost all the other copies that were forwarded), and data relative to transferring the proposed contract from Bears Ears Uranium Co. to Ol Jato Uranium Co.

4. The Supplemental Application filed by the Ol Jato Uranium Company, dated December 27, 1956, was docketed in Washington on January 9, 1956.

   Mr. Ching, on February 21, 1956, requested the Legal Division to rewrite the contract under Ol Jato Uranium Company, stating that the subordination agreementwas being secured by the Field Team (see Mr. Traver's memo

January 5, 1956).

By memorandum dated February 29, 1956, Mr. Adams was requested to cancel proposed Contract Idm-E856, Docket No. DMEA-3772, Bears Ears Uranium Company, simultaneously with the numbering of the proposed contract in Docket DMEA-4120, Ol Jato Uranium Company. The latter proposed contract was numbered Idm-E924.

5. The new proposed contract was forwarded to Mr. Traver on March 5, 1956, with the proviso that Region III should obtain the subordination agreement, for the signature of the Operator.

6. Since the above date there are numerous communications between Mr. Traver, Mr.Mangum, and this office regarding failure to obtain the subordination agreement. On April 30, Mr. Traver inquired of this office whether a performance bond would be acceptable in lieu of a subordination agreement, and on May 1 he was advised that a performance bond would be acceptable. Mr. Townsend's letter of May 24 to Mr. Mangum indicates that no further information was supplied to the Denver Office regarding the performance bond.

7. As in the case of Docket No. DMEA-3772, Bears Ears Uranium Company, and the instant docket -- if Mr. Bunker files either an amendment to this application (perhaps a supplement as they did in DMEA-4120) or a new application, a new docket number would result.

Ernest Wm. Ellis

Ernest Wm. Ellis

8/6/56 gla

Ol Jato Uranium Company

RECEIVED
AUG - 6 1956

114 ATLAS BUILDING
SALT LAKE CITY 1, UTAH

August 1st, 1956

United States Department of the Interior
Defense Minerals Exploration Administration
Washington, 25, D.C.

Re: Docket #DMEA 4120 (Uranium)
Blue Jay Claims
San Juan County, Utah

Gentlemen:

We have had difficulities in obtaining the subordination agreements signed in the matter of the above DMEA loan application but we are now contacting new private venture capital and expect to be able to file a new application or an amendment to the present application at an early date and ask that you please bear with us until we can effect our new working agreement.

We are assured that subordination agreements can now be secured forthwith under the new arrangement.

Very truly yours,

O. W. Bunker
President - Ol Jato Uranium Co.

OWB:j

c/c Radio Geophysical
Austin, Texas

Max Mangum
307 Utah Oil Bldg.
Salt Lake City, Utah

700

Ching
Jlkmung

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

JUL 23 1956

Oil Jato Uranium Company
c/o Max K. Mangum
307 Utah Oil Building
Salt Lake City 1, Utah

Re: Docket No. DMEA-4120 (Uranium)
Blue Jay Claims
San Juan County, Utah

Gentlemen:

A proposed exploration contract covering the subject property has been held by our Field Team at Denver since early March pending receipt from you of a Subordination Agreement or Performance Bond in lieu thereof.

We have been advised by the Field Team Executive Officer that several inquiries have been made concerning your intentions without satisfactory results.

We wish to cooperate with you in the matter of allowing ample time, but if the needed document has not been received by our Field Team within thirty days from the date of this letter, we will then cancel further action on the proposed contract and consider the subject docket closed.

Sincerely yours,

C. O. Mittendorf

Administrator

MChing/izm 7-25-56
cc to: Docket
Code 700
Mr. Ching
Admr.'s Reading File
DMEA Field Team, Reg. III (2)
Messrs. JECrawford, Rm. 3643
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA

Mr. George Selfridge

7-6-56

RECEIVED

JUL 6 - 1956

DN 235 BUR MINES 7-5-56 9-20

CHAIRMAN, OPERATING COMMITTEE, DMEA

RE ADMINISTRATOR S TELETYPE JUNE 25, 1956, DMEA 4120, PROPOSED CONTRACT IDM-E924, 01 JATO URANIUM CO. INSTRUCTING WE HOLD CONTRACT IN ABEYANCE. DATE TO COMMENCE WORK JUNE 1, AND COMPLETION SEPTEMBER 30, 1956, ENTERED IN ARTICLE 3. OPERATOR HAS FAILED TO ANSWER OUR INQUIRIES CONCERNING HIS INTENTIONS. WE RECOMMEND CANCELLATION. PLEASE TELETPE IBSTRYCTUIBS XX INSTRUCTIONS FOR DI POSITION OF CONTRACT.

W M TRAVER

Discussed with Travers over long distance on or about July 10. Agreed to delay a short time and then take necessary action from this office. Chung

Denver, Colo.

JUL 5 1 04 PM '56
BUREAU OF MINES
MAIL ROOM
WASHINGTON D. C.

6-26-56

TELETYPE

Dept. of the Interior

Defense Minerals Exploration Ad.

14X4401(01) Revolving Fund, Defense Production Act, Interior (Allocated Working Fund to Office of the Secy.)

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

JUN 25 1956

June 25, 1956

Message:

4120

REFERENCE APPROVED CONTRACTS IDM-E-924, 942 and 963, OL JATO URANIUM COMPANY, URANIUM RESEARCH AND DEVELOPMENT COMPANY AND VITRO MINERALS CORPORATION RESPECTIVELY. IF SIGNATURES OF OPERATORS ON CONTRACTS IDM-E-924 AND IDM-E-942 CANNOT BE OBTAINED BEFORE MIDNIGHT JUNE 30, HOLD CONTRACTS IN ABEYANCE UNTIL FURTHER NOTICE. RECORDS INDICATE COPIES OF IDM-E-963 SENT TO OPERATOR FOR SIGNATURE. NOTIFY OPERATOR UNLESS CONTRACT SIGNED BEFORE MIDNIGHT JUNE 30, CONTRACT IS WITHDRAWN. THESE ACTIONS NECESSARY UNTIL CONGRESS ACTS ON PENDING BILL TO EXTEND AUTHORITY OF DMEA.

C. O. Mittendorf

C. O. MITTENDORF
ADMINISTRATOR

RFAdams:mm - 6/25/56

Copy to: Administrator
Adm. R. File
Docket - IDM-E-924
Confirmation
Chron.
Bureau of Mines, Audit Div., Rm. 2509
Mail & Files

RCB.

5/28/56 gla

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

RECEIVED
MAY 28 1956

224 New Customhouse
Denver 2, Colorado

May 24, 1956

Mr. Max K. Mangum
c/o Rich, Elton and Mangum
Attorneys at Law
Utah Oil Building
Salt Lake City 1, Utah

Re: Docket DMEA 4120 (Uranium)
Ol Jato Uranium Company
(Blue Jay Claims)
San Juan County, Utah;
Proposed Exploration Project
Contract Idm-E924

Dear Mr. Mangum:

In a telephone conversation with this office on May 1, 1956, you advised that a performance bond would be obtained in lieu of the subordination agreement in conjunction with the proposed Contract Idm-E924.

As considerable time has elapsed and we have heard nothing further from you, we will appreciate advice as to the status of the matter of obtaining the performance bond.

Very truly yours,

J. W. Townsend

J. W. Townsend
Acting Executive Officer
DMEA Field Team, Region III

JWT:prl
cc: Chairman, Oper. Comm. (2)
Harshman
Shaw (2)
Hasler
Townsend
Corres. file
Chron

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

RECEIVED
MAY 28 1956

224 New Customhouse
Denver 2, Colorado

May 24, 1956

Mr. Max K. Mangum
c/o Rich, Elton and Mangum
Attorneys at Law
Utah Oil Building
Salt Lake City 1, Utah

Re: Docket DMEA 4120 (Uranium)
Ol Jato Uranium Company
(Blue Jay Claims)
San Juan County, Utah;
Proposed Exploration Project
Contract Idm-2924

Dear Mr. Mangum:

In a telephone conversation with this office on May 1, 1956, you advised that a performance bond would be obtained in lieu of the subordination agreement in conjunction with the proposed Contract Idm-2924.

As considerable time has elapsed and we have heard nothing further from you, we will appreciate advice as to the status of the matter of obtaining the performance bond.

Very truly yours,

J. W. Townsend

J. W. Townsend
Acting Executive Officer
DMEA Field Team, Region III

JWT:prl
cc: Chairman, Oper. Comm. (2)
Harshman
Shaw (2)
Hasler
Townsend
Corres. file
Chron

M 700

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 5-1-56

REFERRED TO:

1. ~~Operating Com., Rm. 4459~~
2. ~~Mr. Mittendorf, Rm. 4466~~
3. ~~Mails & Files, Rm. 4450~~
4. Return Docket - Code 700

DMEA-4120

FOR:

	Action		Recommendation
	Approval		Record of
	Comment		Referring to
	Conference		Reply for signature of
	Consideration		Rewriting
	Filing	X	~~Signature~~
	Instructions		Suggestions
	Investigation		Your information
X	Initials		
X	Mailing		
	Previous correspondence		

Please sign

O.K.

REMARKS:

Check (X) before the items needing attention.

Ernest Wm. Ellis

Initials of sender.

GPO 16—63815-1

izm

Departm[illegible] of the Interior

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

DMEA
[illegible]401(01) Revolving Fund, Defense Production Act, Interior, (Allocated Working Fund to the Office of the Secy.)

FILE COPY
Surname:
Ching
Selfridge

T E L E T Y P E

[illegible] 1 [illegible]

W.M. TRAVER, EXECUTIVE OFFICER
DMEA FIELD TEAM, REGION III
224 NEW CUSTOMHOUSE BUILDING
DENVER 2, COLORADO

REBUTT APRIL 30 OL JATO URANIUM COMPANY DOCKET 4120.

PERFORMANCE BOND ACCEPTABLE IN LIEU OF SUBORDINATION AGREEMENT.

George C. Selfridge

GEORGE C. SELFRIDGE,
CHAIRMAN, OPERATING COMMITTEE

MChing/izm 5-1-56
cc to: Docket
Code 700
Mr. Ching
Admr.'s Reading File
Operating Committee
Messrs. JECrawford, Rm. 3641
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA
Confirmation to Region III

Mr. G. Selfridge

RECEIVED

MAY 1 - 1956

BUR MINES DN 235 4-30-56 4-30 PM

CHAIRMAN, OPERATING COMMITTEE, DMEA

RE DOCKET DMEA 4120 /URANIUM/ PROPOSED CONTRACT ID M-E924, 01 JATO URANIUM CO. APPLICANT HAVING SOME DIFFICULTY OBTAINING SIGNATURES ON SUBORDINATION AGREEMENT. WOULD PERFORMANCE BOND BE ACCEPTABLE IN LIEU OF SUBORDINATION AGREEMENT /Q/ PLEASE ADVISE BY TELETYPE IMMEDIATELY.

W M TRAVER

5-1-56

Denver, Colo.

MAY 1 8 32 AM '56

BUREAU OF MINES
MAIL ROOM
WASHINGTON 25 D. C.

4-18-56

DMEA
Rec'd
APR 16 1956
BUREAU OF MINES
Denver, Colorado

H. ARNOLD RICH
LEONARD W ELTON
MAX K. MANGUM

RICH, ELTON & MANGUM
ATTORNEYS AT LAW
UTAH OIL BUILDING
SALT LAKE CITY 1, UTAH
TELEPHONE EL 9-6666

April 13, 1956

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

Re: Docket DMEA 4120 (Uranium)
01 Jato Uranium Company
(Blue Jay Claims)
San Juan County, Utah;
Proposed Exploration Project
Contract Idm-E924

Dear Mr. Traver:-

I don't believe I have ever tried to do anything which at times appeared as futile as it has to get a simple Subordination Agreement executed by the former owners of the Blue Jay Claims. I have written innumerable letters, I have telephone to one of the partners who is an attorney, I have received assurances that the papers would be signed and returned to me but they never come. I am planning to make a special trip to Monticello, Blanding and Price for the purpose of trying to wrap this thing up once and for all on April 27th of this month. If we succeed in getting the Subordination Agreement executed we certainly will be in a position to proceed with the work and will commence it before June first.

You will hear further from me upon my return from the trip.

Sincerely,

Max K. Mangum

President, 01 Jato Uranium Co.

MKM:LB

RIGH, ELTON & MANGUM
ATTORNEYS AT LAW
UTAH OIL BUILDING
SALT LAKE CITY 1, UTAH
TELEPHONE EL 9-5666

RIGH
W. ELTON
K. MANGUM

MEA
Rec'd
APR 16 1956
BUREAU OF MINES
Denver, Colorado

April 13, 1956

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

Re: Docket DMEA 4120 (Uranium)
01 Jato Uranium Company
(Blue Jay Claims)
San Juan County, Utah;
Proposed Exploration Project
Contract Idm-E924

Dear Mr. Traver:-

I don't believe I have ever tried to do anything which at times appeared as futile as it has to get a simple Subordination Agreement executed by the former owners of the Blue Jay Claims. I have written innumerable letters, I have telephone to one of the partners who is an attorney, I have received assurances that the papers would be signed and returned to me but they never come. I am planning to make a special trip to Monticello, Blanding and Price for the purpose of trying to wrap this thing up once and for all on April 27th of this month. If we succeed in getting the Subordination Agreement executed we certainly will be in a position to proceed with the work and will commence it before June first.

You will hear further from me upon my return from the trip.

Sincerely,

Max K. Mangum

President, 01 Jato Uranium Co.

MKM:LB

3/18/56

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

RECEIVED
MAR 14 1956

224 New Customhouse
Denver 2, Colorado

March 12, 1956

Mr. Max K. Mangum, President
Ol Jato Uranium Company
307 Utah Oil Building
Salt Lake City 1, Utah

Re: Docket DMEA 4120 (Uranium)
Ol Jato Uranium Company
Application for DMEA Assistance,
Blue Jay Claims, San Juan Co.,
Utah

Dear Mr. Mangum:

We have at hand proposed Exploration Project Contract Idm-E924, which has been prepared pursuant to the referenced Application for Government assistance under the DMEA program.

Release of the Contract to you for signature is subject to receipt in this office of properly executed original and five copies of form MF-201, Subordination Agreement, which were forwarded to you by our letter of January 5, 1956, for you to obtain the required signatures.

The date on or before which you are to commence work has been established as June 1, 1956. Therefore, your prompt attention should be given to the matter of forwarding the executed Subordination forms so that we can release the Contract to you.

Very truly yours,

W. M. TRAVER

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

JWT:prl
cc: Chairman, Oper. Comm. (2)
Marshman
Shaw (2)
Masler
Townsend
Docket file
Chron.

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

RECEIVED
MAR 14 1956

224 New Customhouse
Denver 2, Colorado

March 12, 1956

Mr. Max K. Mangum, President
Ol Jato Uranium Company
307 Utah Oil Building
Salt Lake City 1, Utah

Re: Docket DMEA 4120 (Uranium)
Ol Jato Uranium Company
Application for DMEA Assistance,
Blue Jay Claims, San Juan Co.,
Utah

Dear Mr. Mangum:

We have at hand proposed Exploration Project Contract IAm-E924, which has been prepared pursuant to the referenced Application for Government assistance under the DMEA program.

Release of the Contract to you for signature is subject to receipt in this office of properly executed original and five copies of form MF-201, Subordination Agreement, which were forwarded to you by our letter of January 5, 1956, for you to obtain the required signatures.

The date on or before which you are to commence work has been established as June 1, 1956. Therefore, your prompt attention should be given to the matter of forwarding the executed Subordination forms so that we can release the Contract to you.

Very truly yours,

W. M. TRAVER

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

JMP:prl
cc: Chairman, Oper. Comm. (2)
Harshman
Shaw (2)
Hasler
Townsend
Docket file
Chron.

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

700

FILE COPY
Surname:
Ching
Ellis
Dampier
Selfridge
Johnson
McKendry

MAR - 5 1956

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

Re: Docket No. DMEA-4120 (Uranium)
Ol Jato Uranium Company
Blue Jay Claims
San Juan County, Utah

Dear Mr. Traver:

Enclosed are the original and five copies of a proposed short-form contract between the Government and Ol Jato Uranium Company, signed by the Administrator. Also enclosed are two extra copies each of Annex I, Exhibit "A", and map (Figure 2) for the use of the Field Team.

If you find the contract in order, it is ready for forwarding to the Operator for signature, subject to attachment of the Subordination Agreement referred to in Article 2(e) and also referred to in your memorandum of January 5, 1956.

The contract is similar to that originally drawn under Docket No. DMEA-3772, with minor revisions as required.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GCS)

Enclosures

APPROVED:

/s/ Robert W. Geehan (RWG)
Member, Bureau of Mines

Thor H. Kiilsgaard (THK)
Member, Geological Survey

MChing/izm 2-29-56
cc to: Docket
Code 700
Mr. Ching
Admr.'s Reading File
Operating Committee
Messrs. JECrawford, Rm. 3641
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA

R.C.

700

FILE COPY
Surname:
Ching
Ellis

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

February 29, 1956

Memorandum

To: Robert E. Adams, Chief
Operations Control & Statistics Division

From: Ernest Wm. Ellis, Chief
Rare and Miscellaneous Metals Division

Subject: Docket No. DMEA-3772 (Uranium)
Contract No. Idm-E856
Bears Ears Uranium Company
Blue Jay Claims
San Juan County, Utah

The above-named docket is transmitted to you herewith, together with Docket No. DMEA-4120, Ol Jato Uranium Company. A new contract has been prepared in the latter docket, signed by the Administrator, and is to be assigned a contract number and transmitted to Region III for execution by the Operator.

You are referred to my memorandum under date of February 21, 1956, to the Associate Solicitor, Division of Mineral Resources, for details relating to the contracts involved.

If you have not already done so, Contract Idm-E856 should be cancelled simultaneously with the numbering of the contract in Docket No. DMEA-4120, Ol Jato Uranium Company. Also, you may wish to transfer certain material from Docket DMEA-3772 to Docket DMEA-4120, especially the Field Team report covering a field examination of the subject property, transmitted by the Field Team's memorandum of July 15, 1955. This report is the basis for the contract under Docket DMEA-4120, Ol Jato Uranium Company.

Ernest Wm. Ellis

Ernest Wm. Ellis

MChing/izm 2-29-56
cc to: Docket copy - DMEA-4120
Mr. Ching
Operating Committee
Mr. Mittendorf
Admr.'s Reading File

(See addition to this memo on attached sheet)

Transferred from Docket No. DMEA-3772 to Docket No. DMEA-4120:

1. Copy of memorandum dated July 15, 1955, from Region III Field Team, and attached Report of Examination, dated June 29, 1955.

2. Copy of memorandum dated November 10, 1955, from Region III Executive Officer, with attached title documents and correspondence with Max K.Mangum, President of Oil Jato Uranium Co.

3. Copy of a letter, dated November 14, 1955, from Max K. Mangum to W. M. Traver.

2-29-56

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

FEB 28 1956

Memorandum

To: The Administrator, DMEA
Attention: Chief, Rare & Miscellaneous Metals Division

From: Associate Solicitor, Division of Mineral Resources

Subject: Docket No. DMEA-4120, Ol Jato Uranium Company (Uranium)

As requested in Mr. Ellis' memorandum dated February 21, 1956, the attached contract has been drafted.

It was noted in the memorandum that the Subordination Agreement of the partners of Bears Ears Uranium Company, and their wives, is being obtained by the Field Team. This agreement should be attached to the contract prior to the execution thereof.

Robert P. Dwyer

Attachments

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

FEB 28 1956

Memorandum

To: The Administrator, DMEA
Attention: Chief, Rare & Miscellaneous Metals Division

From: Associate Solicitor, Division of Mineral Resources

Subject: Docket No. DMEA-4120, Oi Jato Uranium Company (Uranium)

As requested in Mr. Ellis' memorandum dated February 21, 1956, the attached contract has been drafted.

It was noted in the memorandum that the Subordination Agreement of the partners of Bears Ears Uranium Company, and their wives, is being obtained by the Field Team. This agreement should be attached to the contract prior to the execution thereof.

Robert P. Dwyer

Robert P. Dwyer

Attachments

HCRubin/emd
Copy to: Solicitor's Docket (2)
DMEA Docket
E. W. Ellis
R. P. Dwyer
H. C. Rubin
chron.

Surname copy
D[illegible]-4120

700

Ching
Ellis

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

February 21, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Ernest Wm. Ellis, Chief
Rare and Miscellaneous Metals Division

Subject: Docket No. DMEA-4120 (Uranium)
Ol Jato Uranium Company
Blue Jay Claims
San Juan County, Utah

Will you kindly prepare a short-form contract between the Government and Ol Jato Uranium Company in accordance with the attached draft. The Subordination Agreement referred to is being secured by the Field Team.

Please note that Exhibit "A" is the same as that in the contract sent out to Bears Ears Uranium Company (DMEA-3772) and that the contract form, Annex I and map (Figure 2) have been modified from the Bears Ears contract. The latter contract was not executed by Bears Ears Uranium Company because the property was transferred to Ol Jato Uranium Company. The Operator's copy of the original contract under DMEA-3772 is attached for your information. The other five copies of the contract were apparently lost in the mails.

Your attention is called to the letter dated February 14, 1956, from T. N. Jensen, one of the former co-owners, and attorney for the said co-owners, to Mr. W. M. Traver, advising that the Bears Ears Uranium Company no longer desires to pursue its application for an exploration contract.

A new contract number will be assigned to the contract for the Ol Jato Uranium Company.

Ernest Wm. Ellis

Ernest Wm. Ellis

cc - Docket DMEA-3772

MChing/gla
cc to: Docket DMEA-4120
Docket DMEA-3772
Code 700
Mr. Ching

DRAFT
2/21/56
MChing/gla

MF-200A
(Revised June 1954)

Docket No. DMEA 4120

Commodity Uranium

Contract No. Idm-E

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this ..... 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] Oi Jato Uranium Company, a Utah corporation, whose mailing address is c/o Max K. Mangum, 307 Utah Oil Building Salt Lake City 1, 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-200A), the attached Exhibit "A," Annex I, and .....

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] owner of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] Mineral Deed, [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: A 12.5% overriding royalty claim by the 18 partners of Bears Ears Uranium Company

(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 of the land (lessor, seller, optionor, etc.), are attached, as follows: Subordination Agreement of the holders of the claim listed above

[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."

(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 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(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 June 1, 1956 shall commence the work, and on or before September 30, 1956 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

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) *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.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $10,892.00. The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $8,169.00: *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. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(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. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of 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. 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.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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 the unit costs thereof.

(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 7. *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 6) 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 thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

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

One and one-half (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 8. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 8 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 9. *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 10. *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 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

.....
(Operator)

By .....

By .....

.....

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—70618-1

DRAFT
2/21/56
MWhing/gla

EXPLORATION PROJECT CONTRACT
GL JATO URANIUM COMPANY
DOCKET NO. DMEA-4120

ANNEX I

The land referred to in Article 2 of the contract consists of all of Blue Jay Claims Nos. 1 through 11, 20, 26, 27, and 28, and that part of Blue Jay Claims Nos. 12, 13, 14, 15, 16, 18, and 19 which lie south of a line running east and west, which line is 1500 feet south of the north boundary line of Section 15; all situated in secs. 15 and 22, T. 36 S., R. 18 E., S.L.M. & B., San Juan County, Utah. The claims are shown on the attached map entitled "Figure 2 - Map of Property and Exploration . . .". The locations are recorded at the County Courthouse in Monticello as follows:

Claim	Original Book	Original Page	Amended Book	Amended Page
Blue Jay 1	63	286	219	361
" 2	63	287	219	361
" 3	63	287	219	362
" 4	63	288	219	362
" 5	63	288	219	363
" 6	63	289	219	363
" 7	63	289	219	364
" 8	63	289	219	364
" 9	63	290	219	365
" 10	63	291	219	365
" 11	63	291	219	366
" 12	63	292	219	366

Claim	Original Book	Original Page	Amended Book	Amended Page
Blue Jay 13	63	292	219	367
" 14	63	293	219	367
" 15	63	293	219	368
" 16	63	294	219	368
" 18	63	295	219	369
" 19	63	295	219	370
" 20	63	296	219	370
" 26	193	343	219	373
" 27	193	344		
" 28	193	344		

EXPLORATION PROJECT CONTRACT
OL JATO URANIUM COMPANY
DOCKET NO. DMEA -4120

EXHIBIT "A"

Description of the Work

The work consists of exploration by core and non-core drilling.

The drill holes shall test the favorable Shinarump Conglomerate of Upper Triassic age. Drilling depths are expected to average approximately 200 feet. The first hole shall be drilled by non-core plug bit to a depth of 25 feet and then shall be core drilled for the remainder of its depth in order to establish the general limits of the Chinle and Shinarump formations and the first red mudstone of the Moenkopi formation. All remaining holes shall be drilled by non-core plug bit to the top of the potentially ore-bearing Shinarump Conglomerate and then shall be core drilled through the Shinarump formation to the first red mudstone in the Moenkopi formation. The minimum size of core drilling shall be AX.

All core and cuttings from the cored section of drill holes shall be split, and one-half shall be properly stored for the use of the Government. The Operator's portion of the core and cuttings shall be checked radiometrically for uranium, and samples indicating significant mineralization shall be analyzed chemically for uranium.

All drill holes shall be logged geologically and probed radiometrically, and the record of such logging and probing, together with certified copies of all assay certificates, shall be submitted with the Operator's monthly progress reports. The probing and other project work shall be done under the supervision of a competent geologist or mining engineer.

All holes shall be reamed and cased as necessary.

The work shall be done in two stages. The Operator shall perform Stage I, and shall perform as much of the

second stage as the Government approves in writing in advance, based upon the results of Stage I.

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

STAGE I

The work under this stage consists of the preparation of access roads and drill sites by a TD-18 bulldozer or equivalent unit, and the drilling of 12 holes aggregating 2,400 feet, more or less. The positions of these holes are indicated on the attached map, Figure 2. There are two rows of six holes each paralleling the Shinarump rim, with the holes in the second row staggered with respect to those of the first row. The rows are 200 feet apart and the holes in each row are 150 feet apart. If the 12 holes require more than 2,400 feet to reach the desired horizon the additional footage may be transferred to Stage I and deducted from the footage described under Stage II.

STAGE II

Stage II work consists of the preparation of access roads and drill sites by a TD-18 bulldozer or equivalent unit, and the drilling of a maximum of 12 holes aggregating not more than 2,400 feet as offsets to Stage I holes which show mineralization or strongly favorable geological criteria. The offset holes shall not be drilled closer than 75 feet from any previously drilled hole.

ESTIMATED COST OF THE PROJECT

FIXED UNIT COSTS

STAGE I

725 ft. core drilling @ $2.60/ft.	$ 1,885.00
1,675 ft. non-core drilling @ $1.60/ft.	2,680.00
2 bulldozer moves, on or off property, @ $37.50/move	75.00

50 hrs. bulldozing @ $12.00/hr.	600.00	
18 hrs. drill crew standby time @ $10.00/hr.	180.00	
12 chemical sample analyses @ $3.00/sample	36.00	$ 5,456.00

STAGE II

600 ft. core drilling @ $2.60/ft.	$ 1,560.00	
1800 ft. non-core drilling @ $1.60/ft.	2,880.00	
4 bulldozer moves on or off property @ $37.50/move	150.00	
50 hrs. bulldozing @ $12.00/hr.	600.00	
18 hrs. drill crew standby time @ $10.00/hr.	180.00	
22 chemical sample analyses @ $3.00/sample	66.00	$ 5,436.00
Estimated total cost of the project		$10,892.00
Government participation @ 75%		$ 8,169.00

2-13-56 dgm

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

February 8, 1956

RECEIVED
FEB 10 1956

Memorandum

To: E. W. Ellis, Defense Minerals Exploration Administration

From: W. P. Williams, U. S. Geological Survey

Subject: Review of application, DMEA 4120, Ol Jato Uranium Company, Blue Jay Claims, Elk Ridge, San Juan County, Utah.

The subject application covers the same property as DMEA 3772, which was submitted by Bears Ears Uranium Company in February 1955. A field examination of the property was made in May 1955 for the purposes of DMEA 3772. The property was evidently transferred to the Ol Jato Company sometime after the field examination. No instrument of transfer accompanied the copy of the application afforded me for inspection.

Some exploration work has been done on the property since the field examination was made. According to the Ol Jato application the work consists of rim stripping and the drilling of 16 holes on the Blue Jay claims and 11 holes on the adjoining Maybe claims. The Maybe claims are not covered by the applications. Of all the holes four contained ore and all the rest were mineralized, according to the applicant.

The examining team recommended approval of the earlier application, and the Ol Jato Company has asked for approval of the project as outlined by the examining team. The proposed plan appears still to be applicable because one of the applicant's 'ore' holes lies behind the drill holes proposed by the examining team. Since the holes proposed by the examining team were located behind a favorable rim cut where the applicant later cut some very favorable samples, it appears that the intervening ground warrants exploration.

I recommend, therefore, that approval be given the exploration drilling project as proposed in the report of field examination, DMEA 3772, by the examining team, of which the writer was a member.

W P Williams

W. P. Williams

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W. P. Williams

cc: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
J. E. Crawford, 3641
J. O. Hosted, 3210

WPWilliams/em

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

1-16-56 dgm

January 12, 1956

RECEIVED
JAN 13 1956

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee, Room 4445

From: John E. Crawford, Bureau of Mines Member
Uranium Commodity Committee

Subject: Application for assistance, DMEA Docket 4120, Ol Jato Uranium Company, Blue Jay claims, San Juan County, Utah

I have reviewed the attached application of the Ol Jato Uranium Company, DMEA Docket 4120, dated December 27, 1955, and received in this office January 11, 1956. I have also discussed it with Joseph O. Hosted, Washington representative of the Atomic Energy Commission.

The Ol Jato Uranium Company requested DMEA assistance to explore for uranium on the Blue Jay group of claims located in San Juan County, Utah. The total estimated cost of the project is $10,892.00.

The subject claims were formerly owned by Bears Ears Uranium Company, and under Docket 3772 were examined by a DMEA Field Team which recommended an exploration contract be approved. A contract was approved and sent to Bears Ears Uranium Company for signature, but the company was no longer interested in an exploration contract because they had sold the Blue Jay claims.

The present owner, Ol Jato Uranium Company, it is understood, has applied for DMEA assistance in an exploration program almost identical to the program outlined in the contract offered under Docket 3772.

Inasmuch as an exploration project of subject claims has already been approved by the reviewing agencies, it is recommended that the proposed contract be offered to Ol Jato Uranium Company for that company's approval and consent.

John E. Crawford
John E. Crawford

Attachment

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

January 12, 1956

RECEIVED
JAN 13 1956

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee, Room 4445

From: John E. Crawford, Bureau of Mines Member
Uranium Commodity Committee

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John E. Crawford

Attachment

Surname copy
DMEA-4120

700

Ching

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

Mr. Max K. Mangum, President
Oil Jate Uranium Company
307 Utah Oil Building
Salt Lake City 1, Utah

JAN 11 1956

Re: Docket No. DMEA-3772 (Uranium)
Bears Ears Uranium Company
Blue Jay Claims
San Juan County, Utah

Dear Mr. Mangum:

On November 23, 1955, we wrote to Mr. W. R. Young, Attorney-in-Fact, Bears Ears Uranium Company, Blanding, Utah, reviewing our understanding of various developments in connection with the subject docket and requesting confirmation of such understanding. We also requested that the Bears Ears Uranium Company formally withdraw its application under Docket No. DMEA-3772 for aid in an exploration project.

To date we have had no reply from Mr. Young. Since the processing of your application, Docket No. DMEA-4120, cannot proceed until we receive the requested confirmation and formal withdrawal from the Bears Ears Uranium Company, it is suggested that you contact that company with a view of expediting a satisfactory reply to our letter of November 23.

Sincerely yours,

D. O. Mitteudorf

Administrator

MChing/gla
1-11-56
cc to: Admr.'s Reading File
Docket DMEA-3772
Docket DMEA-4120
Messrs. JECrawford, Rm. 3641
THKiilsgaard, Rm. 5224
JOHosted, Rm. 3210, GSA
Code 700
Mr. Ching
DMEA Field Team, Region III (2)

R.C.S.

January 11, 1956
Subject: DMEA-4120
Re: Exploration Assistance
Blue Jay Claims

Mr. Max K. Mangum
Ol Jato Uranium Company
307 Utah Oil Building
Salt Lake City 1, Utah

My dear Mr. Mangum:

The receipt of your application dated December 27, 1955, for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-4120 and referred to the Rare & Misc. Metals Division.

Kindly identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

60932

January 11, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

There is listed below the assigned docket number to an application recently received from Region III.

DMEA - 4120 01 Jato Uranium Company

Robert E. Adams
Chief, Operation's Control
and Statistics Division

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

January 5, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Application for DMEA Assistance, (Uranium), Ol Jato Uranium Company, Blue Jay claims, San Juan County, Utah

Enclosed are three copies of the subject application in the amount of $10,892.00.

This application has reference to former docket DMEA 3772, (Uranium), Contract Idm-E856, Bears Ears Uranium Company, (Blue Jay claims), San Juan County, Utah.

Subordination Agreement forms have been forwarded the applicant for the signatures of the eighteen persons holding a royalty interest.

W. M. Traver

W. M. Traver

Enclosures

RECEIVED
JAN 9 1956

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

January 5, 1956

224 New Customhouse
Denver 2, Colorado

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region XII

Subject: Application for DMEA Assistance, (Uranium), Ol Jato Uranium Company, Blue Jay claims, San Juan County, Utah

Enclosed are three copies of the subject application in the amount of $10,892.00.

This application has reference to former docket DMEA 3772, (Uranium), Contract Idm-E856, Bears Ears Uranium Company, (Blue Jay claims), San Juan County, Utah.

Subordination Agreement forms have been forwarded the applicant for the signatures of the eighteen persons holding a royalty interest.

W. M. Traver

W. M. Traver

Enclosures

RECEIVED
JAN 9 1956

1-10-56 lgm

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

3772

DMEA-4120

January 5, 1956

224 New Customhouse
Denver 2, Colorado

Mr. Max K. Mangum, President
Ol Jato Uranium Company
307 Utah Oil Building
Salt Lake City 1, Utah

Re: Application for DMEA Assistance, (Uranium), Blue Jay claims, San Juan County, Utah

Dear Mr. Mangum:

This will acknowledge receipt of four copies of the subject application which is being forwarded to the DMEA Washington office for their further consideration.

Docketed under DMEA-4120 1/10/56

Will you please return the copy of the Proposed Exploration Project Contract Idm-E856 forwarded you with our letter of November 28, 1955.

Enclosed are the original and five copies of Form MF-201, Subordination Agreement to be signed by all persons holding interest in possible future royalty in accordance with the Agreement dated the 15th day of July, 1955. When you obtain all of the required signatures, please return all copies to this office so that we may continue to process your application.

Very truly yours,

W. M. Traver

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

RECEIVED
JAN 9 1956

Enclosures

HMC:ab
cc: Chair. Op. Comm. (2)
Harshman
Townsend
Subject
Chron.

MF-201
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator [redacted]
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 [redacted], State of [redacted], described a[redacted]

[redacted]

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 _____ day of _____, 195__.

_____ [Seal]

_____ [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]

Dated this _____ day of _____, 195__.

_____ (Seal)
Clyde P. Young

_____ (Seal)
Dorothy M. Young

_____ (Seal)
Norma Young

_____ (Seal)
Lorna Young

_____ (Seal)
Dorothy P. Young

_____ (Seal)
W. L. Young

_____ (Seal)
Lois Young

_____ (Seal)
Nora Young

_____ (Seal)
N. L. Young

_____ (Seal)
Calvin Lloyd

_____ (Seal)
Ann Young

_____ (Seal)
Carolyn Lloyd

_____ (Seal)
Donald Young

_____ (Seal)
Donald L. Jones

_____ (Seal)
Margaret Young

_____ (Seal)
Lucille Jones

_____ (Seal)
Esther Perkins

_____ (Seal)
Helen Perkins

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Form Approved.
Budget Bureau No. 42-R035.2.

DMEA
Date Rec'd.
JAN 9 1956
BUREAU OF MINES
Denver, Colorado

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Not to be filled in by applicant

Docket No. 4120-DMEA
Metal or Mineral Uranium
Date Received 1-9-56
Estimated Cost $10,892.00
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: See Supplemental Application, Page 1

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract See Supplemental Application, 3, page 1

(*b*) State any mine name by which the property is known. See Supp. App. (b), page 1

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Owner

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property.

(*e*) If you own the land, describe any liens or encumbrances on it None

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice. See Supp. App. 3 (f), page 2

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes. See Supp. App. 4(a) p. 2

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades. See Supp. App. p.2

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you. See Supp. App. 4 (c) page 3.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points. See Supp. App. 4 (d) page 3

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

16—66551-1

RECEIVED
JAN 9 1956

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore Uranium, vanadium, copper and associated minerals.

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc. See Supp. App. 5 (b), pages 3, 4, and 5.

(*c*) The work will start within 180 days and be completed within 9 months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations. See Supp. App. p. 5

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project: p. 6

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants. See Supp. App. 6(b), p. 7

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel. See Supp. App. 6 (c) p. 7

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be. See Supp. App. 6 (d) p. 7

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project. None

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project. None

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes. See Supp. App. 6 (g) p. 7.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)? Yes

(*b*) How do you propose to furnish your share of the costs? See Supp. App. 7 (b), p. 7.

☐ Money ☐ Use of equipment owned by you ☐ Other

Explain in detail on acompanying paper.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated December 27, 195 5.

OL JATO URANIUM COMPANY
(Applicant)

By Max K. Mangum
President

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

U. S. GOVERNMENT PRINTING OFFICE 16—66551-1

SUPPLEMENTAL APPLICATION RELATED TO DMEA 3772
BY REFERENCE

---

1. 01 Jato Uranium Company
c/o Max K. Mangum
307 Utah Oil Building
Salt Lake City 1, Utah

a Utah corporation, Max K. Mangum, President
307 Utah Oil Bldg.
Salt Lake City, Utah

Owen W. Bunker, Vice-President
Atlas Building
Salt Lake City, Utah

Karl F. Buell, Secretary and Treasurer
Atlas Building
Salt Lake City, Utah

3. The legal description of the land is as follows:

That part and portion of Blue Jay Claim 12, Blue Jay Claim 13, Blue Jay Claim 14, Blue Jay Claim 15, Blue Jay Claim 16, Blue Jay Claim 18 and Blue Jay Claim 19, which lie south of a line running east and west, which line is 1500 feet south of the north boundary line of Section 15, Township 36 South, Range 18 East, together with all of the following Blue Jay Claims which are located in said Section 15, Township 36 South, Range 18 East:

Blue Jay No. 11, Blue Jay No. 10, Blue Jay No. 9, Blue Jay No. 8, Blue Jay No. 7, Blue Jay No. 6, Blue Jay No. 5, Blue Jay No. 4, Blue Jay No. 3, Blue Jay No. 2, Blue Jay No. 1, Blue Jay No. 20, Blue Jay No. 26, Blue Jay No. 27, and Blue Jay No. 28.

A map is attached showing location of Blue Jay Claims with respect to section lines and with respect to said east-west line lying 1500 feet south of the north boundary of Section 15.

(b) None

(c) Owner

(e) None

3. (f)

Claim	Original Book	Original Page	Amended Book	Amended Page
Blue Jay 1	63	286	219	361
" " 2	63	287	219	361
" " 3	63	287	219	362
" " 4	63	288	219	362
" " 5	63	288	219	363
" " 6	63	289	219	363
" " 7	63	289	219	364
" " 8	63	289	219	364
" " 9	63	290	219	365
" " 10	63	291	219	365
" " 11	63	291	219	366
" " 12	63	292	219	366
" " 13	63	292	219	367
" " 14	63	293	219	367
" " 15	63	293	219	368
" " 16	63	294	219	368
" " 17	63	294	219	369
" " 18	63	295	219	369
" " 19	63	295	219	370
" " 20	63	296	219	378
" " 26	193	343		
" " 27	193	344		
" " 28	193	344		

4. (a) Rim stripping has been completed along most of the rim exposed on the southern flank of the Blue Jay Claims. Two mineralized channels have been exposed by the rim stripping, one of which appears to have commercial possibilities already exposed. In addition drill holes have been put down through the Shinarump and to the contact of Moenkopi on Blue Jays 1 to 16 inclusive. The attached map shows approximate location of drill holes and legend on said map explains results of drilling based upon examination of cores recovered or radiometric probe of holes. No operations are being conducted on the property at this time because of adverse weather. Weather permitting, property is accessible for examination by road which takes you right to the Blue Jay Claims.

(b) There is no past or current production, no blocked out ore reserves.

(c) The property lies on Elk Ridge west of Blanding, Utah, and has Shinarump, Chinle and Mossback cover overlying the Moenkopi formation. Along the south flank of the claims erosion has exposed the Moenkopi contact to view. Channel exposure appears to be bedded, with mineralization showing at the surface. Included as part of this application and by reference made a part hereof and marked Exhibit 4 (c) are photographs of the channel exposure with locations marked thereon of samples which were taken for chemical assay, together with chemical assay results of said samples. Please return exhibits marked 4 (c).

As additional information bearing upon this application we refer you to prior application submitted by Bears Ears Uranium Company, prior owner of the Blue Jay Claims, and by reference we incorporate herein any gological engineering reports or other technical-ogical information previously furnished to you by Bears Ears Uranium Company dealing with the Blue Jay Claims.

(d) The Blue Jay Claims are approximately 38 miles west of Blanding, Utah, on Elk Ridge. The road leading from Blanding to Hideout Mesa and Pinion Point traverses Section 15, wherein the Blue Jay Claims are located. Access road tying in with the above main road has been completed down to the southern rim exposure area on the Blue Jay Claims. Shipping point on these claims would either be at Monticello Mill or the White Canyon buying station. Manpower, material, supplies and equipment, power, etc., for operations is available. Water for drilling purposes can be obtained from a spring located near the Elk Ridge Uranium Company mine, not over three miles from claims.

5. (a) Uranium, vanadium, copper and associated minerals.

(b) It is proposed that the work to be performed be as follows:

Description of the work

The work consists of exploration by core and non-core drilling.

The drill holes shall test the favorable Shinarump Conglomerate of Upper Triassic age. Drilling depths are expected to average approximately 200 feet. The first hole shall be drilled by non-core plug bit to a depth of 25 feet and then shall be core drilled for the remainder of its depth in order to establish the general limits of the Chinle and Shinarump formations and the first red mudstone of the Moenkopi formation. All remaining holes shall be drilled by non core plug bit to the top of the potentially ore-bearing Shinarump Conglomerate and then shall be core drilled through the Shinarump formation to the first red mudstone in the Moenkopi formation. The minimum size of core drilling shall be AX.

All core and cuttings from the cored section of drill holes shall be split, and one-half shall be properly stored for the use of the Government. The Operator's portion of the core and cuttings shall be checked radiometrically for uranium, and samples indicating significant mineralization shall be analyzed chemically for uranium.

All drill holes shall be logged geologically and probed radiometrically, and the record of such logging and probing, together with certified copies of all assay certificates, shall be submitted with the Operator's monthly progress reports. The probing and other project work shall be done under the supervision of a competent geologist or mining engineer.

All holes shall be reamed and cased as necessary.

The work shall be done in two stages. The Operator shall perform Stage I, and shall perform as much of the second stage as the Government approves in writing in advance, based upon the results of Stage I.

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

STAGE I

The work under this stage consists of the preparation of access roads and drill sites by a TD-18 bulldozer

or equivalent unit, and the drilling of 12 holes aggregating 2,400 feet, more or less. The positions of these holes are indicated on the attached map, Figure 2. There are two rows of six holes each paralleling the Shinarump rim, with the holes in the second row staggered with respect to those of the first row. The rows are 200 feet apart and the holes in each row are 150 feet apart. If the 12 holes require more than 2,400 feet to reach the desired horizon the additional footage may be transferred to Stage I and deducted from the footage described under Stage II.

STAGE II

Stage II work consists of the preparation of access roads and drill sites by a TD-18 bulldozer or equivalent unit, and the drilling of a maximum of 12 holes aggregating not more than 2,400 feet as offsets to Stage I holes which show mineralization or strongly favorable geological criteria. The offset holes shall not be drilled closer than 75 feet from any previously drilled hole.

Map or sketch of the property showing the plan of the proposed exploration work already submitted to you by Bears Ears Uranium Company in connection with DMEA 3772 is by reference incorporated herein and made a part hereof as fully as though same were attached hereto.

(c) The work will start within 180 days and be completed within 9 months from the date of exploration project contract. Adverse weather on Elk Ridge prevents drilling operations until late Spring.

(d) Ol Jato Uranium Company has already operated properties, has had one DMEA loan on the Whirlwind Mine located in the San Juan Indian Reservation on State School Section land and has paid off this loan to the Government in full. Max K. Mangum, President and General Manager of the Company will supervize this operation as he has supervised past operations of the company.

6. Estimated cost of the project on a fixed unit cost basis are as follows:

STAGE I

725 ft. core drilling at $2.60/ft.	$ 1,885.00	
1,675 ft. non-core drilling at $1.60/ft.	2,680.00	
2 bulldozer moves, on or off property, at #37.50/move	75.00	
50 hrs. bulldozing at $12.00/hr.	600.00	
18 hrs. drill crew standby time at $10.00/hr.	180.00	
12 chemical sample analyses at $3.00/sample	36.00	$ 5,456.00

STAGE II

600 ft. core drilling at $2.60/ft.	$ 1,560.00	
1800 ft. non-core drilling at $1.60/ft.	2,880.00	
4 bulldozer moves on or off property at $37.50/move	150.00	
50 hrs. bulldozing at $12.00/hr.	600.00	
18 hrs. drill crew standby time at $10.00/hr.	180.00	
22 chemical sample analyses at $3.00/sample	66.00	5,436.00
Estimated total cost of the project		$10,892.00

(a) Independent Contract. 01 Jato Uranium Company is not certain at this time whether the work will be performed by independent contract, but it probably will be contracted to Boyles Bros. Drilling Company, hopefully within the limits of the estimated cost budget set forth above.

(b) See estimate above.

(c) See estimate above.

(d) See estimate above. Ol Jato Uranium Company does not own any drilling equipment or heavy equipment for clearing drill site roads.

(e) None.

(f) None.

(g) Assuming that work will be done by contract basis applicant, Ol Jato Uranium Company, will have no additional workmen's compensation, employers liability insurance or pay roll taxes as a result of this contract.

(h) See estimate of costs above.

7. (a) Yes.

(b) Ol Jato Uranium Company's share of the costs will be furnished either in cash to the contracting party or by way of royalty interests to be conveyed to contracting party in return for carrying out of exploration contracts outlined above.

HORNKOHL LABORATORIES

Telephone 8-8567

ANALYSES OF OIL, WATERS, SOILS, OIL CORES

P. O. Box 1673

714 TRUXTUN AVENUE
BAKERSFIELD, CALIFORNIA

November 23, 1955

Laboratory No. 91886-91993

Sample Ore

Marked As shown below

Received November 16, 1955

Submitted by Paramount Exploration
Box 1577
Bakersfield, California

* * * * * * * *

URANIUM ASSAYS

Sample Marked	Per cent Uranium as U_3O_8
#1 from Blue Jay #26	0.06
#2 " " " "	0.14
#3 " " " "	0.03
#3A " " " "	0.11
#4 " " " "	0.04
#5 " " " "	0.29
#5A " " " "	0.03
#6 Sample #6 from "Pay Day" mine	1.00

Respectfully submitted,

HORNKOHL LABORATORIES

Frank Hornkohl

mc

*5 ~~To be rerun~~

12-1-55 gm

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

RECEIVED
DEC - 1 1955

November 28, 1955

224 New Customhouse
Denver 2, Colorado

Mr. Max K. Mangum, President
Ol Jato Uranium Company
Utah Oil Building
Salt Lake City 1, Utah

Re: Docket DMEA 3772 (Uranium), Proposed Exploration Project Contract Idm-E 856, Bears Ears Uranium Company, (Blue Jay claims), San Juan County, Utah

Dear Mr. Mangum:

We have been advised by the Washington DMEA office that it will be necessary for Ol Jato Uranium Company to submit a new application with a tie-in to the old docket number (DMEA 3772) by reference. Enclosed are five copies of Form MF-103, the application, and you should submit this application in quadruplicate, keeping one copy for your file. Include the same property and other information consistent with the contract, copy of which is enclosed, prepared for Bears Ears Uranium Company to eliminate unnecessary delay. A new docket number will be assigned. Also please include a new starting and completion date taking into account winter conditions.

The Washington DMEA office will request the withdrawal of the old application from the Bears Ears Uranium Company. Subordination Agreements will probably be required and these agreements will be prepared in this office and forwarded to you for the proper signatures.

Please return the copy of the enclosed contract to this office.

Very truly yours,

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

By J. W. Townsend
J. W. Townsend

Enclosures

HMC:ab

cc: Sec. Op. Comm. (2)

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P
Y

RECEIVED
NOV 17 1955

RICH, ELTON & MANGUM
Attorneys at Law
Utah Oil Building
Salt Lake City 1, Utah

November 14, 1955

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

Re: Docket DMEA 3772 (Uranium)
Proposed Exploration Project
Contract Idm-E856, Bears Ears
Uranium Company (Blue Jay
Claims), San Juan County, Utah

Dear Mr. Traver:

I sincerely hope that DMEA consideration of a loan to Ol Jato Uranium Company on the Blue Jay Claims can be expedited. Strictly speaking, we are not asking for an assignment of the Exploration Project Contract Idm-E856, since there is no such contract in existence. At least, I have been advised up until now that Bears Ears Uranium Company has never executed the contract. We have for some time been using all of our best efforts to have the proposed original and four copies of the contract returned to your office. We have no information as to whether they were ever delivered to Mr. Young, and all of our efforts to locate them have been unsuccessful. If it would expedite it in any manner, we would prefer that you consider this to be an original application by Ol Jato Uranium Company for a loan on the Blue Jay Claims. If it could be handled in this manner there would be no reason to hold us responsible for the failure of Bears Ears to locate the missing files and return same. If there are any further documents or papers which we should execute, please contact us as soon as possible.

We appreciate your help and cooperation in this matter and trust that a loan contract can be sent out for our execution in the near future.

Sincerely,

/s/ Max K. Mangum
President, Ol Jato Uranium Co.

MKM:LB

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

224 New Customhouse
Denver 2, Colorado

November 10, 1955

Memorandum

RECEIVED
NOV 14 1955

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA 3772 (Uranium), Proposed Exploration Project Contract Idm-8856, Bears Ears Uranium Company, (Blue Jay claims), San Juan County, Utah

Enclosed are three sets of data comprised of the following material relative to the transfer of Proposed Exploration Project Contract Idm-8856 from Bears Ears Uranium Company to Ol Jato Uranium Company:

1. Copy of correspondence relative to the loss of the original and four copies of the contract.

2. Copy of a letter from Max K. Mangum, President, Ol Jato Uranium Company, dated October 3, 1955, requesting transfer of the contract.

3. Letter from Max K. Mangum, dated October 31, 1955, with attached photostatic copies of documents pertaining to the chain of title of the property involved in the proposed contract.

4. Letter from this office to Max K. Mangum, dated November 10, 1955, acknowledging receipt of the material under item 3.

Also enclosed is the "Operator's Copy" of the Proposed Exploration Project Contract Idm-8856.

As indicated in the material under item 1, the original and four copies of the contract were forwarded to the applicant for signature as requested in your letter of August 18, 1955, but they claim that the contract was not received and the copies have not been returned to this office.

The matter is forwarded for your consideration and appropriate action, or advice to us as to how we should proceed.

W. M. Traver

By J. W. Townsend
J. W. Townsend

Enclosures

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

224 New Customhouse
Denver 2, Colorado

November 10, 1955

Mr. Max K. Mangum
Ol Jato Uranium Company
c/o Rich, Elton and Mangum
Attorneys at Law
Utah Oil Building
Salt Lake City 1, Utah

Re: Docket DMEA 3772 (Uranium),
Proposed Exploration Project
Contract Idm-E856, Bears Ears
Uranium Company, (Blue Jay
claims), San Juan County, Utah

Dear Mr. Mangum:

We received your letter of October 31, 1955, with attached four photostatic copies of documents pertaining to the present ownership of the Blue Jay claims.

The matter of assignment of Proposed Exploration Project Contract Idm-E856 from Bears Ears Uranium Company to Ol Jato Uranium Company has been referred to the Washington Office, DMEA, for their consideration as such matters are not within the authority delegated to this office.

The fact that the original and four copies of the Proposed Contract have not been returned to this office may complicate matters somewhat. Every effort should be made by you and Bears Ears Uranium Company to locate the missing copies of the Contract so that they can be returned to our Washington Office for use in conjunction with your request of October 3, 1955, for transfer of the contract.

Very truly yours,

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

By J. W. Townsend

JWT:prl
cc: Chairman, Operating Committee (3)

R. Arnold Ryon
Leonard W. Ryon
Mark K. Mangum

Ryon, Ryon & Mangum
Attorneys at Law
Utah Oil Building
Salt Lake City 1, Utah
Telephone 0-0000

October 31, 1955

DMEA
Date Rec'd.
NOV 8 1955
BUREAU OF MINES
Denver, Colorado

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

Re: 01 Jato Uranium Co.

Dear Mr. Traver:-

I am enclosing herewith four photostatted copies of our chain of title to the Blue Jay Claims. 01 Jato Uranium Company would appreciate your expediting the DMEA loan contract for execution by this company covering the above claims.

There are only one or two minor questions which we feel should be considered before our execution. First, we notice that the contract calls for completion of Stage One and Stage Two programs by December 15, 1955. This date would, of course, have to be extended primarily because of winter conditions. At this point we could not be certain of completing the program even if the contracts were already executed and we were on the ground working. Winter weather may well drive us off of Elk Ridge country any day now and keep us off until next spring.

The second question we would like to have some understanding on would be that we would not be required to drill all twelve holes on the first stage program. Supposing, for example, that we were fortunate enough to locate the channel and block out the edges with a lesser number of drill holes. We believe we should be privileged to use the additional footage to continue on the second stage.

I am also returning the copy of the proposed contract for Bears Ears Uranium Company which you loaned me.

Sincerely,

Mark K. Mangum

President, 01 Jato Uranium Co.

MKM:LB

#7
#5.20
(1)-130555

AUG 26 10 00 AM '55

ARVILLA E. WARREN
RECORDER, SAN JUAN COUNTY
BY _____

MINERAL DEED

BEARS EARS URANIUM COMPANY, a partnership, of Monticello, Utah, GRANTOR, for Ten Dollars and other good and valuable consideration, receipt of which is hereby acknowledged, hereby grants, bargains, quit-claims and conveys unto CALVIN BLACK, of Blanding, Utah, GRANTEE, the following identified unpatented lode mining claims situated chiefly in Section 15, Township 36 South, Range 18 East of the Salt Lake Meridian, San Juan County, Utah, more particularly described in notices recorded in the Office of the Recorder of said County as indicated below:

Name of Claim	Recording of Original Location		Recording of Notices of Lease Application Under Circular 7		Recording of Amended Notices of Location	
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Blue Jay No. 7	63	289	93	99	219	364
Blue Jay No. 8	63	289	93	99	219	364
Blue Jay No. 9	63	290	93	100	219	365
Blue Jay No. 10	63	291	93	100	219	365
Blue Jay No. 11	63	291	93	101	219	366
Blue Jay No. 12	63	292	93	101	219	366
Blue Jay No. 13	63	292	93	102	219	367
Blue Jay No. 14	63	293	93	102	219	367
Blue Jay No. 15	63	293	93	103	219	368
Blue Jay No. 16	63	294	93	103	219	368
Blue Jay No. 17	63	294	93	104	219	369
Blue Jay No. 18	63	295	93	104	219	369
Blue Jay No. 19	63	295	93	105	219	370
Blue Jay No. 20	63	296	93	105	219	370
Blue Jay No. 26	193	343	93	108	219	373
Blue Jay No. 27	193	344				
Blue Jay No. 28	193	344				
Blue Jay No. 29	339	487				
Blue Jay No. 30	339	487				

WITNESS the hand of the grantor this 22nd day of August, 1955.

BEARS EARS URANIUM COMPANY

By _____
President

ATTEST:

_____
Secretary

STATE OF UTAH)
COUNTY OF) SS.

On this 22nd day of August, A.D. 1955, personally appeared

RICH, ELTON & MANGUM
UTAH OIL BUILDING
SALT LAKE CITY, UTAH

486

before me W. R. Young, President and DeMar Perkins, Secretary, who being first duly sworn by me did say that they are the President and Secretary of Bears Ears Uranium Company, a partnership; that they signed the foregoing instrument on behalf of said partnership by authority of a resolution of the partners, and said persons duly acknowledged to me that the foregoing Mineral Deed is the deed of the partnership.

My Commission Expires: 4-30-58

Deloree S. Stewart
Notary Public

Residing at Monticello, Utah

Entry No. 0-13055 486
Recorded 8/26/55 At 10 A.M. Book 56 Page 487
FEE PAID
ARVILLA E. WARREN,
San Juan County Recorder
$ 5.20 By J. R. Deputy

RICH, ELTON & MANGUM
UTAH OIL BUILDING
SALT LAKE CITY, UTAH

#7
$11.20

AUG 26 10 00 AM '55

ARVILLA E. WARREN
RECORDER, SAN JUAN COUNTY
BY _____

C-13056

MINERAL DEED

CALVIN BLACK, of Blanding, Utah, Grantor, for Ten Dollars and other good and valuable consideration, receipt of which is hereby acknowledged, hereby grants, bargains, quit-claims and conveys unto OL JATO URANIUM COMPANY, a corporation of Utah, GRANTEE, the following identified unpatented lode mining claims situated chiefly in Section 15, Township 36 South, Range 18 East of the Salt Lake Meridian, San Juan County, Utah, more particularly described in notices recorded in the Office of the Recorder of said County as indicated below:

Name of Claim	Recording of Original Location		Recording of Notices of Lease Application Under Circular 7		Recording of Amended Notices of Location	
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Blue Jay No. 3	63	287	93	97	219	362
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Blue Jay No. 5	63	288	93	98	219	363
Blue Jay No. 6	63	289	93	98	219	363
Blue Jay No. 7	63	289	93	99	219	364
Blue Jay No. 8	63	289	93	99	219	364
Blue Jay No. 9	63	290	93	100	219	365
Blue Jay No. 10	63	291	93	100	219	365
Blue Jay No. 11	63	291	93	101	219	366
Blue Jay No. 12	63	292	93	101	219	366
Blue Jay No. 13	63	292	93	102	219	367
Blue Jay No. 14	63	293	93	102	219	367
Blue Jay No. 15	63	293	93	103	219	368
Blue Jay No. 16	63	294	93	103	219	368
Blue Jay No. 17	63	294	93	104	219	369
Blue Jay No. 18	63	295	93	104	219	369
Blue Jay No. 19	63	295	93	105	219	370
Blue Jay No. 20	63	296	93	105	219	370
Blue Jay No. 26	193	343	93	108	219	373
Blue Jay No. 27	193	344				
Blue Jay No. 28	193	344				
Blue Jay No. 29	339	487				
Blue Jay No. 30	339	487				

WITNESS the hand of the grantor this 8th day of August, 1955.

Calvin Black

STATE OF UTAH)
COUNTY OF SALT LAKE) SS.

On this 8th day of August, A.D. 1955, personally appeared before me Calvin Black, the signer of the foregoing instrument, who duly acknowledged to me that he executed the same.

Lena D. Bohn
Notary Public
Residing at Salt Lak e City, Utah

RICH, ELTON & MANGUM
UTAH OIL BUILDING
SALT LAKE CITY, UTAH

(OVER)

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488

Grantee, OL JATO URANIUM COMPANY, a coporation of Utah, accepts the within quit claimed BLUE JAY claims subject to the terms and conditions recited in that certain agreement dated the 15th day of July, 1955, by and between BEARS EARS URANIUM COMPANY, a partnership, and CALVAN BLACK, a copy of which agreement is attached hereto and made a part hereof.

OL JATO URANIUM COMPANY

By Max K. Mangum
Max K. Mangum, President

ATTEST:

Secretary

STATE OF UTAH)
COUNTY OF) SS

A G R E E M E N T

THIS AGREEMENT dated the 15th day of July, 1955, by and between BEARS EARS URANIUM COMPANY, a partnership, the partners of which and the wives of said partners are CLYN P. YOUNG and NORMA YOUNG, husband and wife, DARROLL P. YOUNG and LEDA YOUNG, husband and wife, M. H. YOUNG and INA YOUNG, husband and wife, HAROLD YOUNG and Marjorie YOUNG, husband and wife, DeMAR PERKINS and HELEN PERKINS, husband and wife, DARYLE M. REDD and PEARL REDD, husband and wife, W. R. YOUNG and NETA YOUNG, husband and wife, CALVIN BLACK and Carolyn BLACK, husband and wife, THERALD N. JENSEN and BONNIE JENSEN, husband and wife, Sellers, and Calvin Black ~~XXXXXXXXXXXXXXXXXXXXXXXX~~, Blanding, Utah, Buyer,

W I T N E S S E T H

1. That for the consideration hereinafter specified Sellers agree to sell and Buyer agrees to buy the following identified unpatented lode mining claims situated chiefly in Section 15, Township 36 South, Range 18 East of the Salt Lake Meridian, San Juan County, Utah, more particularly described in notices recorded in the Office of the Recorder of said County as indicated below:

Name of Claim	Recording of Original Location		Recording of Notices of Lease Application Under Circular 7		Recording of Amended Notices of Location	
	Book	Page	Book	Page	Book	Page
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Blue Jay No. 3	63	287	93	94	219	362
Blue Jay No. 4	63	288	93	97	219	362
Blue Jay No. 5	63	288	93	98	219	363
Blue Jay No. 6	63	289	93	98	219	363
Blue Jay No. 7	63	289	93	99	219	364
Blue Jay No. 8	63	289	93	99	219	364
Blue Jay No. 9	63	290	93	100	219	365
Blue Jay No.10	63	291	93	100	219	365
Blue Jay No.11	63	291	93	101	219	366
Blue Jay No.12	63	292	93	101	219	366

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Blue Jay No.13	63	292	93	102	219	367
Blue Jay No.14	63	293	93	102	219	367
Blue Jay No.15	63	293	93	103	219	368
Blue Jay No.16	63	294	93	103	219	368
Blue Jay No.17	63	294	93	104	219	369
Blue Jay No.18	63	295	93	104	219	369
Blue Jay No.19	63	295	93	105	219	370
Blue Jay No.20	63	296	93	105	219	370
Blue Jay No.26	193	343	93	108	219	373
Blue Jay No.27	193	344				
Blue Jay No.28	193	344				

2. The sale price for said claims is the sum of $1,000.00 for each claim, and in addition thereto Buyer shall pay to the Sellers 12.5 percent of the gross returns realized from the sale of all ores marketed from said claims. In reckoning said mill returns all costs of exploring for, extracting and transporting said ores to the point of market shall be borne by the Buyer. Any transportation allowances payable under the Atomic Energy Commission program as well as any development allowances shall belong to the Buyer and shall not be reckoned as a part of the said mill returns. Said 12.5 percent payment shall be reckoned, however, on any discovery or production bonuses payable under the said Atomic Energy Commission program. The payment of said $1,000.00 per claim shall be made upon the execution of this agreement, and the payment of the 12.5 percent of the net mill returns shall be made on the ~~XXXX~~ 25th day of each calendar month for all ores marketed in the preceding calendar month.

3. Concurrently with the payment of the said cash consideration of $1,000.00 per claim, Sellers agree to make, execute and deliver to Buyer a mineral quitclaim deed to the said mining claims.

4. Forthwith upon the execution of this agreement, Buyer agrees to enter upon said property and to commence drilling operations thereon, and to do or cause to be done such discovery and development work as may be necessary to properly determine the presence or absence of ore bodies upon said claims,

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and also such work as may be necessary to hold said claims in accordance with the assessment law requirements applicable thereto. Buyer shall seasonably post and file necessary assessment notice papers for the assessment year ending July 1, 1956, and July 1st of each year thereafter. If through prospecting of said mining property Buyer establishes the presence of an ore body which is of sufficient value to justify mining, he shall promptly thereafter begin the development of the said ore body and diligently pursue the mining thereof until the same is exhausted or until said property is reconveyed as hereinafter set forth. Buyer agrees to work and mine said property in a manner consistent with good and economic mining practices with due regard to the development and preservation of the same as mining property.

5. Buyer shall furnish Sellers with copies of any drill logs and maps made by him, and all drill holes put down by Buyer shall be plainly marked thereon for location and identification purposes. Also, Buyer shall, in a proper and reasonable manner, mark location on site of all drill holes and plug the same.

6. Buyer shall comply with all laws and regulations pertaining to the mining operations to be carried on hereunder, including the payment of all federal and state taxes and exactions levied or assessed on said mining property and in connection with the removal of ore therefrom, whether such taxes be property, occupation or other taxes; provided, that this shall not apply to any income taxes payable by Sellers on any ore mined and removed therefrom.

7. If a production tax or severance tax is levied or assessed against production from the property herein at any time during the term of this agreement, Buyer shall pay such

tax and shall withhold 12.5 percent of the same from Sellers' royalties herein as their proportionate share of said tax.

8. Buyer shall take out workmen's compensation insurance and maintain the same at all times hereunder, or comply at all times with the State regulations covering the carrying of self-insurance, if Buyer becomes a self-insurer under the laws of the State of Utah.

9. Buyer agrees to indemnify and hold Sellers harmless from any and all loss or damage, and from all claims for injury, death, loss or damage of any kind or character, and by whomsoever suffered, occasioned by or in connection with any work performed by Buyer, his agents or employees. Buyer further agrees to promptly pay all bills for labor and material incurred in Buyer's operations hereunder, and to indemnify and save Sellers harmless from all claims and liability of every kind and nature which may or might be incurred by reason of Buyer's operations hereunder. The parties shall never be considered partners generally, or in respect to any contractual or tort liability incurred hereunder.

10. Sellers or their duly designated agent, may at reasonable times enter upon said premises and descend into all mine workings for the purpose of inspecting the same at reasonable times without interference with mining operations. Sellers shall also have the right to enter upon the premises at all reasonable times for the purpose of probing any existing drill holes on said mining property.

11. Anything in this agreement to the contrary notwithstanding Buyer may, at any time, execute and deliver to Sellers or place of record in San Juan County, Utah, a reconveyance conveying his right, title and interest in said claims or any of them back to Sellers, and the execution and delivery or

recording of such reconveyance shall relieve Buyer of any duties, obligations and liabilities which he might otherwise thenceforth incur with respect to such reconveyed claims.

12. Any sum not paid when due by Buyer as herein provided shall bear interest at the rate of eight percent per annum.

13. Any notice or instrument to be given hereunder may be given by mailing the same by registered mail, postage prepaid; in the case of Sellers to be addressed as follows:

W. R. Young
Blanding, Utah

and in the case of Buyer to be addressed as follows:

Calvin Black
~~XXXXXXXXXXXX~~
~~XXXXXXXX~~
Blanding, Utah

14. This agreement shall be fully assignable in whole or in part, and shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

Elva R Young
Norma Young
Darrell R Young
Leda Young
M H Young
Mae Perkins
Helen Perkins
Ina Young
Harold Young
Crystal L Young
Pearl Redd
Lloyd M. Redd
W. R. Young
Neta Young

494

Gerald Fleming

Renee Fleming

Calvin Black

Carolyn Black

SELLERS

Calvin Black

BUYER

Entry No. 0-13056

Recorded 8/26/55 At 10 AM. Book 56 Page 488 495

FEE PAID

ARVILLA E. WARREN,
San Juan County Recorder

$ 11.20 By J. R. Deputy

14.00

AUG 26 10 00 AM '55

ARVILLA E. WARREN
RECORDER, SAN JUAN COUNTY
BY _____

C-13054

MINERAL DEED

CLYN P. YOUNG and NORMA YOUNG, husband and wife of Monticello, Utah, DARROLL P. YOUNG and LEDA YOUNG, husband and wife of Monticello, Utah, M. H. YOUNG and INA YOUNG, husband and wife of Moab, Utah, HAROLD YOUNG and Elizabeth YOUNG, husband and wife of Mack, Colorado, DeMAR PERKINS and HELEN PERKINS, husband and wife, of Monticello, Utah, DARYLE M. REDD and PEARL REDD, husband and wife of Monticello, Utah, W. R. YOUNG and NETA YOUNG, husband and wife of Blanding, Utah, CALVIN BLACK and Carolyn BLACK, husband and wife of Blanding, Utah, and THERALD N. JENSEN and BONNIE JENSEN, husband and wife, of Price, Utah, Grantors, for $10.00 and other good and valuable consideration, receipt of which is hereby acknowledged, hereby grant, bargain, quit claim and convey unto Calvin Black ~~xxxxxxxxxxxx~~ of Blanding, Utah, grantee, the following identified unpatented lode mining claims situated chiefly in Section 15, Township 36 South, Range 18 East of the Salt Lake Meridian, San Juan County, Utah, more particularly described in notices recorded in the Office of the Recorder of said County as indicated below:

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Blue Jay No. 6	63	289	93	98	219	363
Blue Jay No. 7	63	289	93	99	219	364
Blue Jay No. 8	63	289	93	99	219	364
Blue Jay No. 9	63	290	93	100	219	365
Blue Jay No. 10	63	291	93	100	219	365
Blue Jay No. 11	63	291	93	101	219	366

PROOF READ

12

481

PROOF READ

Blue Jay No. 12 63	292	93	101	219	366
Blue Jay No. 13 63	292	93	102	219	367
Blue Jay No. 14 63	293	93	102	219	367
Blue Jay No. 15 63	293	93	103	219	368
Blue Jay No. 16 63	294	93	103	219	368
Blue Jay No. 17 63	294	93	104	219	369
Blue Jay No. 18 63	295	93	104	219	369
Blue Jay No. 19 63	295	93	105	219	370
Blue Jay No. 20 63	296	93	105	219	370
Blue Jay No. 26/193	343	93	108	219	373
Blue Jay No. 27/193	344				
Blue Jay No. 28/193	344				
Blue Jay No. 29/					
Blue Jay No. 30					

WITNESS the hands of the grantors this 15th day of July, 1955.

Selyn R. Young
Norma Young
Darrell Young
Leda Young
M. H. Young
Ora Young
Harold Young
Marjorie Young
Ellen Perkins
Helen Perkins
Lewis H. Reed
Pearl Reed
W. R. Young
Neta Young
Calvin Black
Carolyn Black
Theodore R. Jensen
Bonnie Jensen

STATE OF UTAH)
: ss.
COUNTY OF San Juan)

Personally appeared before me this 21 day of July, 1955, CLYN P. YOUNG and NORMA YOUNG, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

F. Benmon Redd
Notary Public

My commission expires:
6-14-59

Residing at Monticello, Utah

STATE OF UTAH)
: ss.
COUNTY OF San Juan)

Personally appeared before me this 21st day of July, 1955, DARROLL P. YOUNG and LEDA YOUNG, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

F. Benmon Redd
Notary Public

My commission expires:
6-14-59

Residing at Monticello, Utah

STATE OF UTAH)
: ss.
COUNTY OF Grand)

Personally appeared before me this 23rd day of July, 1955, M. H. YOUNG and INA YOUNG, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

[illegible]
Notary Public

My commission expires:
1/28/59

Residing at Moab, Utah

STATE OF Utah)
: ss.
COUNTY OF San Juan)

Personally appeared before me this 22 day of July, 1955, HAROLD YOUNG and Marjorie YOUNG, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

[illegible]
Notary Public

My commission expires:
Aug 4 1958

Residing at Price Utah

483
13

STATE OF UTAH)
: ss.
COUNTY OF San Juan)

Personally appeared before me this 21st day of July, 1955, DeMAR PERKINS and HELEN PERKINS, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

F. Benmon Redd
Notary Public

My commission expires:
6-14-59

Residing at Monticello, Utah

STATE OF UTAH)
: ss.
COUNTY OF San Juan)

Personally appeared before me this 21st day of July, 1955, DARKLE M. REDD and PEARL REDD, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

F. Benmon Redd
Notary Public

My commission expires:
6-14-59

Residing at Monticello, Utah

STATE OF Utah)
: ss.
COUNTY OF San Juan)

Personally appeared before me this 22nd day of July, 1955, W. R. YOUNG and NETA YOUNG, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

D. Peterson
Notary Public

My commission expires:
August 1958

Residing at Blanding

STATE OF _____)
: ss.
COUNTY OF _____)

Personally appeared before me this 10 day of August, 1955, CALVIN BLACK and Caroline BLACK, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

Fred Nigro
Notary Public

My commission expires:
NOTARY PUBLIC, NEW JERSEY
MY COMMISSION EXPIRES JULY 20, 1960

Residing at Little Silver, N.J.

484
14

STATE OF UTAH)
: ss.
COUNTY OF CARBON)

Personally appeared before me this 27 day of July, 1955, THERALD N. JENSEN and BONNIE JENSEN, husband and wife, two of the signers of the foregoing instrument, who duly acknowledged to me that they executed the same.

My commission expires:
Jan. 14, 1958

Dan C. Keller
Notary Public
Residing at Price, Utah

Entry No. 0-13054 481
Recorded 8/26/55 At 10 A.M. Book 56 Page 485
FEE PAID
ARVILLA E. WARREN,
San Juan County Recorder
$ 14.00 By J.R. Deputy

307 Utah Oil Bldg

October 3, 1955

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

Re: DMEA 3772 (Uranium),
Proposed Exploration
Contract Idm-5856,
Bears Ears Uranium Co.
(Blue Jay Claims)
San Juan County, Utah

Dear Mr. Traver:-

Ol Jato Uranium Company, a Utah corporation, recently purchased the Blue Jay Claims from the Bears Ears Uranium Co. Ol Jato is hereby applying for the DMEA contract which has previously been considered by your office in connection with these claims.

Would you therefore please forward the necessary papers for execution by Ol Jato Uranium Company in order to expedite consideration and approval of this DMEA application.

Sincerely,

President, Ol Jato Uranium Co.

Contents of the foregoing have been read and are hereby approved.

Bears Ears Uranium Company

By

7/25/55 glm

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

RECEIVED
JUL 18 1955

224 New Customhouse
Denver 2, Colorado

July 15, 1955

Memorandum

To: Secretary to the Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Report of Examination, DMEA Docket 3772 (Uranium), Bears Ears Uranium Company, (Blue Jay claims), San Juan County, Utah

Enclosed are the original and three copies of the report pertaining to the above application.

We concur in the recommendation for a two stage exploration project as outlined in the engineering report at a total cost of $11,069.25.

Nine extra copies of Figure 2 are attached for possible use in the contract.

DMEA Field Team, Region III

W. M. Traver

E. N. Harshman

Enclosures

Reviewed by
DMEA OPERATING COMMITTEE
7-22-55
(date)

DMEA
Date Rec'd

JUL 13 1955

BUREAU OF MINES
Denver, Colorado

RECEIVED
JUL 13 1955

TRANSMITTED
JUL 15 1955

Region III

Building 20, Room 137
Denver Federal Center
Denver 2, Colorado
July 8, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: John F. Shaw

Subject: DMEA 3772, (Uranium) Blue Jay claims, Bears Ears Uranium Company, San Juan County, Utah

Enclosed are the original and ten copies of a "Summary, Conclusions, and Recommendations" by W. P. Williams, geologist, and C. M. Harrer, mining engineer and the original and ten copies of an engineering report by C. M. Harrer covering docket DMEA 3772.

The Bears Ears Uranium Company applied for exploration assistance in the amount of $39,600.00 to explore the Blue Jay group of claims with 24 diamond drill holes totaling 7,200 feet and to strip the rim rock contact on their Blue Jay claims 27 and 28.

The field examination was made on May 18, 1955, by W. P. Williams of the Geological Survey and C. M. Harrer, mining engineer, Bureau of Mines.

The examining team concluded that the chance for making a significant discovery for uranium on the Blue Jay claims is good.

A revised exploration program was proposed, and it was agreed to by the applicant's representative. The revised program would consist of diamond drilling in two stages. Stage I would consist of 12 holes totaling 2,400 feet, and Stage II would consist of 12 holes totaling 2,400 feet. Stage II would be depended upon in result of Stage I and would require prior written approval of the DMEA Field Team.

It is recommended that a contract be prepared authorizing 24 diamond drill holes at a total cost of $11,069.25. The amount of Government participation would be $8,301.94.

John F. Shaw
Supervising Mining Engineer

Enclosures

cc 10
DMEA 3772
Chron

JFS/ph

Reviewed by
DMEA OPERATING COMMITTEE
7-22-55
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DOUGLAS McKAY, SECRETARY

RECEIVED
JUL 18 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION III

DMEA 3772, Blue Jay Claims

Bears Ears Uranium Company

San Juan County, Utah

Uranium

W. P. Williams, Geologist
Geological Survey

C. M. Harrer, Mining Engineer
Bureau of Mines

June 29, 1955

Reviewed by
DMEA OPERATING COMMITTEE
7-22-55
(date)

DMEA 3772

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BLUE JAY CLAIMS
BEARS EARS URANIUM COMPANY
SAN JUAN COUNTY, UTAH

Summary, Conclusions, and Recommendations

By W. P. Williams
Geologist
Geological Survey

C. M. Harrer
Mining Engineer
Bureau of Mines

Reviewed by
DMEA OPERATING COMMITTEE
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BLUE JAY CLAIMS
BEARS EARS URANIUM COMPANY
SAN JUAN COUNTY, UTAH

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JUL 18 1955

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

By W. P. Williams and C. M. Harrer

Bears Ears Uranium Company, unincorporated, of Blanding and Monticello, Utah, has applied to the Defense Minerals Exploration Administration for assistance to explore their Blue Jay group of claims with 24 diamond drill holes totaling 7,200 feet and to strip the rim rock contact on their Blue Jay claims 27 and 28. Total cost of the project was estimated at $39,600.00.

Field investigation of the property was made on May 18, 1955, by representatives of the Geological Survey and Bureau of Mines. Clynn Young of Monticello, Utah, accompanied the examiners and represented the applicant.

The Blue Jay group consists of 23 unpatented lode claims in section 15, T. 36 S., R. 18 E., Salt Lake meridian, San Juan County, Utah.

Rocks exposed on and near the Blue Jay claims include the Cedar Mesa Sandstone member and the Organ Rock and Hoskinnini tongues of the Cutler formation of Permian age, the Moenkopi formation of lower Triassic age, the Shinarump conglomerate of upper Triassic age, the lower part of the Chinle formation of upper Triassic age, and sandstone units within the lower Chinle formation of Triassic age.

The chance of making a significant discovery of uranium on the Blue Jay claims appears to be good since:

1. Favorable structure in the form of a channel in the Triassic Shinarump formation has been uncovered by the applicant's rim stripping.

2. The property lies along a trend formed by known uranium ore deposits.

3. The property is near the center of the belt of continuous Shinarump conglomerate which assures the presence of a thick and continuous host rock.

4. The property lies along a trend of known geo-botanical anomalies.

5. The rim rock outcrop of the channel gives high scintillometer readings at accumulations of carbonaceous material and green-gray mudstones which are favorable for the occurrence of uranium ore deposits.

A two-stage exploration program consisting of 24 diamond drill holes totaling 4,800 feet is recommended for approval at an overall cost of $11,069.25. Stage I would consist of 12 holes totaling 2,400 feet as shown on figure 2 and would cost $5,592.25. Stage II would also consist of 12 holes totaling 2,400 feet which would be drilled around Stage I holes exhibiting uranium or favorable structure or to further explore the channel. It would cost $5,477.00.

Government participation in this exploration program would be 75 percent of $11,069.25 or $8,301.94.

Exploration costs have been estimated on the lowest of three bids submitted by the applicant. It should be noted that this bid by the Europa Exploration and Mining Corporation is exceptionally low and probably could not be duplicated if they were not on a nearby property.

DMEA 3772

BLUE JAY CLAIMS
BEARS EARS URANIUM COMPANY
SAN JUAN COUNTY, UTAH

Engineering Report

By C. M. Harrer
Mining Engineer
Bureau of Mines

Reviewed by
DMEA OPERATING COMMITTEE
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DMEA 3772

BLUE JAY CLAIMS
BEARS EARS URANIUM COMPANY
SAN JUAN COUNTY, UTAH

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DMEA 3772

BLUE JAY CLAIMS
BEARS EARS URANIUM COMPANY
SAN JUAN COUNTY, UTAH

ENGINEERING REPORT

By

C. M. Harrer

INTRODUCTION

Bears Ears Uranium Company, of Blanding and Monticello, Utah, has requested assistance of the Defense Minerals Exploration Administration to explore their Blue Jay group of unpatented lode claims (figs. 1 and 2) for uranium. They propose to explore the most favorable location on their Blue Jay claims no., 3, 4, and 26, with 24 diamond drill holes totaling 7,200 feet and to carry on rim stripping on their Blue Jay claims no., 26 and 27. The total estimated cost for the project was $39,600.00. The proposed program would explore the basal Shinarump sandstone-conglomerate formation (Triassic) where it fills channels cut into the Moenkopi formation also of Triassic age. The possibility of making a significant discovery of uranium appears good.

A field examination was made on May 18, 1955, by a joint Geological Survey and Bureau of Mines team, accompanied by a representative of the applicant.

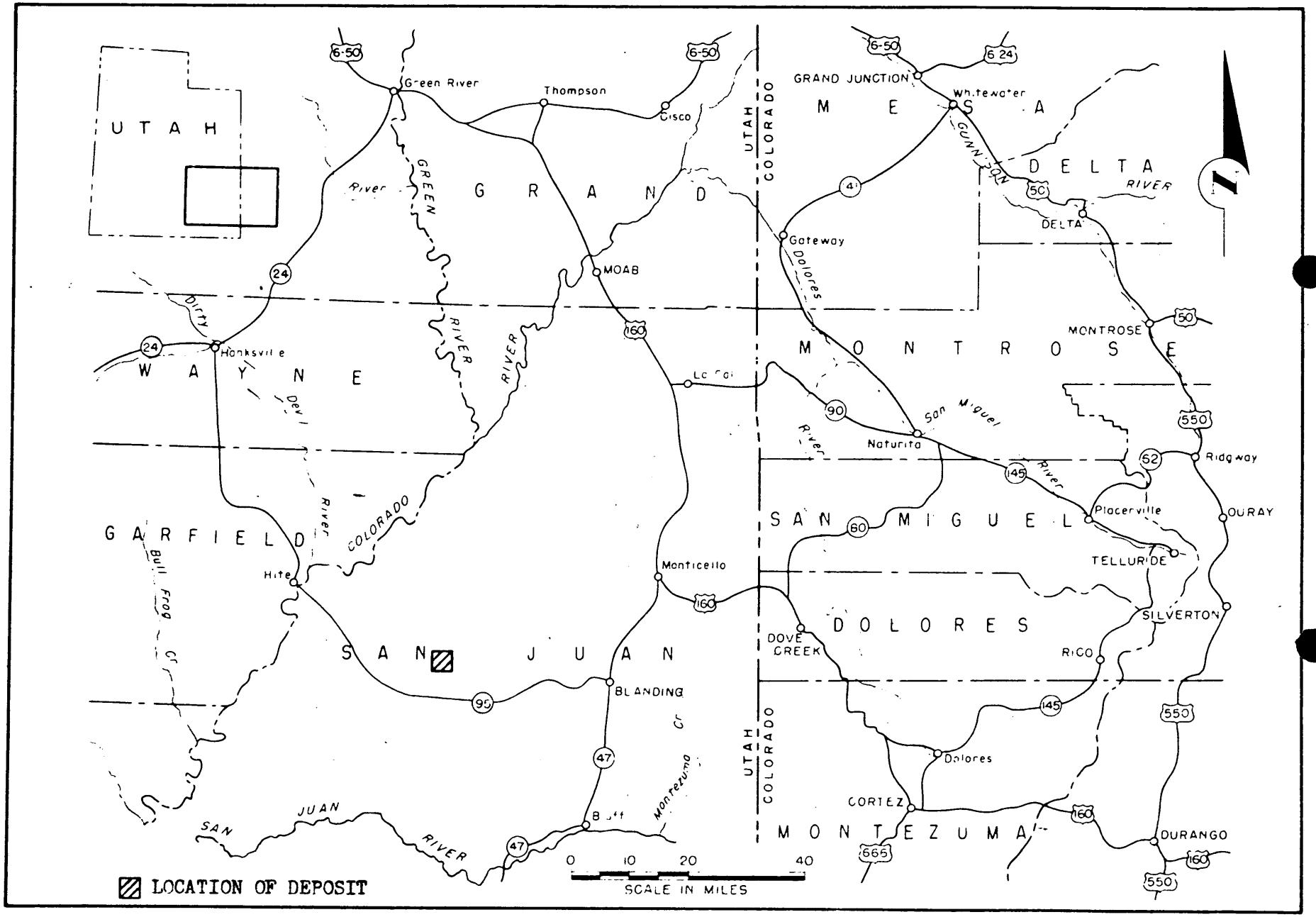


FIGURE 1 - LOCATION MAP, BEARS EARS URANIUM COMPANY, BLUE JAY CLAIMS, SAN JUAN COUNTY, UTAH. DMEA 3772

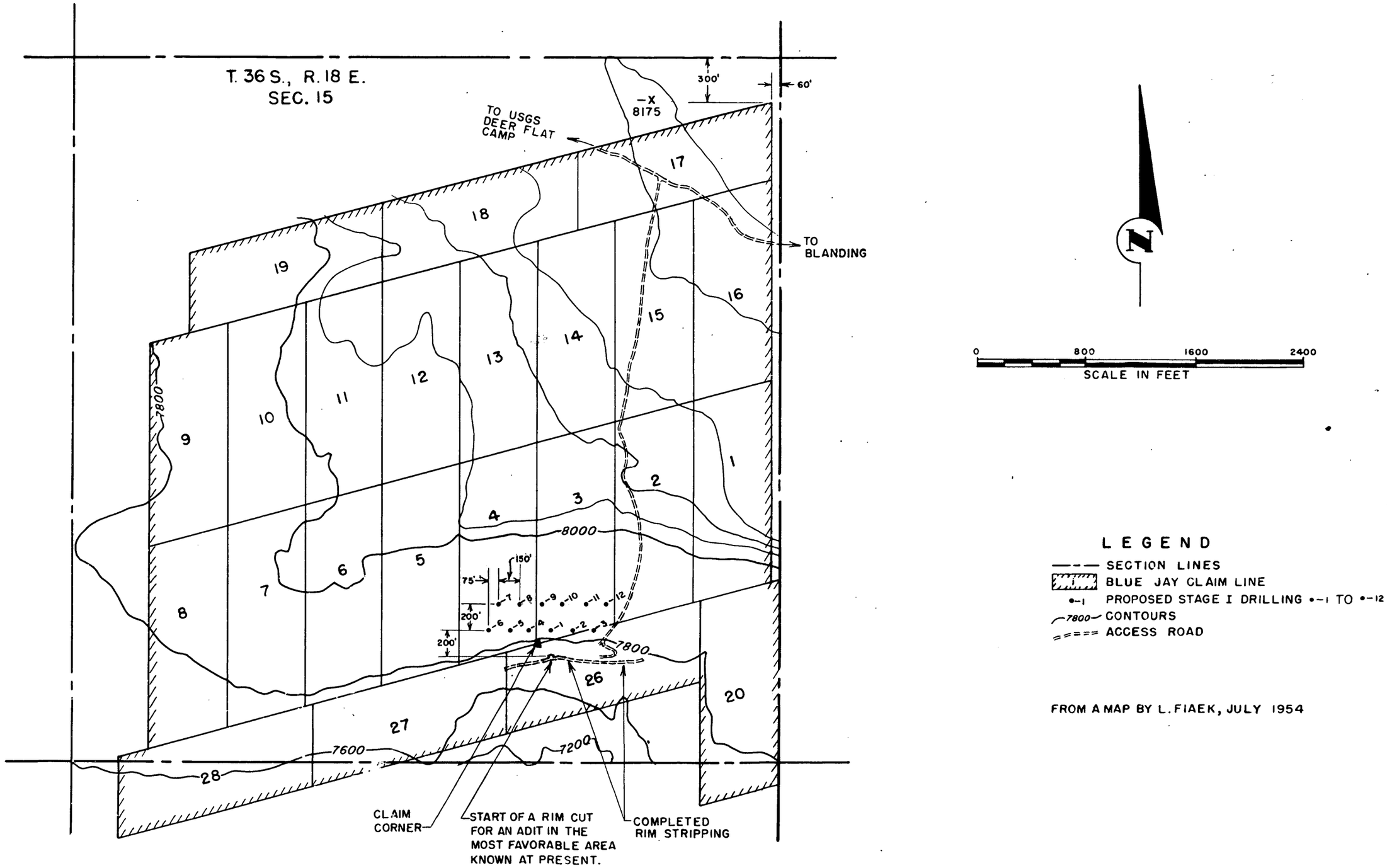


FIGURE 2 – MAP OF PROPERTY AND EXPLORATION, BEARS EARS URANIUM COMPANY, BLUE JAY CLAIMS, SAN JUAN COUNTY, UTAH. DMEA 3772

ACKNOWLEDGMENTS

Clynn Young of Monticello, Utah, accompanied the examining team and represented the applicant, Bears Ears Uranium Company.

W. P. Williams, geologist of the Geological Survey, was the Geological Survey member of the examining team. He was accompanied by F. J. Kleinhampl, also of the Geological Survey and stationed at the local Deer Flat camp.

LOCATION, TOPOGRAPHY, AND PHYSICAL FEATURES

The Blue Jay group of claims are in section 15, T. 36 S., R. 18 E., Salt Lake meridian, in San Juan County, Utah. The claims are variously described as in the Bears Ears, Deer Flat and White Canyon Mining Districts. Altitudes range between 7,600 and 8,200 feet above sea-level. The property is 60 miles from Monticello, 35 miles from Blanding, and 40 miles from the White Canyon purchasing depot at the Happy Jack mine.

The area is typical Colorado Plateau mesa land with deep canyons cutting into the higher areas. The mesa rims are almost vertical cliffs grading into steep slopes covered by landslide debris and talus. The normally semi-arid climate permits year around mining operations. Access to the region is over rough roads. Water for domestic and drilling use must be hauled from springs or catch basins or the nearest creek. All supplies must be hauled from Blanding or Monticello which are connected by motor freight transportation with Grand Junction, the nearest major supply center. Labor is available locally and in nearby towns.

HISTORY AND PRODUCTION

The Blue Jay group of claims was located on February 12, 1954, by the members of Bears Ears Uranium Company. There has been no production from the claims. The nearest production has been from the Sandy No. 3 and Sandy mines about 1 to 1-1/2 miles northwest (section 8, T. 36 N., R. 18 E.) and the Hideout mine (section 14, T. 36 N., R. 17 E.) about 4-1/2 miles west. The following production statistics were secured from the Atomic Energy Commission and are correct through March 1955.

Mine	Dry Tons Uranium Ore	Percent U_3O_8
Hideout	6,582.19	0.25
Sandy	1,027.25	0.22
Sandy No. 3	1,969.37	0.17

The search for uranium in the Deer Flats area dates from 1951 when it was first considered for exploration by the Atomic Energy Commission. The Atomic Energy Commission estimates about 10,000 tons of indicated and inferred uranium ore at the head of Burch Canyon which is about 1-1/2 miles to the southeast of the Blue Jay claims.

OWNERSHIP AND EXTENT

The contiguous group of standard, unpatented lode locations (fig. 2) known as the Blue Jay claims has been located and is owned by the members of the Bears Ears Uranium Company. The company is unincorporated and consists of members of the "Young family" and close relations. A Power-of-Attorney agreement executed on February 14, 1955, designated W. R. Young of Blanding, Utah, as the official representative of Bears Ears Uranium Company.

The company consists of Clynn P. Young, Darroll P. Young, Daryle M. Redd and DeMar Perkins of Monticello, Utah; W. R. Young of Blanding, Utah; Mildruff H. Young of Moab, Utah; Harold Young of Mac, Colorado; Calvin Black and Therald N. Jensen of Price, Utah.

The company's group of 23 contiguous lode claims are in section 15, T. 36 S., R. 18 E., Salt Lake meridian (fig. 2) in San Juan County, Utah. They have been reported as in the Bears Ears, Deer Flat, and White Canyon Mining Districts; approximately 3 miles northeast of Maverick Point on the north rim of a tributary running into Burch Canyon.

Claims held by Bears Ears Uranium Company and information on file in the records of the San Juan County courthouse at Monticello, Utah, are as follows:

	Original Location			Location under A.E.C. Circ. 7, lease application			Amended locations Public Law 585		
Claim No.	Date	Book	Page	Date	Book	Page	Date	Book	Page
Blue Jay-1	2/12/54	63	286	4/14/54	93	96	10/20/54	219	361
2	2/12/54	63	287	4/14/54	93	96	10/20/54	219	361
3	2/12/54	63	287	4/14/54	93	97	10/20/54	219	362
4	2/12/54	63	288	4/14/54	93	97	10/20/54	219	362
5	2/12/54	63	288	4/14/54	93	98	10/20/54	219	363
6	2/12/54	63	289	4/14/54	93	98	10/20/54	219	363
7	2/12/54	63	289	4/14/54	93	99	10/20/54	219	364
8	2/12/54	63	289	4/14/54	93	99	10/20/54	219	364
9	2/12/54	63	290	4/14/54	93	100	10/20/54	219	365
10	2/12/54	63	291	4/14/54	93	100	10/20/54	219	365
11	2/12/54	63	291	4/14/54	93	101	10/20/54	219	366
12	2/12/54	63	292	4/14/54	93	101	10/20/54	219	366
13	2/12/54	63	292	4/14/54	93	102	10/20/54	219	367
14	2/12/54	63	293	4/14/54	93	102	10/20/54	219	367
15	2/12/54	63	293	4/14/54	93	103	10/20/54	219	368
16	2/12/54	63	294	4/14/54	93	103	10/20/54	219	368
17	2/12/54	63	294	4/14/54	93	104	10/20/54	219	369
18	2/12/54	63	295	4/14/54	93	104	10/20/54	219	369
19	2/12/54	63	295	4/14/54	93	105	10/20/54	219	370
20	2/12/54	63	296	4/14/54	93	105	10/20/54	219	370
26	9/21/54	193	343	4/14/54	93	108	10/20/54	219	373
27	9/21/54	193	344	--			--		
28	9/21/54	193	344	--			--		

DESCRIPTION OF DEPOSITS

Permian and Triassic rocks are exposed on the Blue Jay group of claims. The only exposures of the potentially ore-bearing Shinarump (Triassic) formation are along the cliff-like rim rock on the Blue Jay claims no. 26 and 27. The applicants have stripped about 1,000 feet of the rim rock contact between the Shinarump and Moenkopi formations on the Blue Jay claim no. 26 (fig. 2) and have exposed a channel in the Moenkopi formation which is filled with Shinarump sediments. This channel structure is an important guide in the search for uranium ore. The channel outcrop on the Blue Jay no. 26 claim is filled with up to 40 feet of gray to white sandstone with small lenses of conglomerate and mudstone. Considerable carbonaceous material is also present. Radioactivity was evidenced by scintillometer readings of two to ten times background count. Known uranium ore bodies in the general area consist of uraninite and copper sulfide minerals disseminated through Shinarump conglomerate-sandstone. There are no copper or uranium outcrops on the property; however, deposits of 1,000 to 10,000 tons can be inferred in the lower Shinarump sandstone units from data available on deposits in the general area. Geologists of the U. S. Geological Survey have located geo-botanical-uranium anomalies on the property.

The most favorable exposure for uranium occurrence, as indicated by channel thickness and radioactive anomalies was at the prepared location of an intended adit (fig. 2) and recommended exploration is planned around this exposure.

MINABLE ORE RESERVES

There are no calculable reserves of uranium ore on the property and there was no basis for sampling the property.

PRESENT STATUS

Exploration and Development

During December 1954 and early in 1955, the applicants improved their Blue Jay claims with a very steep and rough access road and about 1,000 feet of rim stripping (fig. 2) which partly exposes the Triassic, Shinarump-Moenkopi contact. Preparations were made at the time to start an adit along this contact. The adit has not been driven to date, since the applicant decided on a program of exploration drilling.

Mining, Milling, and other Facilities

There are no buildings or equipment of any kind on the property.

PROPOSED EXPLORATION AND COSTS

Bears Ears Uranium Company originally proposed to partly explore their Blue Jay group of claims for uranium by stripping the Shinarump-Moenkopi rim contact on their Blue Jay claim no. 27 and by drilling 24 holes, totaling 7,200 feet, on their Blue Jay claims no., 3, 4, and 26. These holes would be arranged in four fences or rows which would be 200 feet apart in a north-south direction. The six holes in each fence would be 50 feet apart in an east-west direction.

The cost of this proposed work has been roughly estimated from the applicant's figures as follows:

7,200 feet of drilling at $3.00 per foot		$21,600.00
Engineering and geologic services		2,000.00
Supervision, accounting, and sampling		4,000.00
Rim Stripping		
Rental of a TD-18 Bulldozer 750 hours at $12.00 per hour	$9,000.00	
Employment of a driller-powderman 750 hours at $2.00 per hour	1,500.00	
Blasting and drilling equipment rental 750 hours at $2.00 per hour	1,500.00	
Total Rim Stripping Cost		12,000.00
Total estimated cost of the applicant's project		$39,600.00

The above estimate is based on rough figures and not on formal bids.

REVISED AND RECOMMENDED EXPLORATION PROGRAM AND COSTS

During the field examination and conference on May 18, 1955, Clynn P. Young, representing the applicant, Bears Ears Uranium Company, agreed on the following modified and two-stage exploration program in which the stripping of the Triassic, Shinarump-Moenkopi rim was eliminated.

Stage I would consist of 12 diamond drill holes with an average depth of about 200 feet and totaling 2,400 feet. The holes would be arranged in two fences of 6-holes each which would be 200 feet apart in a north-south direction and the holes in each fence would be spaced

150 feet apart in an east-west direction. The first fence of holes would be 200 feet north or back from the rim, and the first hole would be 200 feet north of a former adit location and favorable area shown on figure 2. The second fence of holes would be 200 feet north of the first fence and its holes would be staggered as shown on figure 2. Stage I holes would not necessarily have to be drilled in the order shown, but would be influenced by results obtained.

The first hole would be drilled by non-core plug bit to a depth of 25 feet and core drilled for the remainder of its depth. The results obtained from this hole will establish the general limits of the Chinle and Shinarump formations and the first red mudstone of the Moenkopi formation, all of Triassic age. All remaining holes would be drilled by non-core, plug bit to the top of the potentially ore-bearing Shinarump conglomerate and then core drilled through the Shinarump formation to the first red mudstone in the Moenkopi formation. Core drilling should recover core not less than AX size.

All holes, cuttings, and core should be logged radiometrically and geologically and copies of the logs, patterned after those of the Geological Survey, and certified by a competent geologist, should be a contract requirement.

Those portions of the core containing significant amounts of uranium should be split and analyzed for U_3O_8. One half of the core split should remain in place in the core boxes until disposed of by the DMEA. Provision is made for the chemical analyses of 12 samples for U_3O_8 and $CaCO_3$.

Stage I would be completed in 30 days at an over-all cost of $5,592.00.

Stage II would consist of an additional 12 holes with an average depth of about 200 feet and totaling 2,400 feet. The holes would form a pattern of drilling, offsetting those holes of Stage I which contain significant amounts of uranium in the opinion of the Field Team or which exhibit particularly favorable structure. Stage II drilling would be determined from the results of Stage I and would require prior approval of the DMEA Field Team.

Provision should be made to transfer funds from or to either stage, as approved.

Stage II would be completed in 30 days at an over-all cost of $5,462.00.

Hole no. 1 of Stage I is estimated on the basis of 25 feet of plug bit, non-core diamond drilling and 175 feet of core drilling, not less than AX size. Since the thickness of the Shinarump conglomerate exposed on the property was measured at about 40 feet, the remaining 23 holes of Stages I and II are estimated on the basis of 150 feet of plug bit, non-core diamond drilling and 50 feet of core-drilling, not less than AX size.

Detailed costs of the revised and recommended exploration program are estimated as follows:

Stage I (12 holes completed in 30 days)

Independent contracts	Costs	Distribution: Plug bit, non-core diamond drilling	Distribution: Core diamond drilling
Approximately 1,675 feet of diamond plug bit, non-core drilling at $1.00 per foot (0-200 feet depth)	$1,675.00	$1,675.00	
Approximately 725 feet of core drilling (minimum size AX) at $2.00 per foot (0-200 feet depth)	1,450.00		$1,450.00
Standby time to log holes 24 hours at $10.00 per hour	240.00	120.00	120.00
Access roads and drill sites preparation - 50 hours at $12.00 per hour	600.00	300.00	300.00
Moving bulldozer in and out twice	150.00	75.00	75.00
Total	$4,115.00	$2,170.00	$1,945.00
Labor, supervision and consultants			
Geologist consultant at $500.00 for 1 month	$ 500.00	$ 250.00	$ 250.00
1-full time field supervisor to spot holes, take care of samples, core and records at $500.00 per month	500.00	250.00	250.00
Total	$1,000.00	$ 500.00	$ 500.00
Operating equipment			
Rental of a Babbel counter and deep hole probe for 1 month at $175.00 per month	$ 175.00	$ 100.00	$ 75.00

	Costs	Distribution: Plug bit, non-core diamond drilling	Distribution: Core diamond drilling
1-pick-up truck or Jeep station wagon. Depreciation at $40.00 per month	$ 40.00	$ 20.00	$ 20.00
Total	$ 215.00	$ 120.00	$ 95.00
Operating materials and supplies			
Service charge on pick-up truck or Jeep station wagon 1,000 miles at .07 per mile	$ 70.00	$ 35.00	$ 35.00
Drill logs and engineering supplies	30.00	15.00	15.00
15-core boxes at $3.50 each	52.50		52.50
Total	$ 152.50	$ 50.00	$ 102.50
Miscellaneous			
Assaying 12 samples for U_3O_8 and $CaCO_3$ at $5.00 per sample	$ 60.00		$ 60.00
Payroll taxes - 5 percent of $1,000.00	$ 50.00	$ 25.00	$ 25.00
Total	$ 110.00	$ 25.00	$ 85.00
Total Costs of Stage I	$5,592.00	$2,865.00	$2,727.00

Stage II (12 holes completed in 30 days)

Independent contracts			
Approximately 1800 feet of diamond plug bit, non-core drilling at $1.00 per foot (0-200 feet depth)	$1,800.00	$1,800.00	
Approximately 600 feet of core drilling (minimum size AX) at $2.00 per foot (0-200 feet depth)	1,200.00		$1,200.00

	Costs	Distribution: Plug bit, non-core diamond drilling	Distribution: Core diamond drilling
Standby time to log holes - 24 hours at $10.00 per hour	$ 240.00	$ 120.00	$ 120.00
Access roads and drill sites preparation - 50 hours at $12.00 per hour	600.00	300.00	300.00
Moving bulldozer in and out twice	150.00	75.00	75.00
Total	$3,990.00	$2,295.00	$1,695.00
Labor, supervision and consultants			
Geologist consultant at $500.00 for 1 month	$ 500.00	$ 250.00	$ 250.00
Fulltime field supervisor to spot holes, take care of samples, core and records - $500.00 for one month	500.00	250.00	250.00
Total	$1,000.00	$ 500.00	$ 500.00
Operating equipment			
Rental of a Babbel counter and deep hole probe for 1 month at $175.00	$ 175.00	$ 100.00	$ 75.00
1-pickup truck or Jeep station wagon. Depreciation at $40.00 per month	40.00	20.00	20.00
Total	$ 215.00	$ 120.00	$ 95.00
Operating materials and supplies			
Service charge on pick-up truck or Jeep station wagon - 1,000 miles at .07 per mile	$ 70.00	$ 35.00	$ 35.00

	Costs	Distribution: Plug bit, non-core diamond drilling	Distribution: Core diamond drilling
Drill logs and engineering supplies	$ 30.00	$ 15.00	$ 15.00
12-core boxes at $3.50 each	42.00		42.00
Total	$ 142.00	$ 50.00	$ 92.00
Miscellaneous			
Assaying 13 samples for U_3O_8 and $CaCO_3$ at $5.00 per sample	$ 65.00		$ 65.00
Payroll taxes - 5 percent of $1,000.00	50.00	$ 25.00	25.00
Total	$ 115.00	$ 25.00	$ 90.00
Total Costs of Stage II	$5,462.00	$2,990.00	$2,472.00

The total over-all cost of Stages I and II is estimated at $11,054.00 on the basis of the lowest estimate submitted by the applicant. It should be noted that this bid by Europa Exploration and Mining Corporation is exceptionally low and probably could not be duplicated if they were not already in the area.

Three formal drilling bids were submitted by the applicant and copies are appended at the end of the report.

The applicant's revised program of exploration is outlined in his letter to the Executive Officer, DMEA Field Team, dated May 29, 1955.

RECAPITULATION

Average cost of Stage I plug bit drilling	($2,865.00) / (1675 ft.)	$ 1.71 per ft.
Average cost of Stage I core drilling	($2,667.00) / (725 ft.)	$ 3.68 per ft.
Cost of chemical analyses for 12 samples in Stage I		$ 60.00
Average cost of Stage II plug bit drilling	($2,990.00) / (1800 ft.)	$ 1.67 per ft.
Average cost of Stage II core drilling	($2,407.00) / (600 ft.)	$ 4.01 per ft.
Cost of chemical analyses for 13 samples in Stage II		$ 65.00
Total over-all cost per foot of hole completed in Stage I		$ 2.33
Total over-all cost per foot of hole completed in Stage II		$ 2.28
Total over-all cost per foot of hole completed in Stages I and II		$ 2.30
Total cost of Stage I		$ 5,592.25
Total cost of Stage II		$ 5,477.00
Total cost of Stages I and II		$ 11,069.25
Government participation of 75 percent is		$ 8,301.94
Time to complete Stage I and II		2-months

PROPOSED FINANCING

Bears Ears Uranium Company is prepared to furnish its share of the cost of the proposed exploration in cash.

CONCLUSIONS

The possibility of making a significant discovery of uranium appears good.

The 12 holes of Stage I, as shown on figure 2, should be sufficient to determine the existence of uranium ore bodies. Should these holes fail to show evidence of uranium or particularly favorable structure for its occurrence, the project should be terminated.

The second stage of 12 holes should be drilled to explore uranium indications or exceptionally favorable structure found in Stage I drilling.

The basal part of the Triassic Shinarump formation is the only ore-bearing horizon in this locality.

The estimated footages of plug-bit non-core drilling and core drilling must be kept flexible since their actual amounts are dependent upon geologic attitudes which at present cannot be determined.

RECOMMENDATIONS

A two-stage exploration program consisting of 24 diamond drill holes totaling 4,800 feet is recommended for approval at an overall cost of $11,069.25. Stage I will consist of 12 holes totaling 2,400 feet, as shown on figure 2. Stage II will consist of 12 holes totaling 2,400 feet, which will be drilled around holes containing uranium or favorable structure, and as authorized by the Field Team. Provision should be made to transfer funds from Stage II to Stage I, or vice versa, as required and approved. The geologic and

radiometric logs of all holes should be certified by a qualified geologist and submitted as soon as they are completed. All core must be at least of AX size. Since the actual depths of non-core and core drilling are an approximation and will be set by the results obtained in the first hole, the amounts of each type of drilling should be held flexible.

Government participation would be 75 percent of $11,069.25 or $8,301.94.

/ph

STEWART URANIUM DRILLING CO., INC.

P. O. BOX 534 SUDCO MONTICELLO, UTAH

M. R. STEWART, PRESIDENT
D. W. STEWART, VICE-PRESIDENT
H. A. REID, JR., SEC.-TREAS.

MAIN OFFICE
BAYTOWN, TEXAS

May 23, 1955

Reviewed by
DMEA OPERATING COMMITTEE
7-22-55
(date)

Bears Ears Uranium
c/o Clynn Young
Monticello, Utah

Dear Mr. Young:

I wish to take this means of submitting my bid for drilling on your companies' properties located in San Juan County, Utah.

Plug drilling:

0' to 100'	$1.50 per foot
100' to 200'	$2.00 per foot
200' to 300'	$2.50 per foot
300' to 400'	$3.00 per foot

(The hole diameter will be from 4¼" to 4 3/4").

Core drilling:

0' to 100'	$3.00 per foot
100' to 200'	$4.00 per foot
200' to 300'	$5.00 per foot
300' to 400'	$6.00 per foot

(The hole diameter will be 3 3/4": core diameter 2 5/16")

In the event casing is to be used, you will furnish the casing and pay for setting it at rate of $15.00 per hour.

Washout Time	$15.00 per hour
Standby Time	$10.00 per hour
Fishing Time	$10.00 per hour

A maximum of 48 hours per month. (Fishing Time only)

The bid I have made is for drilling and coring in the Chinlee and Shinarump conglomerate formation. There will no "move-in-time" for a minimum of 3,600 feet of drilling, in case the footage falls short of 3,600 feet, we will charge .90¢ per mile, per truck from our office

in Monticello to your prospect. Also the same rate will be charged from your prospect back to our office in Monticello.

I think this pretty well covers everything and hope that I can be of service to you, I am

Sincerely

Sherman Reinhart Building Co.

Harry A. Reid, Jr.

Harry A. Reid, Jr.
Secretary-Treasurer

HAR:dss

H. B. MILLER DRILLING COMPANY
P. O. BOX 45
BUDE, MISSISSIPPI

GEN. DEL. GREEN RIVER, UTAH

$2.75 Per ft.	Plug drilling (Water & Air) Up to 300 Ft.
$3.00 Per ft.	20 ft. Lengths, first and second runs of Core
$3.75 Per ft.	Core drilling, up to 300 ft.
Water Truck	10¢ per mile for water haul, plus $200.00 per month.
$8.00 Per hr.	Travel time to job.

All material such as bran, drilling mud, etc. furnished by client. Client provides for roads to site of drilling.

Reviewed by
SOMA OPERATING COMMITTEE
7-22-55
(date)

LLOYD WALTER VIVELL
Attorney at Law Average Adjuster
232 SPRECKELS BUILDING
San Diego 1, California

Telephone
BElmont 9-1030

EUROPA EXPLORATION & MINING CORP.

P.O. BOX 269 BLANDING, UTAH

May 21, 1955

Bear's Ears Uranium Co.,
C/O Young's Machine Co.,
Monticello, Utah.

Gentlemen:

We submit the following bid on your drilling job on Elk Ridge in San Juan County, Utah.

Plug hole drilling to a maximum depth of 200 feet or 2 feet into the Moenkopi: Per ft. $1.~~00~~ ~~.75~~ 1.00 Lwd.

Core drilling to a maximum depth of 200 feet of 2 feet into the Moenkopi: Per ft. $2.00

Our equipment consists of new Mayhew 1000 drills in first class condition and, as we are now drilling on Elk Ridge, near your property, we can move on to your job on very short notice.

We will post a performance bond, if required, guaranteeing completion of the contract in accordance with its terms. Mr. R. C. Hanford, our General Manager may be contacted through P. O. Box 269 in Blanding.

Very truly yours,

EUROPA EXPLORATION & MINING CORP.

By _____
Exec. Vice President.

LWV/W

7-22-55

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Defense Minerals Exploration Administration
Denver Federal Center
Denver, Colorado

JUN 1 BUREAU OF DENVER

June 13, 1955

RECEIVED JUL 18 1955

Memorandum

TRANSMITTED
JUL 15 1955

To: Field Team, Region III

From: E. N. Harshman

Subject: DMEA Docket 3772, Bears Ears Uranium Company, Unincorporated, Blue Jay group of claims, San Juan County, Utah

Enclosed are 10 copies of a geologic report by W. P. Williams, U. S. Geological Survey, covering his examination of the above subject property.

Geological conditions on the Blue Jay claims appear favorable for the occurrence of significant uranium ore deposits, and Williams recommends a two-stage exploration program with a total of 4,800 feet of core and non-core drilling.

I concur with this recommendation.

Should the exploration recommended by Williams result in the discovery of significant ore deposits, exploration of other parts of the Blue Jay claim group may be warranted.

Nine extra copies of the figures in the geologic report are included also.

E. N. Harshman

E. N. Harshman
Member, Field Team

Enclosures (46)

ENHarshman:arh

Reviewed by
DMEA OPERATING COMMITTEE
7-22-55
(date)

MINERAL DEPOSITS
DMEA
RECEIVED
JUN 9 1955
U. S.
GEOLOGICAL SURVEY,
DENVER, COLORADO

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
COLORADO PLATEAU DISTRICT
P. O. BOX 360
GRAND JUNCTION, COLORADO

June 7, 1955

RECEIVED
JUL 18 1955

Memorandum

To: E. N. Harshman, DMEA Field Team, Region III

From: W. P. Williams

Subject: DMEA 3772, Bears Ears Uranium Company, Unincorporated, Blue Jay group of claims, San Juan County, Utah

Transmitted herewith are 12 copies of a geological report by W. P. Williams, covering the field examination of the above-referenced property.

Because the property contains a favorable structure in the form of a Shinarump channel and the property lies along trends formed by known ore deposits and geobotanical anomalies, and because other geologic conditions are favorable for uranium ore deposits, I recommend that a DMEA contract be approved to provide for a total of 4,800 feet of ~~core~~ drilling. The drilling should be performed in two stages of 2,400 feet per stage.

Mr. Philip H. Dodd, district geologist, Exploration Division, U. S. Atomic Energy Commission, Grand Junction Operations Office, concurs with my recommendations.

We are enclosing herewith 9 extra copies of the maps accompanying the geological report. Returned herewith is the brochure covering this application.

WWilliams

W. P. Williams,
Geologist

WPW/mlr

Enclosures

Reviewed by
DMEA OPERATING COMMITTEE
7-22-55
(date)

RECEIVED
JUL 18 1955

UNITED STATES DEPARTMENT OF THE INTERIOR

DOUGLAS McKAY, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
REPORT OF EXAMINATION BY FIELD TEAM
REGION III

DMEA 3772, Bears Ears Uranium Company, Unincorporated, Blue Jay group of claims, San Juan County, Utah

Uranium

Geologic Report

by

W. P. Williams
U. S. Geological Survey

June 9, 1955

Reviewed by
DMEA OPERATING COMMITTEE
7-22-55
(date)

DMEA 3772

RECEIVED
JUL 1 6 1955

INTRODUCTION AND SUMMARY

The Bears Ears Uranium Company, Blanding, Utah, has applied to the Defense Minerals Exploration Administration (docket No. 3772) for assistance to explore for uranium ore. The property involved consists of 23 unpatented mining claims, known as the Blue Jay group, located in sec. 15, T. 36 S., R. 18 ~~W.~~ E SLM, S.L.M., southwestern Elk Ridge, San Juan County, Utah, (fig. 1).

The property was examined on May 18, 1955, by a party composed of C. M. Harrer, U. S. Bureau of Mines, F. J. Kleinhampl and W. P. Williams, U. S. Geological Survey, and Clynn Young of Bears Ears Uranium Company.

The Blue Jay claims may be reached by traveling about 40 miles west from Blanding, Utah, over graded dirt roads. The property may be inaccessible at times during the winter months.

GEOLOGY

The exposed rocks on and near the Blue Jay claims include in ascending order the Cedar Mesa sandstone member and the Organ Rock and Hoskinnini tongues of the Cutler formation of Permian age, the Moenkopi formation of Lower Triassic age, the Shinarump conglomerate of Upper Triassic age, the lower part of the Chinle formation of Upper Triassic age, and sandstone units within the lower Chinle.

Table I shows the stratigraphic sequence, thickness, and characteristics of the rocks in the vicinity of the Blue Jay claims.

Table I

Partial stratigraphy of southwest Elk Ridge

Age	Member or Unit	Formation	Estimated thickness (feet)	Character of rocks
Upper Triassic	Moss Back sandstone member	Chinle	75	Massive gray to white conglomeratic sandstone.
		Lower Chinle	75	Blue, gray, and red mudstone. Locally contains many thin gray flaggy sandstone ledges.
		Shinarump Conglomerate	30	Discontinuous gray and white, quartz sandstone with minor lenses of conglomerate and mudstone. Fills channels cut into top of underlying moenkopi formation.
Unconformity				
Lower and Mid-Triassic		Moenkopi	250	Red, buff, and brown shale and sandstone. Shale dominant at top and base. Some thick sandstone ledges near middle of formation.

Table I (continued)

Partial stratigraphy of southwest Elk Ridge

Age	Member of Unit	Formation	Estimated thickness (feet)	Character of rocks
Permian	Hoskinnini tongue	Cutler	60	Reddish to buff silty sandstone and minor interbedded shale.
	Organ Rock tongue		200	Massive red sandy silt stone.
Permian	Cedar Mesa sandstone	Cutler	1,000	Thick, gray, festoon cross-bedded sandstone.

In the vicinity of the Blue Jay claims all radioactivity noted is in the lower part of the Shinarump conglomerate. The Shinarump is a light gray, friable, medium- to coarse-grained quartz sandstone with thin lenses of clay and conglomerate. In the Elk Ridge area the Shinarump fills channels and scours cut into the underlying Moenkopi formation. Channel structures in the Shinarump are important guides to exploration for uranium ore. No uranium deposits are known in the Shinarump where channel control is not present. Figure 2 shows the limits of continuous outcrop of the Shinarump on Elk Ridge. The Blue Jay claims are located near the center of the belt of continuous Shinarump.

The applicants have stripped the rim on the Blue Jay claims for a distance of about 1,000 feet. Over most of that distance the contact of the Shinarump with the Moenkopi is well exposed. The regional dip of the rocks in the vicinity is about 2 degrees southwest. Where the Shinarump has been uncovered by stripping on the Blue Jay claims, the dip increases several degrees and a

well-defined channel appears to be present on the property. I cannot say with certainty, at present, which direction the channel is trending. The average thickness of the Shinarump in the vicinity is about 20 feet. In the channel on the Blue Jay claims the Shinarump thickens to about 40 feet, thus affording about 20 feet of relief in the channel.

Scintillometer readings along the base of the channel on the Blue Jay claims were anomalously high. At the small cut show on figure 4, readings were about ten time as high as the background count for the area. At the cut a favorable environment for the localization of uranium mineralization exists. A lens of green and gray mudstone, about 8 feet thick and 30 feet wide, is at the base of a well-defined channel in Shinarump sandstone that is 30 to 40 feet thick. Abundant carbonaceous material is present in the mudstone. Neither copper nor uranium minerals could be seen in the outcrops on the property.

Many other Shinarump channels are known on Elk Ridge near the Blue Jay claims. The locations and trends of a few are shown on figure 3. The Exploration Division, U. S. Atomic Energy Commission, Grand Junction Operations Office, drilled about 38 holes at the head of Burch Canyon about $1\frac{1}{4}$ miles east of the Blue Jay claims. Consultation with Messrs. Philip H. Dodd and Louis Garbrecht, Exploration Division, AEC, afforded the following information on the drilling: the drill holes were on about 100 foot centers. A total of 4,880 feet was drilled. Seventy-one percent of the holes drilled were mineralized. Thirty-three percent of the mineralized holes penetrated material of ore grade. Reserve calculations by the AEC

showed 10,000 tons of indicated and inferred ore was discovered by that drilling. The drilling was successful in discovering a "strong" channel that is trending toward the Blue Jay claims, figure 3.

Geologists of the Mineral Deposits Branch, U. S. Geological Survey, Colorado Plateau District, have been engaged in a geobotanical program in which an attempt is made to correlate anomalous amounts of uranium and other trace elements in plants and trees with the occurrence of uranium ore bodies. Cedar, Juniper, and pinon trees have been sampled along the Shinarump outcrop on the Blue Jay claims and the surrounding territory. The locations of geobotanical anomalies - trees that contained 1.0 or more parts per million uranium - are shown on figure 3.

It is readily apparent that the Blue Jay claims are located on a channel in the Shinarump conglomerate, the ore host, in a position where the Shinarump is continuous. Trends of other channels in the vicinity appear to either pass through or intersect on the Blue Jay claims. The line of geobotanical anomalies passes through the claims.

ORE DEPOSITS

There are no developed ore reserves on the Blue Jay claims. The history of production in the immediate vicinity of the claims has been poor, but much prospecting and exploration remains to be done before the uranium producing potential of the Elk Ridge area can be accurately evaluated.

The largest mine in the vicinity, the Hideout mine about $4\frac{1}{2}$ miles west of the Blue Jay claims, produced 6,582 dry tons of ore containing 0.25 percent U_3O_8, through March, 1955. The Hideout deposit is estimated by USGS geologists to contain about 10,000 tons of uranium ore. The Sandy No. 3 mine, about $1\frac{1}{2}$ miles west produced 1,969 tons of ore containing 0.17 percent U_3O_8. The Sandy mine, about a mile west, produced 1,027 tons containing 0.22 percent U_3O_8. The AEC estimates that 10,000 tons of indicated and inferred ore exist at the head of Burch Canyon $1\frac{1}{2}$ miles southeast. In Burch Canyon uranium is associated with copper minerals, and carbonaceous and petroliferous material. No uranium minerals have been identified. West of the Blue Jay claims the ore minerals are uraninite, chalcopyrite, chalcocite, bornite, and covellite. The ore minerals replace wood fragments and are disseminated in sandstone.

Ore deposits in the vicinity of the Blue Jay claims may be expected to range in size from 1,000 to 10,000 tons and consist of relatively unoxidized uranium and copper minerals that are associated with carbonaceous material or are disseminated in lower Shinarump sandstones.

PROPOSED EXPLORATION

The applicant proposes to explore the Blue Jay claims by doing 750 hours of rim stripping and road building, and drilling four rows of drill holes, six holes in each row, with the average depth of holes estimated at 300 feet, for a total of 7,200 feet of drilling. The total project cost, including assaying and geological, engineering, and supervisory, and accounting services, is estimated by the applicant to be $39,600.

It is my opinion that enough rim stripping has been completed by the applicant to reveal the presence of the channel and that no mineable ore exists in the stripped outcrop. Further rim stripping would uncover the west flank of the channel, but ore bodies would probably not be found very far up on the flank. I believe that two rows of stage I core drill holes placed 200 and 400 feet behind the rim with holes 150 feet apart within the rows will probably establish the trend of the channel and find favorable or mineralized rock that may be present within the drilling area. Hole depths would probably not be in excess of 175 feet, but 200 feet average depth might be used if a contract is prepared to avoid the possibility of a shortage of drilling footage. The first hole should be drilled 200 feet behind the small cut made by the applicant in the basal Shinarump. With that hole as a starting point, 11 more holes should be drilled in the pattern shown on figure 4.

Stage II should consist of 12 more drill holes placed between favorable stage I holes or used to explore further the channel by extending the drill hole pattern of stage I but only in the event stage I reveals the trend of the channel or discovers favorable or mineralized rock.

Drilling Summary

Hole No.	Plug-bit footage	Coring footage	Total Drilling (ft.)
		Stage I	
1	25	175 40' 200	200
	(160' ea.)	(~~48'~~ ea.)	(200' ea.)
2-12, incl.	1760	440	2200
	Total stage I drilling - - -		2400
		Stage II	
13-24, incl.	(160' ea.	(40' ea)	
	1920	480	2400
	Total project footage - - -		4800

Collar elevations of all drill holes should be accurately determined by the operator so that relief within the channel may be accurately determined.

The first drill hole should be cored in its entirety below overburden for geologic information and to establish geologic control for succeeding holes. Succeeding holes may be cored only through the Shinarump conglomerate. All holes should be bottomed in the red mudstone and shale immediately beneath the Shinarump.

Provision should be made in the contract for the cost of about ten assays for U_3O_8 in each stage. Provision should also be made for the preparation of drill sites and roads, surveying, supervision, and geological-engineering service.

The applicant stated that he has a Babbel gamma-ray detection instrument with which to probe the holes. The Babbel probe would be adequate for the project. The holes will be check-logged with USGS "Barnaby" equipment.

CONCLUSIONS AND RECOMMENDATIONS

The Blue Jay claims appear favorable for the occurrence of uranium ore deposits for the following reasons: 1) Favorable structure in the form of a channel in the Triassic Shinarump formation has been uncovered by rim-stripping by the applicant, 2) the property lies along a trend formed by known ore deposits, 3) the property is located near the center of the belt of continuous Shinarump conglomerate which assures the presence of a thick, continuous ore host rock, 4) the property lies along a trend formed by known geobotanical anomalies, 5) the outcrop of the channel gives high scintillometer readings (several times above background) in accumulations of carbonaceous material and green and gray mudstones which are favorable for ore deposits.

The chances of finding a significant ore deposit on the property appear to be good. I recommend that a DMEA contract be approved to provide for exploration work in the manner outlined above. The application was reviewed and discussed with Mr. Philip H. Dodd and Mr. Louis Garbrecht, geologists, Exploration Division, U. S. Atomic Energy Commission, Grand Junction Operations Office. They concur with my recommendation for approval. The above exploration program was reviewed with the applicant, and he concurs with the program.

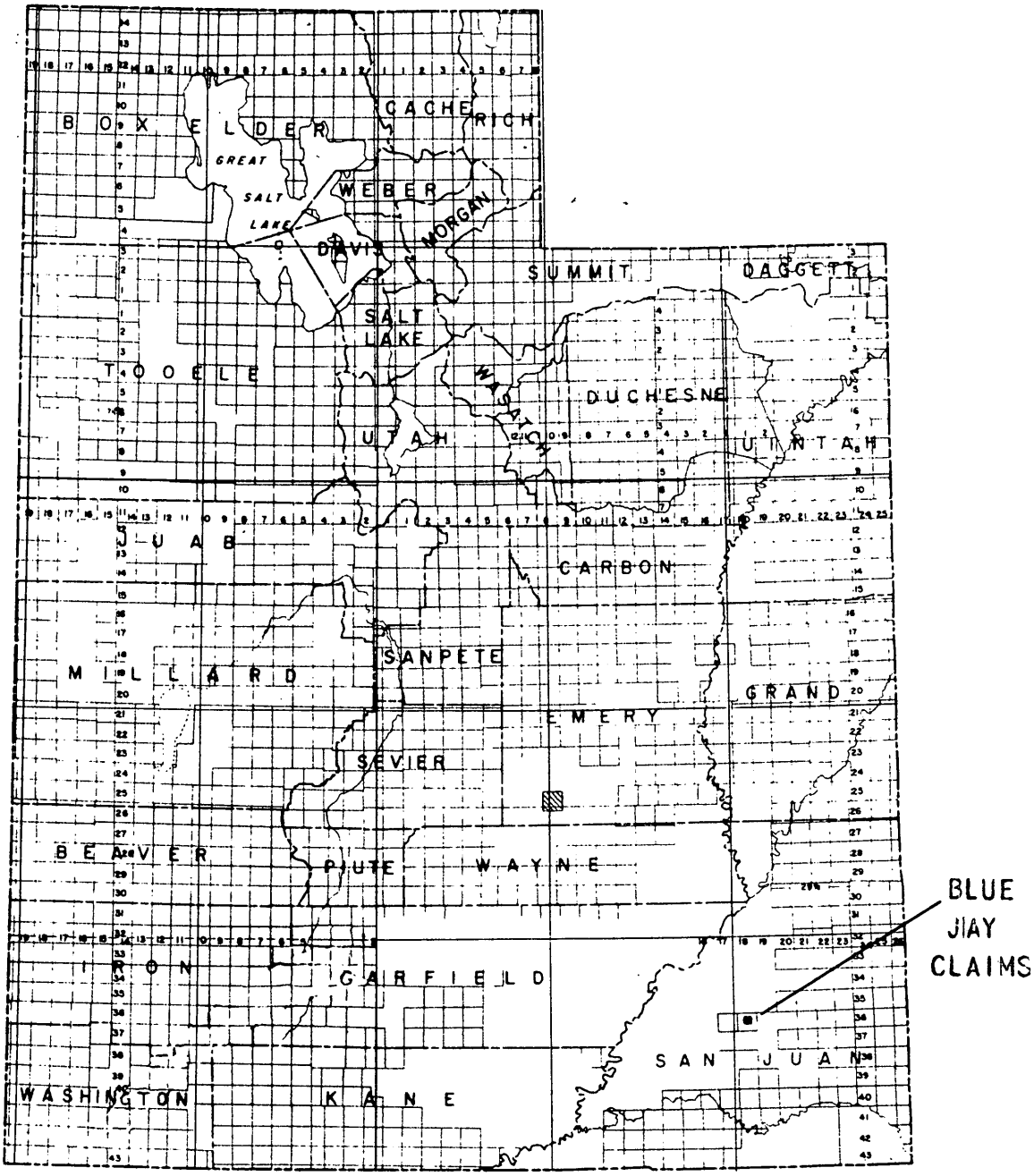


Figure 1. INDEX MAP OF UTAH SHOWING LOCATION OF BLUE JAY CLAIMS, BEARS EARS URANIUM COMPANY, SAN JUAN COUNTY, UTAH

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET NO. 3772

RECEIVED
JUL 18 1955

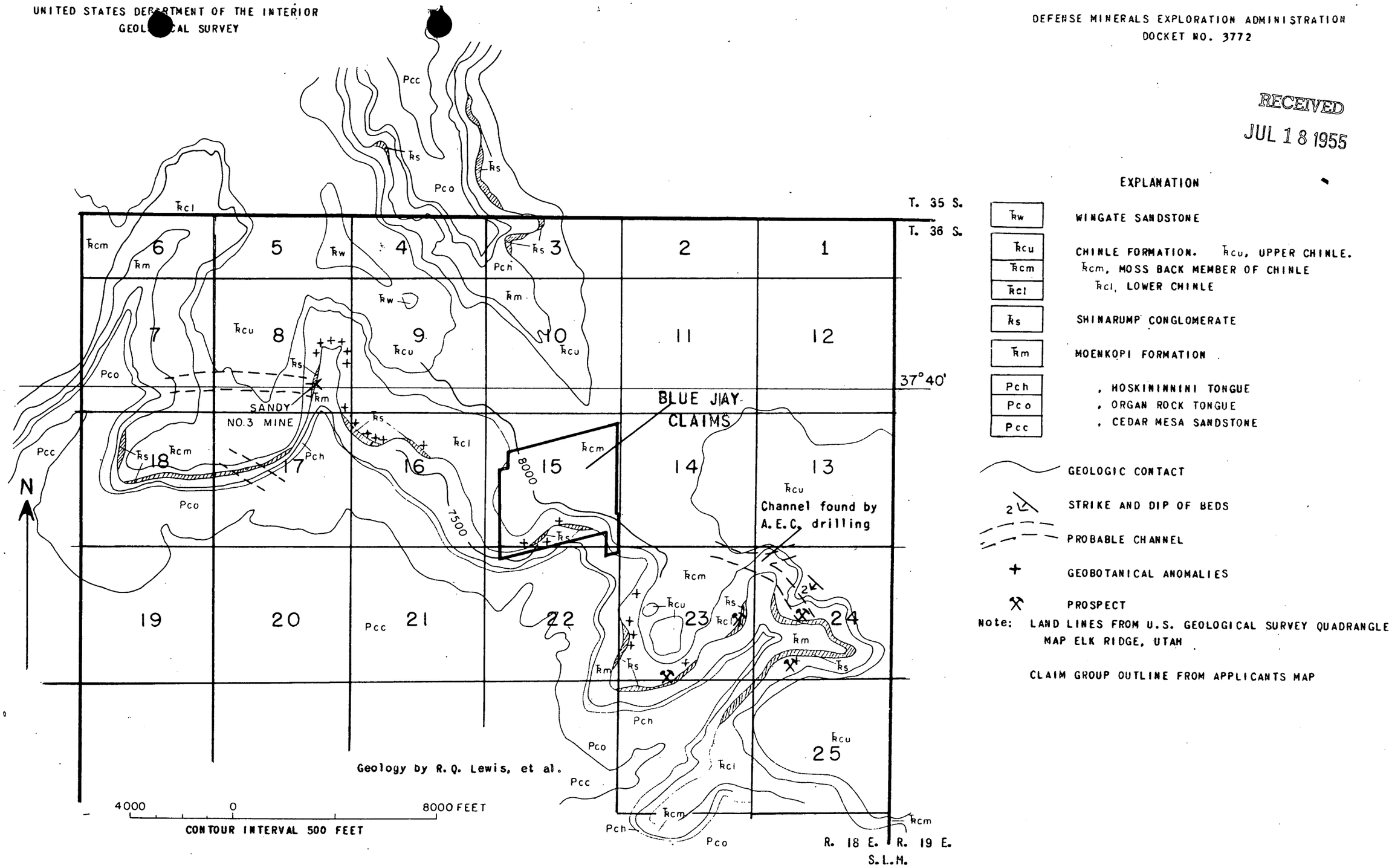
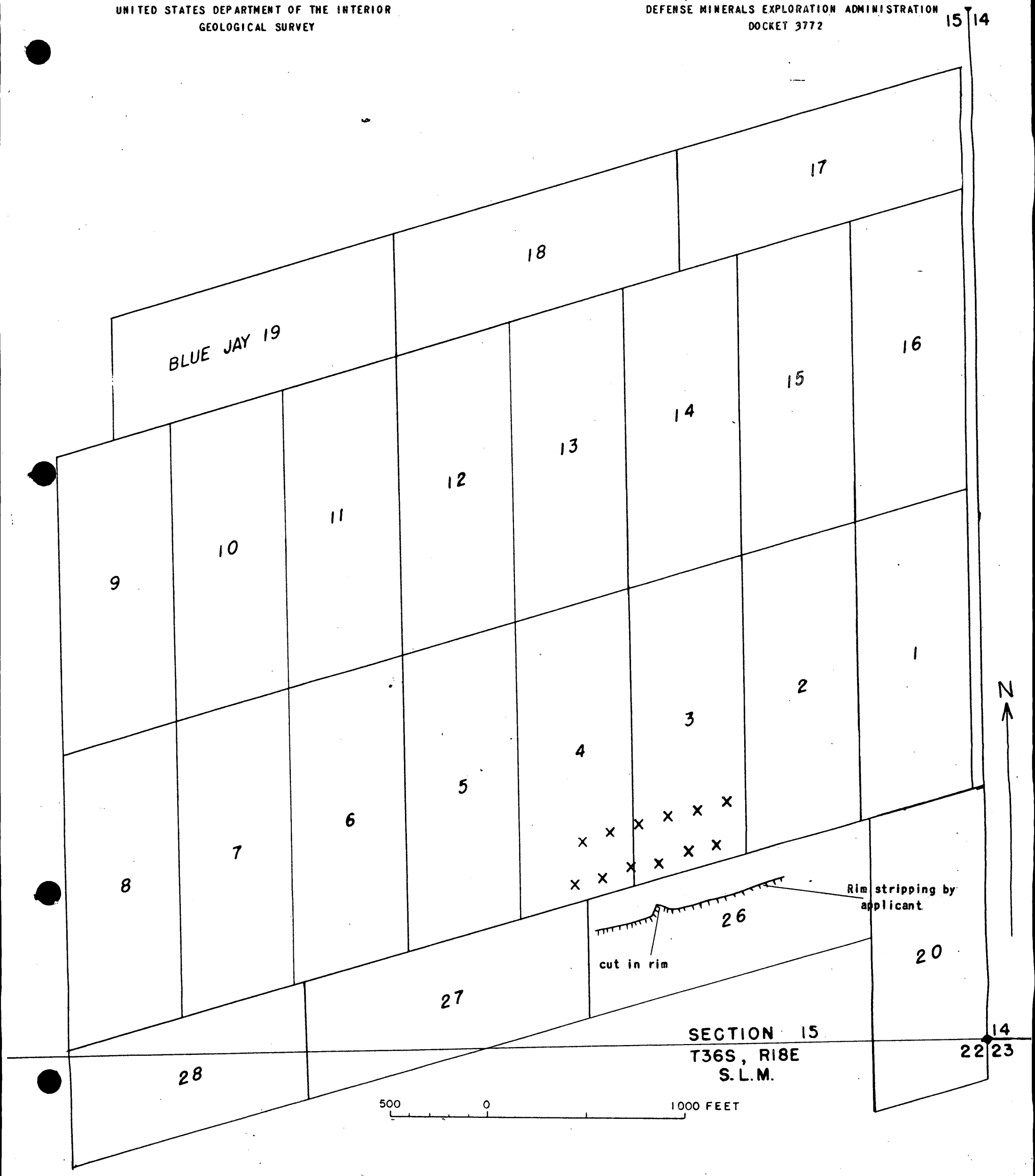


Figure 3. GEOLOGIC MAP SHOWING LOCATION OF BLUE JAY CLAIMS, BEARS EARS URANIUM COMPANY, ELK RIDGE AREA, SAN JUAN COUNTY, UTAH

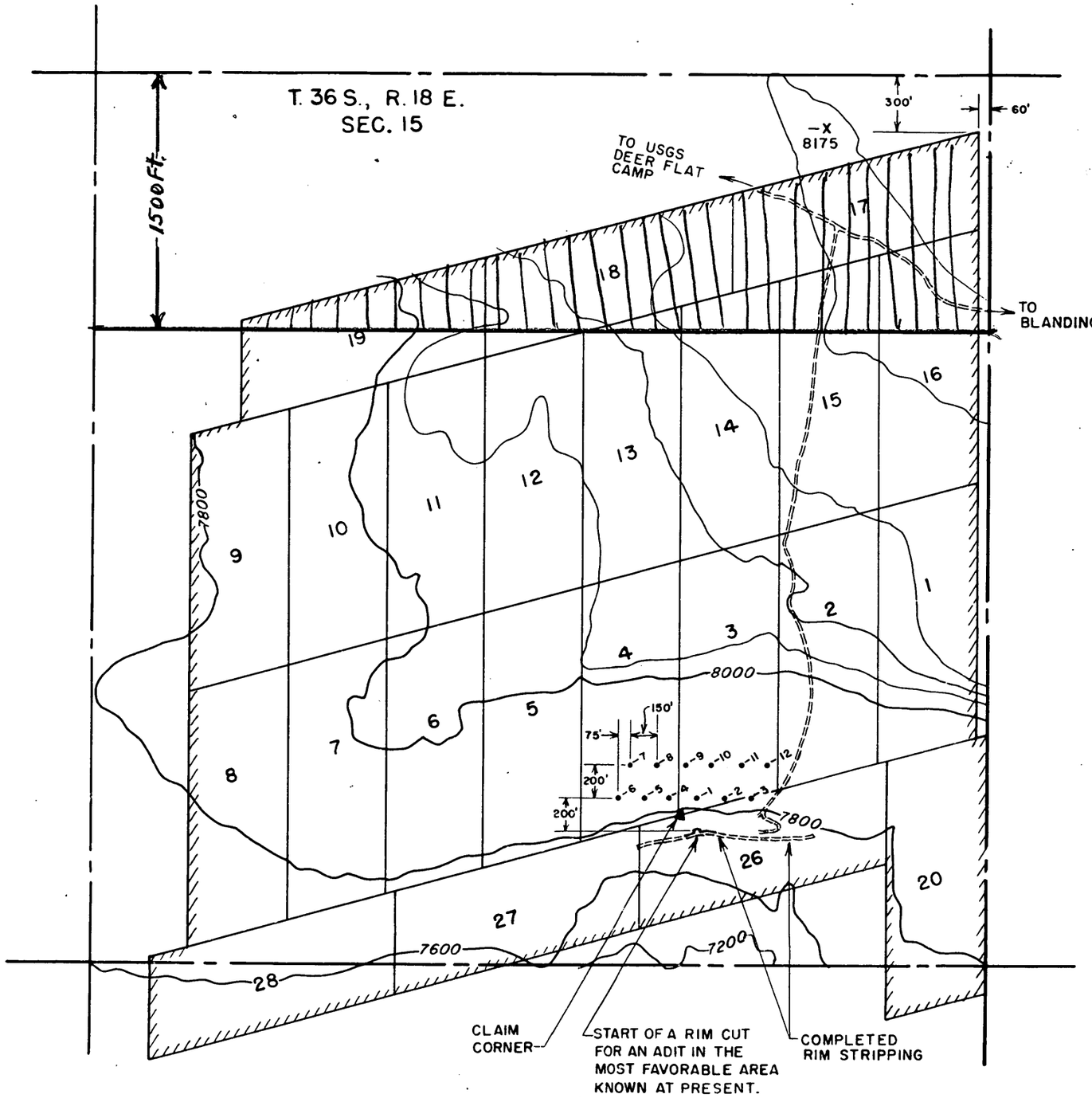


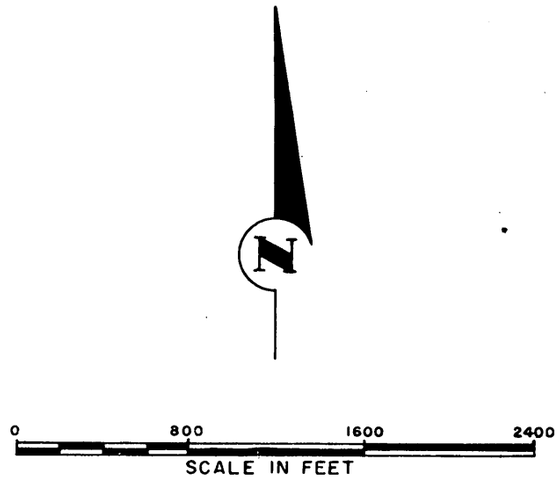
EXPLANATION

X LOCATION OF PROPOSED STAGE I DRILL HOLE

Note: CLAIM BOUNDARIES FROM MAP BY APPLICANT

Figure 4. CLAIM MAP OF BLUE JAY CLAIMS, SHOWING LOCATION OF PROPOSED STAGE I DRILL HOLES, BEARS EARS URANIUM COMPANY, SAN JUAN COUNTY, UTAH





LEGEND

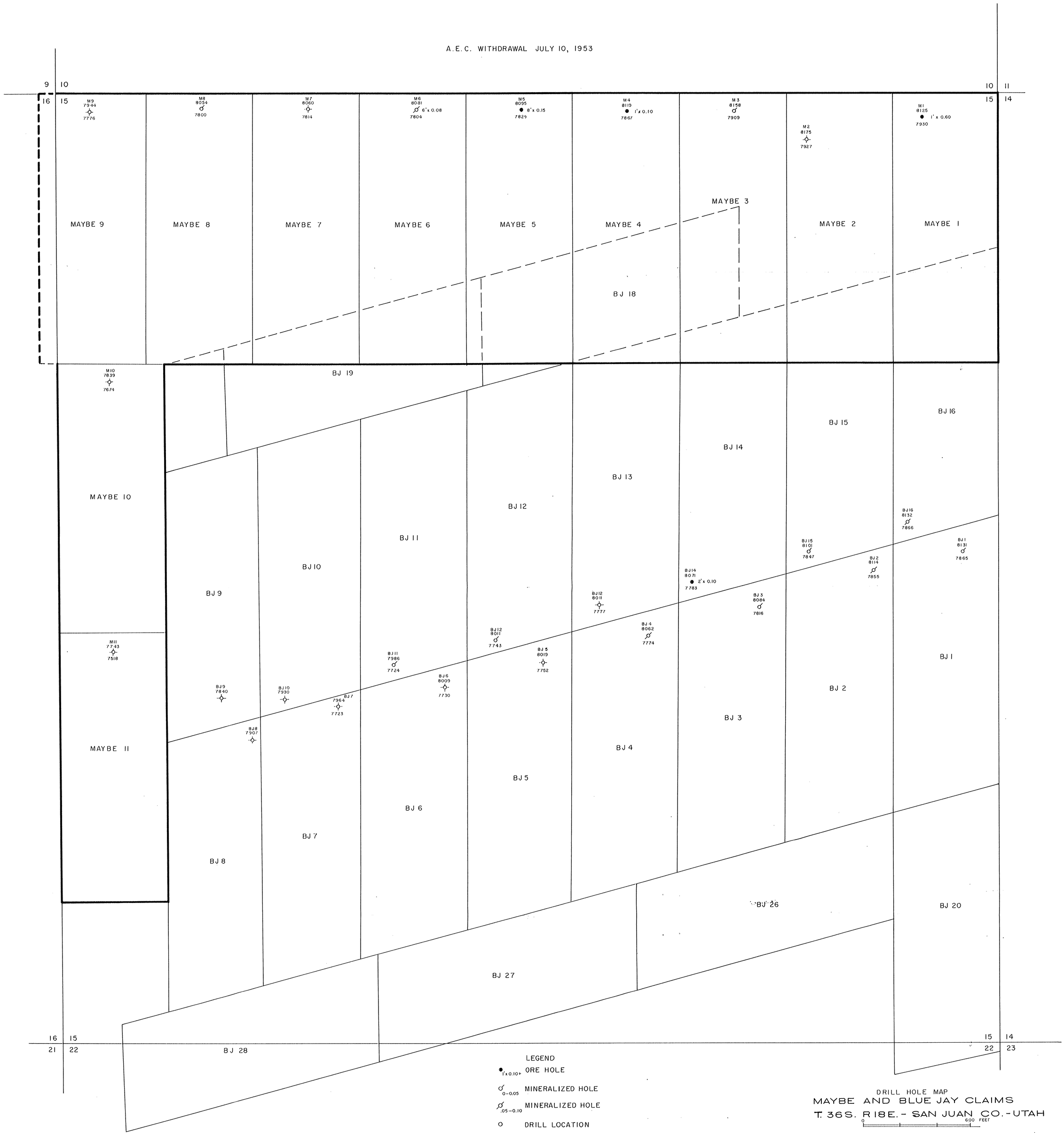
- SECTION LINES
- BLUE JAY CLAIM LINE
- •-1 PROPOSED STAGE I DRILLING •-1 TO •-12
- 7800 CONTOURS
- ACCESS ROAD
- Land excluded from contract

FROM A MAP BY L. FIAEK, JULY 1954

FIGURE 2 – MAP OF PROPERTY AND EXPLORATION, [redacted], BLUE JAY CLAIMS, SAN JUAN COUNTY, UTAH. DMEA [redacted] 4120

Exhibit 4 (c)

Rim Cut on Blue Jay #26


A.E.C. WITHDRAWAL JULY 10, 1953
9 10
10 11
16 15
15 14
M9 7944 7776
M8 8054 7800
M7 8060 7814
M6 8081 6'x 0.08 7804
M5 8095 8'x 0.15 7829
M4 8119 1'x 0.10 7867
M3 8158 7909
M2 8175 7927
M1 8125 1'x 0.60 7930
MAYBE 9
MAYBE 8
MAYBE 7
MAYBE 6
MAYBE 5
MAYBE 4
MAYBE 3
MAYBE 2
MAYBE 1
BJ 18
BJ 19
M10 7839 7674
MAYBE 10
BJ 16
BJ 15
BJ 14
BJ 13
BJ 12
BJ 11
BJ 10
BJ 9
BJ16 8132 7866
BJ15 8101 7847
BJ2 8114 7855
BJ1 8131 7865
BJ14 8071 2'x 0.10 7783
BJ3 8084 7816
BJ12 8011 7777
BJ4 8062 7774
BJ12 8011 7743
BJ5 8019 7752
BJ11 7986 7724
BJ6 8009 7730
M11 7743 7518
BJ9 7840
BJ10 7930
BJ7 7964 7723
BJ8 7907
MAYBE 11
BJ1
BJ 2
BJ 3
BJ 4
BJ 5
BJ 6
BJ 7
BJ 8
BJ 26
BJ 20
BJ 27
16 15
21 22
BJ 28
15 14
22 23
LEGEND
1'x 0.10+ ORE HOLE
0-0.05 MINERALIZED HOLE
.05-0.10 MINERALIZED HOLE
DRILL LOCATION
MOENKOPI RIM LOCATION
BARREN HOLE
BJ BLUE JAY CLAIMS
DRILL HOLE MAP
MAYBE AND BLUE JAY CLAIMS
T. 36S. R 18E. - SAN JUAN CO. - UTAH
0 600 FEET
MAYBE CLAIMS OUTLINED ARE OWNED BY OL JATO URANIUM CO. AND LEASED TO RADIO GEOPHYSICAL CO.
Dec. 1955 W.S.M. Co.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET 3772

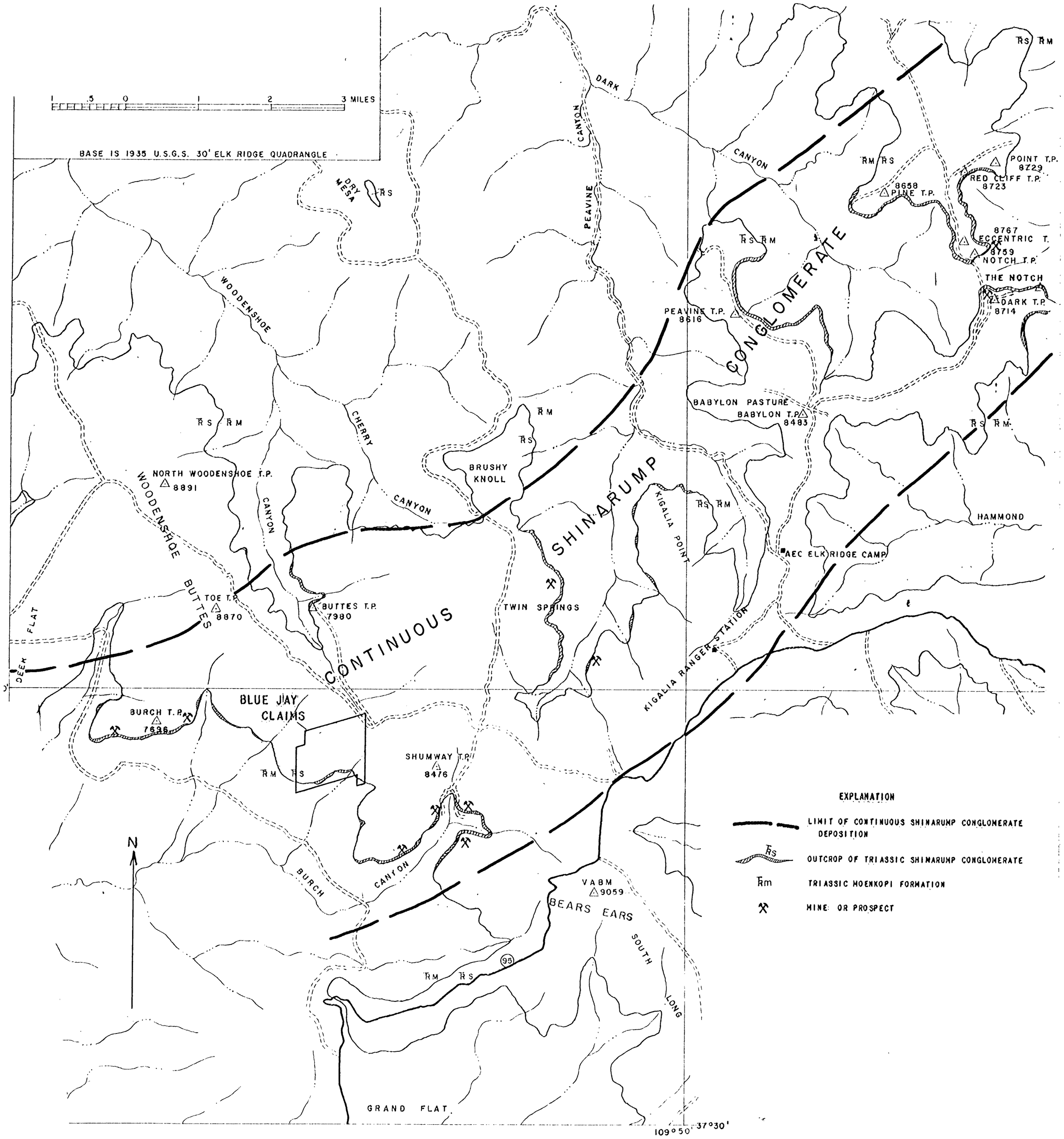


Figure 2. MAP OF SOUTHWESTERN ELK RIDGE SHOWING LIMITS OF CONTINUOUS SHINARUMP CONGLOMERATE, BEARS EARS URANIUM COMPANY, ELK RIDGE QUADRANGLE, SAN JUAN COUNTY, UTAH