OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E1010, Docket DMEA-4294 (uranium), dated September 19, 1956, with

La Sal Mining and Development Company
Box 563
Moab, Utah

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the La Sal Project in the Big Indian Mining District, San Juan County, Utah, during the period June 18, 1959, through May 14, 1962.

A certification of discovery or development was issued on August 12, 1957, and, in accordance with Article 8 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 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. A Report of Review dated May 22, 1957, indicated accepted costs under the exploration contract amounting to $46,700.11 with the Government's contribution on a 75 percent basis being $35,025.09.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which also found no sales subject to the Government's royalty through June 17, 1959. Accordingly, as of May 14, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$ -0-
Total Royalty Paid	-0-
Balance of Royalty Due	$ -0-

E. D. Talbert
(E. D. Talbert, OME Auditor

June 7, 1962

Idm-S1010 La Sal Mining and Development Company DMEA-4294

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from 13 unpatented lode mining claims in secs. 32 and 33, T. 29 S., R. 24 E. and secs. 27, 28, 33, and 34, T. 29½ S., R. 24 E., S.L.M. & B., excluding portions of 8 such claims in conflict with claims of the Ouray Group to the west thereof. At the time the contract was executed, the Operator owned all 13 claims, excepting the areas of 3 claims in conflict but held pursuant to a mining agreement with Lisbon Uranium Corporation. The Operator was a wholly-owned subsidiary of the Homestake Mining Company, 100 Bush Street, San Francisco 4, California, and in consideration of the contract the latter executed a Guaranty of Royalty on October 8, 1956.

Exploration work under the contract was terminated on March 8, 1957. No production occurred during the exploration work. Subsequent examinations of the property and a May 14, 1962, reply by the Operator to an inquiry on MMR Form 63 have disclosed neither production from nor change in possessory status of the property.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) The files indicate no production of minerals from the property under the contract during the period covered by this review; and

(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible royalty which might be disclosed.

Building 20 - Federal Center
Denver 25, Colorado

EXTRA COPY
O. M. E.
RECEIVED JUN 15 1962
800

June 13, 1962

Memorandum

To: Fiscal Section, Division of Administrative Services
Office of the Secretary, Department of the Interior
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4294 (Uranium)
Contract Idm-E1010
La Sal Mining and Development Company
(La Sal Project)
San Juan County, Utah

Attached is the original Report of Royalty Review on the subject property dated June 7, 1962 covering the period June 18, 1959, through May 14, 1962.

Original signed by TMR
for
Hugh M. Connors

Attachments
HMC/lm
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres. Idm-E1010
Chron

Memorandum

To: Acting Field Officer, Region III

From: E. D. Talbert, Acting Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: UMSA-4294 (Uranium)
La Sal Mining and Development Company
La Sal Project
San Juan County, Utah
Contract Idm-81010

The original and one copy of a Report of Royalty Review covering the subject contract are enclosed. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington 25, D. C.; and

(b) One copy for your files.

This Report of Royalty Review is made for record purposes only; therefore, no copy for the Operator is provided.

As evidence of your concurrence, a copy of your memorandum transmitting the original report to the Fiscal Section should be furnished this Division. If for any reason you do not concur, both copies of the report should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 6-7-62

cc:
Docket
Director's Reading File
CA & A Division
Mr. Rothrock

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, OME Field Team, Region III, Denver, Colorado pertaining to Contract Idm-E1010, Docket No. DMRA 4294, dated September 19, 1956, with

La Sal Mining and Development Company
Box 563
Moab, Utah

for the purpose of determining the amount of royalties due the U. S. Government on the sales of Uranium, from property referred to as La Sal Project, located in San Juan County, Utah, during the period September 19, 1956 to June 17, 1959.

A Certification of Discovery or Development was issued on August 12, 1957, and accordingly royalty is payable on all production from the land described in Article 2 of the contract for a maximum period of 10 years from the date of the contract. A Report of Review in lieu of Final Cost Audit dated May 22, 1957, indicated accepted costs under the exploration contract amounting to $46,700.11, with the Government's contribution on a 75 percent basis being $35,025.09.

No royalty has been paid to the Government todate in connection with this contract.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(a) According to the Field Team's Semi-Annual Report of certified project for the period July 1, 1957, to December 31, 1957, operation ceased about March 31, 1957; no ore has been shipped since September 19, 1956, (The date of the exploration contract). Subsequent semi-annual reports of Field Team during period January 1, 1958 to December 31, 1958, indicate the property inactive, and no operations or ore shipments are anticipated in 1959.

(b) The administrative costs to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible royalty which might be disclosed.

June 17, 1959

JUN 22 1959
O.M.E.

Donald T. Finch
Donald T. Finch
OME Auditor

JUN 23 1959

Memorandum

To: Mr. Donald T. Finch, OME Auditor

From: E. D. Talbert, Acting Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: Docket No. DMEA-4294 (Uranium)
La Sal Mining and Development Company
Contract No. Ids-K1010

Your Report of Royalty Review on the subject contract is acceptable and distribution of the regional copies is authorized.

EDTalbert/ama
June 22, 1959

Copy to: Docket
Director's Reading File
Code 800

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

OFFICIAL FILE COPY
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RECEIVED MAY 27 1957
DATE | NOTES | CODE
5/27 | DW2 | 220
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REPORT OF REVIEW

I have reviewed the Monthly Reports of:

La Sal Mining and Development Company
P.O. Box 563
Moab, Utah

pertaining to Exploration Project Contract No. Idm-E1010, Docket No. DMEA-4294, including Amendment No. 1, for the months of November, 1956 to March, 1957, inclusive, covering a project for the exploration of Uranium on property known as La Sal Project located in San Juan County, Utah.

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

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

(a) the administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible disallowances thereunder;

(b) the Monthly Reports were supported by documentary proof of the costs claimed under the contract provisions for contribution by the Government on the basis of actual costs incurred;

(c) a major portion ($42,835.65) of the costs incurred covered work performed at unit rates under independent contract; and

(d) the balance ($3,864.46) of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs for work actually performed.

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

Total cost as billed by Contractor		$47,141.86
Exceptions: (Schedule attached)		
By DMEA Finance Officer	$441.75	
Herewith	0.00	441.75
Total Accepted Cost		$46,700.11

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Thirty-five thousand, twenty-five and 09/100ths Dollars
** $35,025.09 **
is considered valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

May 22, 1957

T. H. Brading, Auditor

SCHEDULE OF EXCEPTIONS

LA SAL MINING AND DEVELOPMENT COMPANY

DOCKET NO. DRRA-4294 CONTRACT IDM-E1010

14 Hours Compressor and Jack Hammer @ $7.00/hour Disallowed, as rental of this equipment is not covered in contract.		$ 98.00
November and December, 1956		
Operator claimed 51.5 feet of core drilling @ $6.00/ft.	$309.00	
Allowed by Amendment No. 1, 51.5 ft. core drilling @ $4.75/ft.	244.62	
Excess Disallowed		64.38
January, 1957		
Operator claimed 147.5 feet of core drilling @ $6.00/ft.	$885.00	
Allowed by Amendment No. 1, 147.5 ft. core drilling @ $4.75/ft.	700.63	
Excess Disallowed		184.37
February, 1957		
Operator claimed 76 feet of core drilling @ $6.00/ft.	$456.00	
Allowed by Amendment No. 1, 76 ft. of core drilling @ $4.75/ft.	361.00	
Excess Disallowed		95.00
Total Amount Disallowed		$441.75

Amendment No. 1 allowed $4.75 per foot for core drilling in the 400 - 600 foot interval. Operator claimed full amount, as billed by the subcontractor, or $6.00 per foot. Disallowances made by Finance Officer; approved by Auditor.

OFFICIAL FILE COPY

MAY 28 1957

Mr. Thomas H. Breding
DMEA Auditor
224 New Customhouse Building
Denver 2, Colorado

Re: Report of Review
La Sal Mining and
Development Company
Contract No. Ia-F1010
Docket No. DMEA-429

Dear Mr. Breding:

Receipt is acknowledged of your Report of Review covering the above-cited project.

The report is acceptable and normal distribution is authorized.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

EDTalbert/wb
May 28, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

57-134

FINAL DISTRIBUTION

MADE JUN 11 1957

824 New Customhouse
Denver 2, Colorado

June 10, 1957

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Memorandum

To: T. A. Christensen

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

Subject: Docket DMEA-824 (Uranium) Contract Ian-81010, La Sal Mining and Development Company (La Sal project), San Juan County, Utah - FINAL PAYMENT

Reference is made to our memorandum of April 18, 1957, whereby we transmitted the final Form MF-104, Operator's Monthly Report and Voucher for the month of March, 1957, and requested that you withhold the amount of $500.00 from reimbursement to the Operator pending resolution of matters prerequisite to closing the account.

The Operator's final report has been received, therefore we recommend that final payment to the Operator be made on the following basis, which is in conformance with the Report of Review of reported project costs by the Contract Administration and Audit Division, dated May 28, 1957:

Basis for Final Payment

Total acceptable cost----------	$46,700.11
Government participation at 75%------	35,025.09
Total prior payments----------	34,525.09
Balance due the Operator----------	$ 500.00

Original signed by
E. N. HARSHMAN
E. N. Harshman

Paid 500.00

JDC:hmh
cc: Chron. Cp. Comm. (2)
Harshman
Konselman (2)
Hasler
Townsend
Corres. file, Reg. III
MF-104 file, Reg. III
Chron

Randel R. Cooper
Authorized Certifying Officer
6-11-57 DMA-57-134

224 New Customhouse
Denver 2, Colorado

May 21, 1957

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DMEA
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DATE | INITIALS | CODE
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Memorandum

To: T. H. Brading, DMEA Auditor, Region III

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

Subject: Docket No. DMEA-4294 (Uranium), Contract No. Idm-E1010
La Sal Mining and Development Company (La Sal Project)
San Juan County, Utah

The subject contract was terminated by mutual agreement effective March 8, 1957, by Termination Agreement dated May 8, 1957, copy of which is enclosed for your records.

The Operator has rendered a final engineering and geologic report and final accounting as required by the contract; therefore, final payment of the Operator's account is in order, contingent on release to this office of an Audit Certificate and Audit Report, or Report of Review of reported project costs, whichever the case indicates.

A review of our records indicates that the only work or service performed on a "Fixed Unit Cost" basis consists of incidental allowance on 25,763 feet of drilling.

The sum of $500.00 was withheld from reimbursement to the Operator in processing the final accounting report, which was for the period of February and March, 1957.

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enc.

JWT:bh

cc-Chairman, Op. Comm. (2)
Harshman
Townsend
Corres. File E-1010
Chron.

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

Budget Bureau No. 42-R1036.5

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

Month of Feb. and March, 1957 Docket No. DMEA 4294 (Uranium) Contract No. Idm E-1010
Operator's Name La Sal Mining & Development Co. Minerals Uranium
Address Box 563, Moab, Utah
Contract Amount, $ 4,382.53 Government Participation: 75 % Amount, $ 3,286.90

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
Stage II	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:	Stage II	Stage I				
Drilling	3,681.65	38,489.75	42,171.40			
Bulldozing	342.00	728.00	1,070.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	12.00	24.00	36.00			
Payroll Taxes						
Liability Insurance						
Incidental Allowance	346.88	3,517.58	3,864.46			
(8) Contingencies (specify):						
TOTALS	4,382.53	42,759.33	47,141.86	4,287.53	42,759.33	47,046.86
				95	346.75	346.75
					42,412.58	46,700.11
					$2715.65	

RECEIVED APR 29 1957 D.M.E.A.

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

Date March 15, '57 *Payee La Sal Mining & Development Co.

Per Donald J. Delicate Title Sup't of Mines

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

Signature (Authorized Certifying Officer)

Date 4/22/57 Vou. No. DMA 57-114 (See other side)

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

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

(Instructions on reverse)

Previous Disallowance

Note: Withhold 500.00

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of ....., 195..... Docket No. DMEA ..... Contract No. .....
Operator's Name ..... Minerals .....
Address .....
Contract Amount, $..... Government Participation: .....% Amount, $.....

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

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

Date ..... *Payee .....

Per ..... Title .....

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

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

(Instructions on reverse)

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

$.....

Signature .....
(Authorized Certifying Officer)

Date ..... Vou. No. .....

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMEI010 in accordance with the terms of the contract.

Signature [illegible] $321565 [illegible] Title Mining Engineer Date 3-29-57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title acting Executive Officer Date APR 17 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 872893

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED APR 29 1957 D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Feb. & Mar. 1957 Docket No. DMEA 4294 Contract No. Idm E-1010
Operator's Name La Sal Mining & Development Co. Minerals Uranium
Address Box 563, Moab, Utah

OPERATION Stage II	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Non-core 0-400	ft.	2,000.00	1,600	2,000.00	1,600	$ 1.25	10,800	$ 1.25
Non-core 400-600	ft.	814.50	543	814.50	543	1.50	5,400	1.50
Non-core 600-800	ft.	72.15	37	72.15	37	1.95	2,329	1.95
Core 400-600	ft.	456.00	76	456.00	76	6.00	1,350	4.75
Core 600-800	ft.	339.00	56⅓	339.00	56⅓	6.00		6.00
Assay	each	12.00	3	12.00	3	4.00	100	4.00
Tractor dozer	hour	342.00	28½	342.00	28½	12.00	80	12.00
Incidental Allowance	ft.	346.88	2,312½	346.88	2,312½	0.15	19,879	0.15
Total Distributed Costs		4,382.53		4,382.53				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		4,382.53		4,382.53				38,583.40

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

Remarks: W H Salsbury

Date March 15, 1957 Operator La Sal Mining & Development Co.

Per Donald J. Delicate Title Sup't of Mines

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

(Instructions on reverse)

(For Government use only)

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Feb. & Mar. 1957 Docket No. DMEA 4294 Contract No. Idm - E 1010

Operator's Name La Sal Mining & Development Co. Minerals Uranium

Address Box 563, Moab, Utah

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Stage I								
Drilling - non core								
~~Drifting~~ 0-400'		none	none	17,000.00	13,600	1.25	13,600	$ 1.25
~~Crosscutting~~ 400-600'		"	"	9,669.00	6,446	1.50	6,800	1.50
~~Raising~~ 600-800'		"	"	4,143.75	2,125	1.95	2,920	1.95
~~Shafts~~ core		"	"	7,677.00	1,279½	6.00	1,700	6.00 & 4.75
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
~~Test Pits~~ assay	each	none		24.00	6	4.00	125	4.00
~~Roads and Trails~~ tractor dozer	hour	"		728.00	66½	12.00	100	12.00
Incidental allowance	foot	"		3,517.58	23,450½	0.15	25,020	0.15
TOTAL DISTRIBUTED COSTS		none		42,759.33				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		none		42,759.33				48,547.00

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

REMARKS:

Date April 16, 1957 Operator La Sal Mining & Development Co.

Per Donald T. Delicate Title Superintendent of Mines

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

(Instructions on reverse)

(For Government use only)

RECEIVED APR 29 1957 DMEA

DMEA
DEPARTMENT OF THE INTERIOR
APR 17 1957
REGION III
DENVER, COLORADO

INSTRUCTIONS

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

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

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

GPO 872894

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

FINAL DISTRIBUTION
MADE APR 24 1957

Administrative Audit Difference Statement

La Cal Mining & Development Company
Box 563
Moab, Utah

Date: April 22, 1957
Payee's Reference: February & March 1957

Gentlemen:

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

Amount Claimed	$	4,302.53
Difference	$	95.00
Amount Approved	$	4,207.53

The reason for the difference was due to:

Disallowance: Core Drilling
Claimed 100-600 ft interval, 76 ft @ 6.70 per ft. (350.00)
Maximum allowable cost 100-600 ft interval, 76 ft @ 4.75. 361.00
Amount to be disallowed. 95.00

Withhold: $500.00 pending resolution of matters pertinent to closing the account.

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

Very sincerely yours,

N. E. Stokes
Audit Section

OFFICIAL FILE COPY
RECEIVED APR 29 1957

DATE	INITIALS	CODE
4/29	C	220
5/1	Com	100
		800

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

224 New Customhouse
Denver 2, Colorado

April 18, 1957

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket-4294, (Uranium) Contract Idm-41010, La Sal Mining and Development Company (La Sal project) San Juan County, Utah - Operator's Monthly Progress Report for the period February and March, 1957

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

Except as otherwise indicated below we consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended on the following basis, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

Disallowance, Core drilling:

Amount reported by Operator, 400-600 ft. interval, 76 ft. at 6.00 per foot	456.00
Maximum allowable cost, 400-600 ft. interval, 76 ft. at 4.75 per foot	361.00
Amount to be disallowed	95.00

Withhold an amount of $500.00 pending resolution of matters prerequisite to closing the account. All approved Stage II drilling has been completed and the Operator has submitted a request that the contract be terminated in its present status.

Reconciliation with Amount Reported by the Operator on Form MF-104 for February and March, 1957

Amount reported on Form MF-104 for January-February, 1957	$4,382.53
Amount to be disallowed	95.00
Total accepted cost for January-February, 1957	$4,287.53
Government Participation at 75 percent	$3,215.65
Amount to be withheld	500.00
Balance due the Operator	$2,715.65

Remarks

Date of Report — March 15, 1957
Date Received in Field Office — March 18, 1957
Date Received in Region Office — April 5, 1957
Held pending receipt of supplemental Form MF-104A from Operator.

Original signed by
E. N. HARSHMAN
E. N. Harshman

Enclosures
JDC:hh
cc: Chmn. Op. Comm. (2)
Shaw (2)
Harshman
Townsend
MF-104 File, Reg. III
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION III

OFFICIAL FILE COPY
DMEA
RECEIVED APR 29 1957

DATE	INITIALS	CODE
	Memorandum	
	To:	

Building 20
Denver Federal Center
Denver 2, Colorado

DMEA
DEPARTMENT OF THE INTERIOR
APR 5 - 1957
REGION III
DENVER, COLORADO

April 3, 1957

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

Through: John F. Shaw
Supervising Mining Engineer

From: M. H. Salsbury

Subject: Docket No. DMEA 4294 (Uranium), Contract Idm-E1010, La Sal Mining and Development Co. (La Sal project) San Juan County, Utah -- Progress report for February and March 1957.

Operations on the subject contract were inspected on March 26, 1957, in company with W. B. Gazdik of the Geological Survey, and Donald T. Delicate, superintendent for the operator.

Authorized work under the contract had been completed on March 8, 1957, and was in accordance with contract specifications and a work authorization by the DMEA Field Team, Region III, for Stage II drilling, dated February 7, 1957.

The operator has submitted in quintuplicate Forms MF-104 and MF-104A, a narrative report, geologic and radiometric logs, and a map showing hole locations, together with one copy of driller's logs, signed invoices from the drilling and bulldozing contractors and a certified assay certificate. Failure of the operator to photostat the back of copies of the MF-104 forms was corrected by the DMEA office by stapling blank forms to those submitted.

The following claims for February - March 1957 are submitted covering 2,180 feet of non-core drilling and 132.5 feet of core drilling in 4 holes:

Independent Contracts

Tractor-dozer operation 28-1/2 hours at $12.00 per hour	$ 342.00
Non-core drilling	
0-400-foot range 1,600 feet at $1.25 per foot	2,000.00
400-600-foot range 543 feet at $1.50 per foot	814.50
600-800-foot range 37 feet at $1.95 per foot	72.15
Core drilling	
400-600-foot range, 76 feet at $6.00 per foot	456.00
600-800-foot range 56-1/2 feet at $6.00 per foot	339.00
Fixed Costs	
Incidental allowance, 2312-1/2 feet of drilling at $0.15 per foot	346.88
Chemical analyses of 3 samples of core for U_3O_8 and V_2O_5 at $4.00 each	12.00
Total claims February-March 1957	$4,382.53

The unit prices claimed for drilling are based on an invoice from Pioneer Drilling Company. Footages claimed are in accordance with footage in the sub-contractor's invoices, drillers daily logs, and the operator's geologic logs. Documentation of all claims is complete. All claims are within contract maximums and otherwise in accordance with the contract and Amendment No. 1 there to except as follows:

(1) A total of 132-1/2 feet of core drilling, as invoiced by the sub-contractor, is claimed at the rate of $6.00 per foot, the rate specified in the subject contract for drilling in the 600-800-foot range. Actually 76 feet of the core drilling claimed was in the 400-600-foot range for which a unit price of $4.75 per foot was established by Amendment No. 1. The excess claimed above $4.75 per foot for drilling in the 400-600-foot range, $95.00, is recommended for disallowance.

Depth of holes and amount of coring were checked by inspecting the stored core and by comparing with probed depths reported in DMEA Barnaby results.

Monthly totals in the MF-104 and MF-104A forms show all items correctly except for core drilling which is not itemized as to depth range and is all claimed at $6.00 per foot. Cumulative totals do not reflect disallowances made on claims in the two previous reports submitted by the operator. The total of disallowances, including that recommended for February-March 1957, is $441.75. Cumulative totals on the MF-104A forms reflect claims by the operator for Stage II drilling only. Totals shown by the operator on the MF-104A forms for January 1957, are the claims made for Stage I drilling. Addition to the February-March 1957 report of photostats of this form would serve to make the data required for February-March 1957 complete.

Of four Stage II holes drilled in February-March 1957, hole Robin Ray No. 7 penetrated 2.3 feet of ore-grade material. The weight and average content by chemical analyses was 0.296 percent U_3O_8 and 0.09 percent V_2O_5. Hole Chris No. 2 penetrated 1.8 feet of material containing .039 percent U_3O_8 and .08 percent V_2O_5. The other two holes were barren.

Three of the holes were probed through the potential ore horizon. The operator reports that hole Chris No. 3 was caved above the ore horizon and could not be probed. However, the radiometric log submitted by the operator and the DMEA probing results show that the hole Chris No. 3 was probed but hole Chris No. 2 was not probed. Because, core recovery was 100 percent in hole Chris No. 2 and slight mineralization in the core was verified by chemical analysis, waiving of the contract requirement for probing is recommended in the case of hole Chris No. 2. Table No. 1 attached summarizes drilling results for February-March 1957.

The operator has concluded that further drilling is not justified, termination of the contract is being requested, and a final report will be rendered.

Payment of $3,215.65 or 75 percent of the amount claimed in February-March 1957 ($4,382.53) less $95.00 to be disallowed, is recommended for approval.

A. Karabinos for
M. H. Salsbury
Mining Engineer

Attached - Table 1.

cc 6
MHSalsbury
Idm-K1010
Chron.

MHS:ph

TABLE 1. - Drilling Data February-March 1957, Docket DMEA 4294, Contract Idm-E1010, La Sal Mining and Development Co., La Sal Project, San Juan County, Utah.

Claim	Hole No.	INVOICED FOOTAGE: NON-CORE FOOTAGE Interval in feet 0-400	400-600	600-800	CORE FOOTAGE Interval in feet 400-600	600-800	Total Depth claimed feet	Depth by 1/ drillers' log, feet	Depth by 1/ geologic log, feet	Depth probed by DMEA feet
Robin Roy	7	400	48		36		484	484	484	482.9
Robin Roy	8	400	115		20		535	535	535	517.2
Chris	2	400	180		20	17-1/2	617-1/2	617-1/2	617-1/2	Not probed
Chris	3	400	200	37		39	676	676	676	672.6
Totals - 4 holes		1,200	543	37	76	56-1/2	2,312-1/2			

1/ Proportion of core and non-core drilling claimed is verified by driller's and geologic logs and measurement of stored core.

Claim	Hole No.	MINERALIZED INTERVAL From feet	To feet	Interval feet	Operator's probe reading percent U_3O_8	Chemical Analyses of core Percent U_3O_8	Percent V_2O_5	DMEA Barnaby From feet	To feet	Percent U_3O_8	Classification of hole
Robin Roy	7	474.5	475.5	1.0		0.102	0.04				Ore
		475.5	476.8	1.3		0.445	0.13	475.5	476.0	0.41	
		475.0	477.0	2.0	0.02 to 0.07						
		477.0 2/	478.6	1.6	0.13 to 0.60						
		478.6	479.3	0.7	0.02 to 0.07						
Robin Roy	8				Barren			Ore horizon not reached. Barren			
Chris	2	600.3	602.1	1.8	Hole blocked	0.039	0.02	Not probed			Mineralized
Chris	3				Barren			Barren			Barren

2/ There is a difference of approximately 2 feet in depth of mineralization between operator's probing and coring results. DMEA probing checks coring results.

OFFICIAL FILE COPY
DMEA
RECEIVED APR 29 1957

DATE	INITIALS	CODE

March 15, 1957

Mr. John F. Shaw, U. S. Bureau of Mines
Room 137, Building 20
Denver Federal Center
Denver 2, Colorado

Subject: DMEA Exploration Project
Contract No. Idm-E1010
Docket No. 4294 (Uranium)
La Sal Mining & Development Co.
Narrative Report for the period
February 1 to March 15, 1957
Final Report

Dear Mr. Shaw:

Exploratory drilling on the property owned by La Sal Mining & Development Co. in the Big Indian District, San Juan County, Utah, was started in November, 1956. Stage I work was completed in January, 1957 and four offset holes were authorized in Stage II.

During February four drill sites were laid out with a transit offsetting the Robin Roy No. 2 hole (see enclosed map). The sites were prepared with some difficulty due to terrain and weather and one hole drilled in February.

During March the three remaining holes were drilled to complete the drilling authorized in Stage II.

Drilling consisted of exploration by non-core and core drilling to test the Moss Back member of the Chinle formation of Triassic age. The holes were cored through approximately 25 to 30 feet of the Moss Back member with very good core recovery. All core which showed mineralization was split and one-half assayed for U_3O_8 and V_2O_5 (see assay results).

The holes were probed with a Babbel counter reel and probe assembly and the results recorded. The favorable horizon was not reached in the Chris Hole No. 3

COPY

with the probe due to caving ground. However, the core recovery was 100% through the mineralization section so no attempt was made to open the hole.

Only one of the Stage II offset holes showed significant mineralization. The weighted average of the chemical assay of the core from the Robin Roy Hole No. 7 was 2.3 feet of 0.296% U_3O_8.

All authorized drilling in Stage I and Stage II has been completed and it is felt by the writer that no further work is justified.

Very truly yours,

LA SAL MINING & DEVELOPMENT CO.

Donald T. Delicate

Donald T. Delicate
Superintendent of Mines

CC: M. H. Salsbury
Box 360
Grand Junction, Colorado

COPY

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

Budget Bureau No. 42-R1036.5

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

Month of January, 1957 Docket No. DMEA 4294 Contract No. Idm-1010
Operator's Name La Sal Mining & Development Co. Minerals Uranium
Address P. O. Box 563, Moab, Utah
Contract Amount, $ 8,514.15 Government Participation: 75 % Amount, $ 6,385.61

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
Stage I	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	7,772.35	30,717.40	38,489.75			
Bulldozing	none	728.00	728.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	8.00	16.00	24.00			
Payroll Taxes						
Liability Insurance						
Fixed unit cost	733.80	2,783.78	3,517.58			
(8) Contingencies (specify):						
TOTALS	8,514.15	34,245.18	42,759.33	8,329.78	34,245.18	42,574.96
				4	162.38	162.38
				34,082.80		42,412.58
				6247.34		

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

Date 2/18/57 *Payee La Sal Mining & Development Co.

Per Donald T. Dehart Title Sup't of Mines

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

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

(Instructions on reverse)

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

Signature
(Authorized Certifying Officer)

Date 3/1/57 Vou. No. DMA 57-94

(See other side)

4 Previous Disallowance

OPTIONAL FORM NO. 10
JULY 1957
GSA FPMR (41 CFR) 101-11.6

DATE	RECEIVED	INITIALS	CODE

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idaho E1010 in accordance with the terms of the contract.

Signature W. H. Salabury & J. Hall Title Mining Engineer Date 2-21-57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Acting

Signature E. M. Hawkman Title Executive Officer Date FEB 28 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MP-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of January 1957 Docket No. DMEA 4294 Contract No. Idm-1010

Operator's Name La Sal Mining & Development Co. Minerals Uranium

Address P. O. Box 563, Moab, Utah

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date (actual)	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Stage I 0 to								
non-core 400 to	ft.	4,000.00	3,200	17,000.00	13,600	17,000.00	13,600	$1.25
" 600 to	ft.	1,947.00	1,298	9,669.00	6,446	9,669.00	6,800	1.50
" 800	ft.	259.35	133	4,143.75	2,125	4,143.75	2,920	1.95
core	ft.	1,566.00	261	7,677.00	1,279½	7,677.00	1,700	6.00-4.75
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
assay	each	8.00	2	24.00	6	24.00	125	4.00
Roads and Trails tractor	hour	none	none	728.00	66½	728.00	100	12.00
Incidental allowance	ft.	733.80	4,892	3,517.58	23,450½	3,517.58	25,020	0.15
Total Distributed Costs		8,514.15		42,759.33				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		8,514.15		42,759.33				48,547.00

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

Date 2/10/57 Operator La Sal Mining & Development Co.

Per Donald T. Delicate Title Sup't of Mines

Remarks: M.N. Salsbury

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

(Instructions on reverse)

(For Government use only)

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DATE | INITIALS | CODE

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

FINAL DISTRIBUTION
MADE MAR 4 1957

Administrative Audit Difference Statement

La Cal Mining & Development Co.
Box 563,
Moab, Utah

Date: March 4, 1957
Payee's Reference: January 1957

Gentlemen:

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

Amount Claimed $ 8,514.15

Difference $ 184.37

Amount Approved $ 8,329.78

The reason for the difference was due to:

Disallowance, Core Drilling

Claimed 261 ft @ 6.00 per ft.		1,566.00
Acceptable Cost:		
147.5 ft @ 2.75 per ft.	405.63	
113.5 ft @ 6.00 per ft.	681.00	
Total Acceptable Cost -		1,381.63
Amount to be disallowed.		184.37

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

Very sincerely yours,

N. E. Stokes
Audit Section

FILE COPY
DMEA
RECEIVED MAR 6 1957

DATE	INITIALS	CODE
3-6	C	220
"	Com	100
		800

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

224 New Customhouse
Denver 2, Colorado

February 28, 1957

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket 4294, (Uranium) Contract Ldm-E1010,
La Sal Mining and Development Company (La Sal project)
San Juan County, Utah - Operator's Monthly Progress Report
for the month of January, 1957

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

Except as otherwise noted below we consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended on the following basis contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

All core drilling was reported at the rate of $6.00 per foot, although part of the footage was drilled in the 400-600 feet interval. Amendment No. 1 stipulates that drilling in the 400-600 feet interval shall be acceptable at a maximum rate of $4.75 per foot, therefore the excess core drilling cost is disallowed as follows:

<u>Disallowance, Core drilling</u>

Amount reported, 261 feet at $6.00 per foot		$1,566.00
Acceptable cost,		
147.5 feet at $4.75 per foot	$700.63	
113.5 feet at $6.00 per foot	$681.00	
Total acceptable cost, core drilling		$1,381.63
Amount to be disallowed		184.37

Please advise the Operator of the disallowance by means of the Administrative Audit Difference Statement.

Reconciliation with Amount Reported by the Operator on Form MF-104 for January, 1957

Amount reported on Form MF-104 for January, 1957	$8,514.15
Amount to be disallowed	184.37
Total accepted cost for January, 1957	$8,329.78
Government participation at 75 percent	$6,247.34

Remarks

Date of Report	February 10, 1957
Date Received in Field Office	February 13, 1957
Date Received in Region Office	February 27, 1957

Original signed by
E. N. HARSHMAN
E. N. Harshman

Enclosures

JDC:hh

cc: Chmn. Op. Comm. (2)
Shaw (2)
Harshman) w/copy of
Townsend) engr's report
MF-104 File E4294
Chron.

DMEA
DEPARTMENT OF THE INTERIOR
FEB 27 1957
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
February 26, 1957

REGION III

Memorandum

To: Executive Officer, DMEA Field Team, Region III
Through: John F. Shea

From: M. M. Salsbury

Subject: Docket No. DMEA 4294 (Uranium), Contract Idm-E1010, La Sal Mining and Development Co. (La Sal Project), San Juan County, Utah--Progress report for January, 1957

Operations under the subject contract were inspected on February 5, 1957, in company with D. P. Elston of the Geological Survey and Donald T. Delicate, superintendent for the operator.

All authorized Stage I work had been completed prior to the date of inspection and was in accordance with contract specifications.

The operator has submitted in quintuplicate Forms MF-104 and MF-104A, a narrative report, geologic and radiometric logs, and map showing hole locations, together with one copy each of invoices for drilling, drillers logs, and certified assay certificate. Documentation is satisfactory.

The following claims for January, 1957 operations are submitted covering 4,631 feet of non-core drilling and 261 feet of core drilling in 8 holes:

Independent Contracts:	
Tractor dozer operation	None
Non-Core Drilling:	
3,200 feet in 0-400 foot range at $1.25 per foot	$ 4,000.00
1,298 feet in 400-600 foot range At $1.50 per foot	1,947.00
133 feet in 600 -800 foot range at $1.95 per foot	259.35
Core Drilling:	
261 feet at $6.00 per foot	$ 1,566.00
Fixed Costs:	
Incidental allowance - 4,892 feet at $0.15 per foot	$ 733.80
Chemical Analyses:	
2 at $4.00 each	$ 8.00
Total of January, 1957 claims -	$ 8,514.15

The unit prices claimed for drilling are based on an invoice from the Pioneer Drilling Company. Claims for drilling are in accordance with footage in the subcontractor's invoices, driller's daily logs, and geologic logs as summarized in Table 1. All claims are within contract maximums and otherwise in accordance with the contract and Amendment No. 1 thereto, except as follows:

(1) A total of 261 feet of core drilling is invoiced and claimed at $6.00 per foot, the rate in the subject contract for drilling in the 600-800 foot range. Actually, 147.5 feet was in the 400-600 foot range for which a unit price of $4.75 per foot was established by Amendment No. 1. The excess above $4.75 per foot claimed for drilling in the 400-600 foot interval, $184.37, is recommended for disallowance.

Depth of holes and amount of coring were checked by inspecting the core stored in a shed on the property and by comparing with probed depths reported in DMEA Barnaby results. The claimed depths were in reasonable agreement.

Monthly totals in the MF-104 and MF-104A forms are correct except that coring in the 400-600 foot range is not entered separately or claimed at the allowed rated. Cumulative totals do not reflect disallowances made on the November-December, 1956 claims. Amounts entered in the "Unit Cost to Date" column are total costs. Copies of MF-104 and MF-104A forms were reproduced rather than being carbon copies. Two of the MF-104 copies were not dated.

One hole drilled in January, 1957, Robin Ray No. 2, encountered 2 feet of material in the interval 533.5 to 535.5 feet which assayed 0.166 percent U_3O_8 and 0.19 percent V_2O_5. Four offsets to this hole were requested by the operator, recommended by the examining team, and have been authorized by the Field Team. Other holes were barren.

Payment of $6,247.34 or 75 percent of the amount claimed in January, 1957, $8,514.15, less $184.37 to be disallowed, is recommended for approval.

A. L. Kaufman for
M. H. Salsbury
Mining Engineer

MHS:jg
Enclosures

cc: 6
Idm-RI010
Salsbury
Chron.

TABLE 1 — Drilling Data January, 1957, Docket No. DMEA 4294
Contract 14m-M1010, La Sal Mining and Development
Company, La Sal Project, San Juan County, Utah

Claim	Hole No.	Non-Core Footage 0-400 ft.	Non-Core Footage 400-600 ft.	Non-Core Footage 600-800 ft.	Core Footage 400-600 ft.	Core Footage 600-800 ft.	Total Depth Feet	Mineralized From	Mineralized To	Mineralized Interval	ASSAY Radiometric percent eU_3O_8	ASSAY Chemical percent U_3O_8	ASSAY Chemical percent V_2O_5	DMEA Barnaby percent eU_3O_8	DMEA Barnaby depth probed feet	Classification of Hole
Robin Roy	2	400	122		24.0 1/	1/	546.0	533.5	535.5	2.0	0.18	0.166	0.19	Barren 1/	527.0	Ore
								535.5	536.0	0.5	0.11	0.058	0.12			
								536.0	536.8	0.8	0.11					
								536.8	537.3	0.5	0.04					
Robin Roy	3	400	128		20.5		548.5				Barren			Barren	537.4	Barren
Robin Roy	4	400	180		20.0	21.0	621.0				Barren			Barren	610.7	Barren
Alice	2	400	160		40.0	.5	600.5				Barren			Barren	598.0	Barren
Alice	3	400	178		22.0	20.0	620.0				Barren			Barren	619.5	Barren
Alice	4	400	200	8		38.0	646.0				Barren			Barren	642.8	Barren
Susie	3	400	200	125		34.0	759.0				Barren			Barren	759.0	Barren
Richard	2	400	130		21.0		551.0				Barren			Barren	548.0	Barren
Totals		3200	1298	133	147.5 2/	113.5 2/	4892.0									

1/ Robin Roy No. 2 hole drilled to 546.5 feet according to geologic log

2/ Core drilling footage all claimed at rate for 600-800 foot range

LA SAL MINING & DEVELOPMENT CO.
MOAB, UTAH

February 11, 1957

Mr. John F. Shaw, U. S. Bureau of Mines
Room 137, Building 20
Denver Federal Center
Denver 2, Colorado

Subject: DMEA Exploration Project
Contract No. Idm-E1010
Docket No. 4294
La Sal Mining & Development Co.
Narrative Report for the
Period January 1 to
January 31, 1957

Dear Mr. Shaw:

Stage I of the above listed DMEA project was started in November, 1956, and completed in January, 1957. The project consists of exploratory drilling for uranium ore in the basal member of the Chinle formation. This project is located on property owned by the La Sal Mining & Development Co. in the Big Indian District, San Juan County, Utah.

The drill holes in Stage I were layed out by transit survey prior to the construction work on the roads and drill sites. After each hole was completed the drill hole was surveyed again and coordinates calculated.

The drilling consisted of exploration by non-core and core drilling to test the Moss Back member of the Chinle formation of Triassic age.

The holes were drilled non-core through the Wingate and upper Chinle formation to approximately 30 feet above the Cutler-Chinle contact and then core drilled to approximately 10 feet below the Cutler-Chinle contact but not more than 20 feet. The drilling depth averaged 615.3 feet and the cored section averaged 32.6 feet. All drill holes were reamed and cased as necessary, and cored with an NX size bit.

The core was logged geologically and checked for radioactivity and sections that indicated significant mineralization were split into halves. One-half of the core was analyzed chemically for U_3O_8 and V_2O_5, and the remaining one-half of said core section was boxed, labeled, and stored for government inspection.

A map showing the location and extent of work performed during January is enclosed.

The remaining eight holes in stage I have been completed for a total footage of 4,892 feet. Of this total, 4,631 feet were non-core and 261 feet were cored.

The holes were probed for radioactivity shortly after completion. A Babbel probe and reel assembly with an attached Babbel geiger counter, Model 600A, were used for the probing. Each hole was probed from the bottom upward to the surface and any radioactivity was recorded.

All of the work completed to date has been in stage I. Of the eight holes completed in January, one hole was mineralized and seven were barren as indicated by the map.

The core recovery averaged 98% during January.

Drilling was somewhat slower during January due to very damp weather. Drilling average approximately one hole every 40 working hours.

Due to dampness, water was used instead of air while plug drilling four of the eight holes completed during the month of January.

All completed holes have been probed by Mr. Bradley of the U. S. G. S.

Costs for January are:

Assaying	$ 8.00
Drilling	7,772.35
Fixed costs	733.80
Total	$ 8,514.15

Very truly yours,

LA SAL MINING & DEVELOPMENT CO.

Harry Schell

Harry Schell, Mining Engineer

Approved by: Donald J. Delicate
Superintendent of Mines

Form MF-10t (Rev.) (April 1952)

Budget Bureau No. 42-R1036.5

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

Month of November & December, 195 6 Docket No. DMEA 4294 Contract No. Idm 1010

Operator's Name La Sal Mining & Development Company Minerals Uranium

Address Box 563, Moab, Utah

Contract Amount, $34,245.18 Government Participation: 75% Amount, $25,683.88

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling	30,717.40	None	30,717.40			
Bulldozing	728.00	None	728.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis	16.00	None	16.00			
Payroll Taxes						
Liability Insurance						
Fixed Unit Cost	2,783.78	None	2,783.78			
(8) Contingencies (specify):						
TOTALS	34,245.18	None	34,245.18	34,082.80	—	34,082.80

RECEIVED FEB 13 1957 D.M.E.A.

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

Date 1/4/57 *Payee La Sal Mining & Devel. Co.

Per Donald T. Delicate Title Supt. of Mines

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

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

(Instructions on reverse)

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

$25562.10

Signature [illegible] (Authorized Certifying Officer)

Date 2/8/57 Vou. No. DMA 57-87

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMEA 1010 in accordance with the terms of the contract.

Signature W.H. Salsbury $25,562.10 Title Mining Engineer Date 1-16-57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Jarvey Title Executive Officer Date FEB 7 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November & December 1956 Docket No. DMEA 4294 Contract No. Tdm 1010
Operator's Name La Sal Mining & Development Company Minerals Uranium
Address Box 563, Moab Utah

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract	
Stage I			total ft			Actual Cost	Units	Unit Costs
Drifting Non-Core; 0-400	ft	13,000.00	10,400	13,000.00	10,400	13,000.00	13,600	17,000.00
Crosscutting " 400-600	ft	7,722.00	5,148	7,722.00	5,148	7,722.00	6,800	10,200.00
Raising " 600-800	ft	3,884.40	1,992	3,884.40	1,992	3,884.40	2,920	5,694.00
Shafts Core	ft	6,111.00	1,018½	6,111.00	1,018½	6,111.00	1,700	10,200.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits Assay Stage I	ea	16.00	4	16.00	4	16.00	125	500.00
Roads and Trails Drill sites	hr	728.00	66½	728.00	66½	728.00	100	1,200.00
Fixed unit Costs	$0.15/ft	2,783.78	18,558½	2,783.78	18,558½	2,783.78	25,020	3,753.00
Total Distributed Costs		34,245.18		34,245.18				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		34,245.18		34,245.18				48,547.00

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

Date 1/4/57 Operator La Sal Mining & Devel. Co.
Per Donald I. Delicate Title Supt. of Mines

M. H. Salsbury

Remarks:

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

(Instructions on reverse)

(For Government use only)

RECEIVED
JAN 13 1957
D.M.E.A.

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION

MADE FEB 11 1957

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

Administrative Audit Difference Statement

La Sal Mining & Development Company
Box 563
Moab, Utah

Date: February 8, 1957
Payee's Reference: November And December 1956

Gentlemen:

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

Amount Claimed	$	34,245.18
Difference	$	162.38
Amount Approved	$	34,082.80

The reason for the difference was due to:

Disallow:

1. Tractor-Dozer Operation:
   Claimed 66½ hours at a total cost of @720.00
   Allowable cost, 52½ hours @ 12.00 per hr. 630.00
   Amount to be disallowed 98.00

2. Core Drilling:
   Claimed 1018.5 ft. @ 6.00 per ft. 6,111.00
   Allowable cost per contract 400-600 interval 51.5 ft. @ 4.75 per ft. 244.62
   600-800 interval 967 ft @ 6.00 per ft. 5,802.00
   Acceptable core drilling cost. 6,046.62
   64.38

   Total Amount to be disallowed. 162.38

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

Very sincerely yours,

N. E. Stokes
Audit Section

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DATE	INITIALS	CODE
2-13	C	220
14	Com	100
		800

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

224 New Customhouse
Denver 2, Colorado

February 7, 1957

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 429A (Uranium) Contract Ism-K1010
La Sal Mining and Development Co. (La Sal Project)
San Juan County, Utah - Operator's Monthly Progress
Report for the period November-December 1956

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

Except as otherwise indicated below, we consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended on the following basis, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations.

1. Tractor-Dozer Operation:
Amount reported by Operator, 66½ hours
at total cost of----------$ 728.00
Allowable cost, 52½ hours at $12.00
per hour as billed by subcontractor----------630.00
Amount to be disallowed----------$ 98.00

2. Core Drilling:
Amount reported by Operator, 1018.5 feet
at $6.00 per foot----------$ 6111.00
Allowable cost per contract 400-600
interval, 51.5 ft. @4.75/ft.---------244.62
600-800 interval, 967 ft.@6.00/ft.---5802.00
Total acceptable core drilling cost--------6046.62
Amount to be disallowed----------$ 64.38

Total amount to be disallowed----------$162.38

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DATE | INITIALS | CODE

Reconciliation With Amount Reported by the Operator on Form MF-104 for November - December 1956

Amount reported on Form MF-104 for November-December 1956--$34,245.18
Amount to be disallowed----------162.38
Total accepted cost----------$34,082.80

Government participation at 75 percent----------$25,562.10

REMARKS

Date of Report----------January 4, 1957
Date Received in Field Office------January 11, 1957
Date Received in Region Office-----January 23, 1957

Original signed by
W. M. TRAVER

W. M. Traver

Enclosures

JDC:ytl
cc
Sec. Op. Comm. (2)
Shaw (2)
Karshman) w/copy of engr's. report
Townsend)
MF-104 File E-1010
Chron.

REGION III

DMEA
DEPARTMENT OF THE INTERIOR
JAN 25 1957
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
January 25, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: M. H. Salsbury

Subject: Docket DMEA 4294 (Uranium) Contract Ida-81010, La Sal Mining and Development Co. (La Sal Project) San Juan County, Utah. -- Progress report for November - December 1956

Operations under the subject contract were inspected January 10, 1957 in company with Harry Schell, project engineer for the operator.

On the date of inspection, 31 out of 34 authorized Stage I holes had been completed at locations in accordance with contract provisions.

The operator has submitted in quintuplicate forms NF-104 and 104A, a narrative report, geologic and radiometric logs, map of hole locations, together with one copy each of invoices for drilling and bulldozing, driller's logs, and certified assay certificates. Documentation is complete and satisfactory.

The following claims for November - December 1956 operations are submitted covering 17,540 feet of noncore drilling and 1,018.5 feet of core drilling in 26 holes.

Independent Contracts	
Tractor-dozer operation, 66.5 hours	$728.00
Non Core drilling	
10,400 feet in 0-400 foot range at $1.25 per foot	13,000.00
5,148 feet in 400-600 foot range at $1.50 per foot	7,722.00
1,992 feet in 600-800 foot range at $1.95 per foot	3,884.40
Core drilling	
1,018.5 feet at $6.00 per foot	6,111.00
Fixed Costs	
Incidental allowance	
18,558.5 feet at $0.15 per foot	2,783.78
Chemical analyses	
4 at $4.00 each	16.00
Total of November December 56 claims	$34,245.18

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DMEA
RECEIVED FEB 13 1957

DATE	INITIALS	CODE

The unit prices for drilling items claimed are based on the invoiced prices from Pioneer Drilling Company, the subcontractor. Attention is called to the fact that the unit prices are the same as those in the subject contract rather than at the rates in the bid by Pioneer Drilling Company which the operator submitted on November 15, 1956, with a request for an amendment to the contract to revise the unit prices. The request was denied by the Washington office.

Claims for drilling are in accordance with footages in the subcontractor's invoices, driller's daily logs, and geologic logs, as summarized in Table 1.

All claims are in accordance with the provisions of the subject contract and amendment No. 1 thereto except as follows:

1. The claim for tractor-dozer operation in the amount of 66.5 hours is actually the combined hours of operation for a tractor dozer, and for a compressor and rock drill at an invoiced cost of $723.00. There is no provision in the contract for payment for use of a compressor and rock drill although such an item was recommended in the BMEA report of examination. The claim for tractor-dozer operation in excess of 52.5 hours in accordance with the contract, is recommended for disallowance in the amount of $98.00.

2. A total of 1018.5 feet of core drilling is invoiced and claimed at $6.00 per foot, the contract rate for core drilling in the 600-800 foot range. Actually 51.5 feet of this drilling was in the 400-600 foot range, a category not provided for in the original contract. By the terms of Amendment No. 1, a unit price of $4.75 per foot has been established for core drilling in the 400-600 foot range. The excess claimed for 51.5 feet of core drilling in the 400-600 foot range above the cost at $4.75 per foot, $64.38, is recommended for disallowance.

Depths of holes and amount of coring were checked by inspecting the core stored in a shed on the property, and by comparing with the probed depth of holes according to the BMEA barnaby unit. These were in reasonable agreement with the depths reported by the operator, and supported by his geologic logs, driller's logs, and driller's invoices. However, the BMEA barnaby unit did not reach full depth in some holes which presumably had caved.

Monthly totals in the MF-104 and 104A forms are correct and all data is entered correctly except that the total authorized amount for each contract item is shown in the last column of Form MF-104A rather than the authorized unit cost.

Results of exploration to date have been largely negative. Slight mineralization encountered in Hole No. 4 on the Thirty-five claim and in Hole No. 4 on the Thirty-four claim does not appear to warrant offsetting. One hole drilled in January 1957, No. 2 on the

Robin Roy claim, shows mineralization. Chemical analyses of core have not been received yet and will be in the operator's January 1957 report.

Payment of $25,562.10 or 75 percent of the amount claimed in November - December 1956, $34,245.18, less $162.38 disallowed, is recommended for approval.

O.S. Kowalkowski for
M. H. Salsbury
Mining Engineer

MHS/mw
cc: 6
Idm-E1010
Chron
MHSalsbury

TABLE 1

Drilling Data November-December 1956, La Sal Project Docket No. DMEA 4294, Contract Ida-E1010

Claim	Hole No.	Non Core Footage 0-400 ft.	Non Core Footage 400-600 ft.	Non Core Footage 600-800 ft.	Core Footage 400-600 ft.	Core Footage 600-800 ft.	Total Depth feet
Susie	2	400	200	118		41.5	759.5
Robin Roy	5	400	200	115		31.0	746.0
Robin Roy	6	400	200	108		49.0	757.0
Billie Mike	2	400	200	96		51.5	747.5
Billie Mike	3	400	200	105		40.0	745.0
Billie Mike	4	400	200	118		40.5	758.5
Hudson	2	400	200	72		19.0	691.0
Hudson	3	400	200	78		37.0	715.0
Hudson	4	400	200	33		47.5	680.5
Hudson	5	400	200	75		40.0	715.0
Thirty-five	3	400	200	126		39.0	765.0
Thirty-five	4	400	200	108		32.5	740.5
Thirty-four	3	400	200	108		57.0	765.0
Thirty-four	4	400	200	119		40.0	759.0
Thirty-four	5	400	200	125		37.5	762.5
Richard	3	400	168	---	31.5		599.5
Richard	4	400	180		20.0	40.0	640.0
Richard	5	400	200	8		40.0	648.0
Richard	6	400	200	28		40.0	668.0
Richard	7	400	200	54		20.0	674.0
John David	2	400	200	16		37.0	653.0
John David	3	400	200	40		37.5	677.5
John David	4	400	200	65		39.0	704.0
John David	5	400	200	38		40.0	678.0
John David	6	400	200	113		40.0	753.0
John David	7	400	200	126		30.5	756.5
Totals		10,440	5,148	1,992	51.5	967.0	18,558.5

Mineralized From Feet	Mineralized To Feet	Mineralized Interval feet	Assay Radiometric Percent eU_3O_8	Chemical Percent U_3O_8	Chemical Percent V_2O_5	DMEA Barnaby Unit1/ Percent eU_3O_8	DMEA Barnaby Unit1/ Logging Depth ft.	Classification of hole by Opr.
							754.0	Barren
								Barren
								Barren
							745.0	Barren
							742.0	Barren
								Barren
								Barren
								Barren
							675.0	Barren
							707.0	Barren
756.0	756.5	0.5	0.004			Barren	765.0	Barren
722.0	727.0	5.0	0.01-0.10				739.0	Mineralized
723	724	1.0		0.031	0.09			
724	724.5	0.5		0.146	0.34			
724.5	725.5	1.0		0.046	0.24			
						Barren	762.4	Barren
746	751	5.0	0.005-0.35					Mineralized
747.8	748.8	1.0		0.034	0.09			
						Barren	762.0	Barren
						Barren	599.0	Barren
620	620.5	0.5	0.005			Barren	637.0	Barren
						Barren	642.4	Barren
						Barren	662.0	Barren
						Barren	673.7	Barren
						Barren	653.0	Barren
665	666	1.0	0.004			Barren	676.6	Barren
						Barren	704.0	Barren
						Plugged not logged		Barren
751.0	751.4	0.4	0.005			Plugged at 731.0		Barren
						Plugged at 734.0		Barren

1/ Probing of all holes by the DMEA Barnaby unit has been done or attempted, but interpretations of results on all holes are not available as yet.

RECEIVED
FEB 13 1957
D.M.E.A.

LA SAL MINING & DEVELOPMENT CO.
MOAB, UTAH

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 13 1957

DATE	INITIALS	CODE

January 7, 1957

Mr. W. M. Traver, Executive Officer DMEA
Field Team, Region III
United States Department of the Interior
224 New Customhouse
Denver 2, Colorado

Subject: DMEA Exploration Project, Contract No. Idm - E1010; Docket No. 4294, La Sal Mining & Development Co. Narrative Report for the period November 5, 1956 to January 1, 1957

Dear Mr. Traver:

The above listed DMEA project was started in November, 1956, and consists of exploratory drilling for Uranium ore in the basal member of the Chinle formation. This project is located on property owned by the La Sal Mining & Development Co. in the Big Indian District, San Juan County, Utah.

DMEA Exploration Project

Access roads and drill sites for all of the drill holes in stage I have been completed. The drill holes were layed out by transit survey prior to the construction work on the roads and drill sites. After each hole is completed the drill hole is again surveyed and coordinates calculated.

The drilling consisted of exploration by non-core and core drilling to test the Moss Back member of the Chinle formation of Triassic age.

The holes were drilled non-core through the Wingate and upper Chinle formations to approximately 30 feet above the Cutler-Chinle contact and then core drilled to approximately 10 feet below the Cutler-Chinle contact but not more than 20 feet. The drilling depth averaged 713.4 feet and the cored sections averaged 39.2 feet. All drill holes were reamed and cased as necessary, and cored with an NX size bit.

The core was logged geologically and checked for radioactivity and sections that indicated significant mineralization were split into halves. One-half of the core was analyzed chemically for U_3O_8 and V_2O_5, and

the remaining one-half of said core section was boxed, labeled, and stored for government inspection.

A map showing the location and extent of work performed during November and December is enclosed.

Twenty-six of the 34 holes in stage I have been completed for a total footage of 18,558½ feet. Of this total, 17,540 feet were non-core and 1,018½ feet were cored.

The holes were probed for radioactivity shortly after completion. A Babbel probe and reel assembly with an attached Babbel Geiger Counter, Model 600A, were used for the probing. Each hole was probed from the bottom upward to the surface and any radioactivity was recorded.

All of the work completed thus far has been in stage I. Of the 26 holes completed, 2 holes were mineralized, and 24 were barren as indicated by the map. Some of the holes showed a very weak mineralization as indicated by the attached probe records.

The core recovery thus far has been very satisfactory. Average recovery through December was 98 percent.

The area which showed the best mineralization and the greater thickness of sand in the ore zone, is the Northwest section of claims as shown on the map. Claims having the least mineralization and little sand in the ore zone are in the Southeast section.

The completion date for stage I is estimated to be approximately January 17, 1957.

Drilling speed during warm weather was very good but somewhat slower during December due to snow and cold weather.

The drillers encountered lost circulation in 3 of the 26 holes drilled. Due to dampness, water was used instead of air while plug drilling 11 of the completed holes.

The overall drilling progress has been satisfactory. The average drilling rate is approximately one hole every 36 working hours.

All completed holes have been probed by Mr. Bradley of the U.S.G.S.

Costs to date are:

Assaying	$ 16.00
Drilling	30,717.40
Roads and sites	728.00
Fixed costs	2,783.78
Total costs through December 31, 1956	$ 34,245.18

Very truly yours,

LA SAL MINING & DEVELOPMENT CO.

Harry Schell

Harry Schell
Mining Engineer

Approved by: Donald T. Delicate
Donald T. Delicate
Superintendent of Mines

HS:dn

Enclosures

CC: MHSalsbury
Grand Junction

Contract Adm. & Audit Division

CERTIFICATION BY THE UNITED STATES OF AMERICA
OF A DISCOVERY OR DEVELOPMENT UNDER
AN EXPLORATION PROJECT CONTRACT

To: La Sal Mining and Development Company
Box 563
Moab, Utah

Pursuant to the provisions of Exploration Project Contract No. Idm-E1010, dated September 19, 1956, (Docket No. DMEA-4294), hereinafter called the contract, between the La Sal Mining and Development Company, a Delaware corporation, and the United States of America, hereinafter called the "Government ; to establish and fix the Government's percentage royalty on production and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows:

Core drilling in the southeastern area of the property described in the contract intersected uranium mineralization of ore grade in the Triassic Chinle sedimentary rocks.

Dated: AUG 12 1957

FLKnouse/gla
(8-5-57) 8-12-57

THE UNITED STATES OF AMERICA

By [signature]
Administrator, Defense Minerals
Exploration Administration

cc to: Operator
Homestake Mining Company
100 Bush Street
San Francisco 4, Calif.
Contract Adm. & Audit Division
DMEA Field Team, Region III (2)
Finance Office
Docket
Jesse C. Johnson, Director,
Division of Raw Materials, AEC
Admr.'s Reading File
F. E. Johnson
Operating Committee
Frank D. Lamb, Rm. 3608
T. H. Kiilsgaard, Rm. 5224
F. L. Knouse

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

AUG 13 1957

Mr. Donald H. McLaughlin, President
La Sal Mining and Development Company
Box 563
Moab, Utah

Re: Docket No. DMEA-4294 (Uranium)
Contract No. Idm-E1010
La Sal Project
San Juan County, Utah

Dear Mr. McLaughlin:

Enclosed is a "Certification by the United States of America of a Discovery or Development Under an Exploration Project Contract." This certification covers all the land described in Article 2 of the subject contract.

By the terms of the Exploration Project Contract, as amended, and of the certification, all minerals mined or produced from September 19, 1956, to September 19, 1966, are subject to the Government's percentage royalty as set forth in the contract until the sum of $35,025.09 is repaid to the Government.

Payments should be made to Mr. William H. King, Executive Officer, DMEA Field Team, Region III, 224 New Customhouse Building, Denver 2, Colorado. Checks should be payable to the Defense Minerals Exploration Administration. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward the check directly to the Executive Officer. Any bonus payments or allowances received by you from the sale of ore are considered to be a part of the purchase price to which the Government's royalty applies. Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets, showing quantity and grade of the products sold, the name of the purchaser, and the price and charges, certified to be correct by the purchaser.

You are requested to notify Mr. King of any changes in ownership or production rights that might have any effect on the Government's right to its percentage royalty. Also, if

production ceases at any time for an extended period, please notify Mr. King at six-month intervals that no production has been made, when that is the case.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

ELKnouse/gla
8-5--57
cc to: Homestake Mining Company
100 Bush Street
San Francisco 4, California
Admr.'s Reading File
F. E. Johnson
Operating Committee
Frank D. Lamb, Rm. 3608
THKiilsgaard, Rm. 5224
Field Team, Region III (2)
Contract Adm. & Audit Division
Mr. Knouse

800

AUG 13 1957

Mr. Donald H. McLaughlin, President
Homestake Mining Company
100 Bush Street
San Francisco 4, California

Re: Docket No. DMEA-4294 (Uranium)
Contract No. Idm-21010
La Sal Mining and Development Company
La Sal Project
San Juan County, Utah

Dear Mr. McLaughlin:

For your information, a certification of discovery or development has been issued to the Operator as a result of the exploration program under the above-referenced contract.

The property as set forth in the contract is covered by the Guaranty of Royalty, dated October 8, 1956, signed by you.

We are enclosing the following for your records:

1. A copy of a "Certification by the United States of America of a Discovery or Development Under an Exploration Project Contract."

2. A copy of the transmittal letter to Mr. Donald H. McLaughlin, President, La Sal Mining and Development Company, Box 563, Moab, Utah.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures

FLKnouse/gla 8-5-57
cc to: Admr.'s Reading File
F.E.Johnson
Operating Committee
Frank D. Lamb, Rm. 3608
T. H. Killgaard, Rm. 5224

Field Team, Region III (2)
Contract Adm. & Audit Division
Code 700, Mr. Knouse

800

AUG 13 1957

Mr. Jesse C. Johnson
Director, Division of Raw Materials
Atomic Energy Commission
1717 H Street, N. W., Room 800
Washington 25, D. C.

Re: Docket No. DMRA-4294 (Uranium)
Contract No. Idm-41010
La Sal Mining and Development Company
La Sal Project
San Juan County, Utah

Dear Mr. Johnson:

I am enclosing one copy of a certification of discovery or development relating to the subject exploration contract.

The final report of the Field Team has not been completed. Accordingly, we will supply additional information for your records upon receipt of this report.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

FLKneuse/gla
8-5-57
cc to: Admr.'s Reading File
F. E. Johnson
Operating Committee
Frank D. Lamb, Rm. 3608
T. H. Killingsard, Rm. 5224
Field Team, Region III (2)
Contract Adm. & Audit Division
Code 700, Mr. Kneuse

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DMEA
RECEIVED MAY 24 1957

DATE	INITIALS	CODE
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Audit copy

TERMINATION AGREEMENT

It is agreed this 8th day of May, 1957, between the United States of America, acting through the Department of the Interior, Bureau Mineral's Exploration Administration, hereinafter called the "Government," and La Sal Mining and Development Company, hereinafter called the "Operator," pertaining to that certain Exploration Project Contract Ldr-[illegible] Docket No. [illegible], dated September 19, 1956, as amended, hereinafter called the "Contract," that:

1. Effective March 8, 1957, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and hereby terminated.

2. Notwithstanding the effective date in paragraph numbered 1, the Government shall nevertheless be allowable costs of sample analyses incurred subsequent to the effective date.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final account.

4. All rights of the Government provided for in the Contract with respect to percentage royalty and liens for the payment, and all rights as to records and audits set forth in the Contract, and recovery of any overpayment, are preserved.

5. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract, except as otherwise provided in this termination agreement.

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

THE UNITED STATES OF AMERICA

By C O Mittendorf
Administrator, Bureau Mineral's
Exploration Administration

LA SAL MINING AND DEVELOPMENT COMPANY

By Donald H McLaughlin

Title President

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

224 New Customhouse
Denver 2, Colorado

February 7, 1957

EXTRA COPY
DMEA
FEB 11 1957
MINERALS | CODE
800

Mr. Donald T. Delicate
Superintendent of Mines
La Sal Mining and Development Company
Moab, Utah

Re: Docket No. DMEA 4294 (Uranium)
Contract No. I6m-21010
La Sal Mining and Development
Company (La Sal mine),
San Juan County, Utah

Dear Mr. Delicate:

In reference to your request of January 18, 1957, this confirms verbal approval by the Government on January 25, 1957, for you to drill four (4) offset holes as provided under Stage II of the Contract to offset Stage I hole No. 2 on the Robin Hoy claim.

Nothing in this confirmation of work approval shall be construed to increase the estimated total cost of the project, the aggregate amount which the Government may be required to contribute, the fixed unit cost of any item of work, nor any item of allowable cost which is expressly designated "maximum."

Very truly yours,

DMEA Field Team, Region III

W. M. Traver

W. M. Traver

JWT:prl

E. N. Hansmann

E. N. Hansmann

cc: Chairman, Op. Comm. (4)
Finance Office, Reg. III
Amendment file, Reg. III
Hansmann
Shaw (2)
Hasler
Townsend
Corres. file
Chron.

MINERAL DEPOSITS
DMEA
RECEIVED
JAN 28 1957
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA
DEPARTMENT OF THE INTERIOR

JAN 29 1957
REGION III
DENVER, COLORADO

P. O. Box 300
Grand Junction, Colorado

EXTRA COPY
DMEA
RECEIVED FEB 11 1957

January 24, 1957

DATE	INITIALS	CODE

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: J. William Beeler
E. H. Marshman
J. F. Chew

From: D. P. Jaton
M. E. Salisbury

Subject: Proposed stage II drilling, DMEA docket No. 4234 (Uranium), contract Idm-4 1010, La Sal Mining and Development Company, San Juan County, Utah

Stage I of contract Idm-4 1010 was completed with unfavorable results except for Robin Hoy No. 2 hole which penetrated 2.[illegible] feet of rock containing 0.17 percent U_3O_8 and 0.13 percent V_2O_5 (fig. 1). The hole was proved by the operator but was cased above the ore horizon when logging was attempted with the DMEA Earnsey unit. The mineralized interval is in a thin conglomerate which, according to the operator's lithologic log, directly underlies the contact of the Permian Cutler formation with the Triassic Chinle formation. The usual Moss Back member of the Chinle formation is thin and, in places, is absent in the southwestern part of the project area and is thicker and more persistent in the northern and northwestern parts.

The operator has proposed four stage II offset holes around Robin Hoy No. 2 hole (fig. 1). The objective is a possible ore body in the vicinity of this hole. The hole pattern, shown in figure 1, is distorted in order to keep the holes, northeast and southeast of Robin Hoy No. 2 hole, at least 100 feet from the claim boundary as stipulated in the subject contract. The contract provision states that stage II holes shall be a minimum of 300 feet from stage I holes in which significant mineralization is present; the arrangement of offset holes as stipulated in the contract is one hole northeast, one hole northwest, one hole southeast and one hole southwest.

The proposed hole northeast of the Robin Hoy No. 2 hole is only slightly east of north. The proposed holes are a minimum of 300 feet from Robin Hoy No. 2 hole and not less than 100 feet from the property boundary and therefore conform to contract provisions in that respect. This positioning makes them about 250 feet from a barren DMEA hole, Robin Hoy No. 3 hole, and from 2 other holes drilled prior to the DMEA project, Robin Hoy No. 1

and Chris No. 1, the former of which is slightly mineralized. However, the contract does not designate a minimum distance from any hole except the one being offset. By a literal interpretation of the contract, two of the proposed holes, northeast and southeast of Rob Roy No. 2 hole may not qualify. It is believed that all four holes should be approved because this appears to be the only existing possibility of making a discovery.

The proposed drilling appears to be in an area that, in detail, is not considered especially favorable for ore as there is thinning and local pinchout of the Moss Back member. However, the thinning may have served as a trap for mineralizing solutions, providing suitable host rock conditions are present in the lower part of the Moss Back member and upper part of the Cutler formation. These four holes should provide the answer and approval of the operators proposal is recommended. The drilling requested, if approved, will complete contract work.

M. H. Salsbury,
Bureau of Mines

D. P. Elston,
Geological Survey

MHS: DPE/mlr

Enclosure (fig. 1)

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 22 1957

DATE	INITIALS	CODE
-22	aw	220
		800

Government's copy

EXPLORATION PROJECT CONTRACT
LA SAL MINING AND DEVELOPMENT COMPANY
DOCKET NO. DMEA 4294

AMENDMENT NO. 1

It is agreed this 4th day of January, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and La Sal Mining and Development Company that Exploration Project Contract No. Idm-E1010 (Docket No. DMEA-4294), dated September 19, 1956, is amended, effective September 19, 1956, as follows:

Under the heading "Estimated Costs of the Project":

1. The last item under "Category (1) Independent Contracts" in Stage I is revised to read as follows:

"1,700 feet core drilling
from 400 feet to 600 feet deep
@ $4.75/ft.
from 600 feet to 800 feet deep
@ $6.00/ft. 10,200.00"

2. The last item under "Category (1) Independent Contracts" in Stage II is revised to read as follows:

"1,350 feet core drilling
from 400 feet to 600 feet deep
@ $4.75/ft.
from 600 feet to 800 feet deep
@ $6.00/ft. 8,100.00"

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, the amount of any item designated as "maximum," or the fixed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O P Nitterauer
Administrator, Defense Minerals
Exploration Administration

LA SAL MINING AND
DEVELOPMENT COMPANY

By M A Mason

Title Asst. Secretary

DMEA Form 14

Contract No. Idm-E 1010

Docket No. 4294

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
September 19, 1956	III	Utah	Uranium

Name and Address of Operator: La Sal Mining & Development Co.
Box 563
Moab, Utah

	Reserve	Obligation
Prior Amount	0	865,349.00
Increase	0	0
Decrease	0	30,323.91
Revised Amount	0	835,025.09

Remarks:

ALLEN S. DAKAN
(Name)

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

Date Delivered to Bureau of Mines, Washington 6/19/57

16416

Contract No. Idm-E 1010

Docket No. 4294

DEPARTMENT OF THE INTERIOR

Executed contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Date of Contract	Region	State	Commodity
September 19, 1956	III	Utah	Uranium

Name and Address of Operator: La Sal Mining & Development Co.
Box 563
Moab, Utah

	Reserve	Obligation
Prior Amount	$65,349.00	0
Increase	0	$65,349.00
Decrease	$65,349.00	0
Revised Amount	0	$65,349.00

Remarks:

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

Date Delivered to Bureau of Mines, Washington 10/30/56

98963

Government's copy

RECEIVED
OCT 29 1956

MF-200
(Revised June 1954)

Docket No. DMEA - 4294

Commodity Uranium

Contract No. Idm-E 1010

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this SEP 19 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] LA SAL MINING AND DEVELOPMENT COMPANY, a Delaware corporation, whose mailing address is Box 563, Moab, Utah, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and 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] See Annex I of[5] ..... in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a[6] See Annex I, [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: None.

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

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

of the land (lessor, seller, optionor, etc.), are attached, as follows: "Guaranty of Royalty of the Homestake Mining Company, dated October 8, 1956."

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of uranium. The work to be performed is described in Exhibit "A." The Operator on or before December 1, 1956, shall commence the work, and on or before April 1, 1957 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall ~~either~~ have completed the work ~~or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A"~~ except as otherwise provided in Exhibit "A" with respect to stages of work. (See Article 13.)

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

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

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

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $87,132.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $65,349.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government ~~but except for any such necessary excesses in categories, subcategories, or items the excess the Operator is not obligated to incur more than his agreed percentage of the estimated total allowable cost of the work.~~ See Article 13.

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

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums. See Article 13.

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

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

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

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

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

(e) In Article 6(c), the reference to Article 9 is changed to Article 8.

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O Mitteudorf
Administrator, Defense Minerals
Exploration Administration

LA SAL MINING AND DEVELOPMENT COMPANY
(Operator)

By Donald H. McLaughlin

Title President

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

M A Mason
Assistant Secretary

[CORPORATE SEAL]

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

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OCT 29 1956

EXPLORATION PROJECT CONTRACT
LA SAL MINING AND DEVELOPMENT COMPANY
DOCKET NO. DMEA-4294

ANNEX I

The land referred to in Article 2 of the contract consists of 13 unpatented lode mining claims in secs. 32 and 33, T. 29 S., R. 24 E., and secs. 27, 28, 33, and 34, T. 29½ S., R. 24 E., S.L.M. & B., San Juan County, Utah. Notices of location are recorded in the San Juan County records, at the book and page opposite the name of each claim shown below.

Claim	Original Location Book	Original Location Page	Last Amended Location Book	Last Amended Location Page
Alice	21	138	25	24
Billie Mike	21	154	25	22
Dana	21	155	25	24
Jimmie	21	136	25	23
Susie	21	137	25	23
Thirty-three	23	200	43	244
Thirty-four	23	201	43	244
Thirty-five	25	161	43	245
Chris	21	136	25	20
Hudson	21	153	25	20
John David	21	153	25	25
Richard	21	154	25	25
Robin Roy	21	137	25	19

The locations of the claims listed above are shown on the attached map entitled "Figure 2.--Claim Map of La Sal Mining and Development Company DMEA Project 4294 Showing Proposed Stage I Drilling, San Juan County, Utah."

All of the claims listed above are owned by the Operator, except that areas of the Chris, Hudson, and Robin Roy claims are in conflict with the Dynaflo and Wig claims owned by Lisbon Uranium Corporation, and the conflicting areas may be mined by the Operator pursuant to a Mining Agreement with Lisbon Uranium Corporation.

Excluded Land

Specifically excluded from the land referred to in Article 2 are those portions of the Dana, Alice, Susie, Jimmie, Billie Mike, Thirty-three, Thirty-four, and Thirty-five that are in conflict with the Ouray No. 1 through Ouray No. 5 and Ouray No. 8 as shown on the attached map (Figure 2).

Government's copy

RECEIVED
OCT 29 1956

GUARANTY OF ROYALTY

WHEREAS, negotiations are now pending between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and La Sal Mining and Development Company, for an Exploration Project Contract relating to certain land in the State of Utah, County of San Juan, described in Annex I attached hereto and made a part hereof;

NOW THEREFORE, in consideration of the Government entering into said contract, the undersigned hereby guarantees the payment to the United States of America of any royalties that may fall due under the provisions of said contract or any amendment (including a termination agreement) or assignment thereof, notice of any such amendment or assignment being hereby waived. If the records of any sales or other disposition of the production upon which any such royalties may accrue, whether the production is by the Operator or by others, are not made available to the Government for the computation of said royalties, the undersigned agrees that the amounts thereof may be determined according to the best estimates that can reasonably be made; and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or his successor, or by his representative authorized for that purpose, shall be final and binding upon the undersigned.

Dated October 8, 1956.

HOMESTAKE MINING COMPANY

By Donald H. McLaughlin

I, JOHN W. HAMILTON, certify that I am the secretary of the corporation named as Guarantor herein; that DONALD H. MCLAUGHLIN, who signed this Guaranty, was then President of said corporation; that said Guaranty 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.

John W. Hamilton [Corporate Seal]

ANNEX I

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Claim	Book	Page	Book	Page
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Richard	21	154	25	25
Robin Roy	21	137	25	19

Specifically excluded from the land are those portions of the Dana, Alice, Susie, Jimmie, Billie Mike, Thirty-three, Thirty-four, and Thirty-five that are in conflict with the Ouray No. 1 through Ouray No. 5 and Ouray No. 8.

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EXPLORATION PROJECT CONTRACT
LA SAL MINING AND DEVELOPMENT COMPANY
DOCKET NO. DMEA-4294

EXHIBIT "A"

Description of the Work

General Provisions

The work consists of exploration by non-core and core drilling to test the Moss Back member of the Chinle/Triassic age and the underlying Cutler formation of Permian age.

Each hole shall be drilled non-core through the upper formations to a point approximately 30 feet above the Cutler-Chinle contact and then core drilled until the hole is bottomed to approximately but not more than 20 feet below the Cutler-Chinle contact. Drilling depths are expected to range from approximately 700 to 800 feet, or an average of 736 feet, and the core sections of the holes are expected to average 50 feet in length. The minimum size of core shall be BX. All holes shall be reamed and cased as necessary.

All core and cuttings from the cored section of each drill hole shall be saved by methods and at drilling intervals, and shall be checked for radioactivity, as specified by the Government. Sections of drill core, and cuttings, that indicate significant radioactivity shall be split into halves. One-half of each drill core section that is split shall be analyzed chemically for U_3O_8 and V_2O_5, and the other one-half of said core section and one-half of the split cuttings shall be furnished to the Government. The remaining half of the cuttings that indicates significant radioactivity, and nonradioactive core and cuttings from the other cored sections of each hole shall be properly boxed, labeled, and stored pending Government inspection and disposition.

All drill holes shall be logged geologically and probed for radioactivity, and four copies of each log shall be furnished to the Government with the Operator's monthly report.

No hole shall be drilled closer than 100 feet to the outside boundary of the land described in Article 2. No payment shall be made for an incomplete drill hole.

The method of all sampling is subject to the approval of the Government. Not more than 125 samples shall be analyzed chemically under Stage I for U_3O_8 and V_2O_5, and not more than 100 samples shall be analyzed chemically under Stage II for U_3O_8 and V_2O_5.

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

The project shall be supervised at all times by a qualified geologist or mining engineer, who shall direct or perform the required surveying, mapping, sampling, drill-hole logging, and prepare the reports required pursuant to this contract.

The work is divided into two stages as set forth below. The Operator shall complete Stage I, and shall perform as much of the work under Stage II as the Government approves in writing in advance, either after the completion of Stage I or concurrently.

Stage I

The locations of Stage I holes are indicated by an X on the attached map (Figure 2).

Prepare access roads and drill sites with a Model D-7 Caterpillar tractor w/dozer or an equivalent size unit, and drill 34 holes aggregating not more than 25,020 feet (1,700 feet of core and 23,320 feet of non-core hole). The holes shall be drilled in five east-west rows spaced approximately 900 feet apart, and the holes in each row shall be spaced not less than 250 feet apart.

Stage II

Prepare access roads and drill sites with a Model D-7 Caterpillar tractor w/dozer or an equivalent size unit, and drill not more than 27 holes, aggregating not more than 19,879 feet (1,350 feet of core and 18,529 feet of non-core drilling), as off-set holes to Stage I holes that penetrated significant mineralization. These holes shall be drilled as follows:

Four off-set holes shall be drilled surrounding any of the 34 Stage I holes that penetrated significant uranium mineralization at spacing of not less than 300 feet, i.e., one 300 feet northeast, one 300 feet northwest, one 300 feet southeast, and one 300 feet southwest, except where such drilling would violate the provision set forth above against drilling closer than 100 feet to a boundary of the land described in Article 2.

Estimated Costs of the Project

(In addition to the maximums set forth in Article 6, an asterisk indicates maximum.)

Stage I

Actual Costs

Category (1) Independent Contracts

100 hours of actual tractor-dozer operating time (including operator and all necessary costs) @ $12.00/hr.	$ 1,200.00	
13,600 feet non-core drilling from 0 feet to 400 feet deep @ $1.25/ft.	17,000.00	
6,800 feet non-core drilling from 400 feet to 600 feet deep @ $1.50/ft.	10,200.00	
2,920 feet non-core drilling from 600 feet to 800 feet deep @ $1.95/ft.	5,694.00	
1,700 feet core drilling from 600 feet to 800 feet deep @ $6.00/ft.	10,200.00	
Categories (2) through (6)	None	
Category (7) Miscellaneous		
(The only item of cost allowable under this category is sample analyses.)		
125 sample analyses @ $4.00* each sample	500.00	$44,794.00

Fixed Unit Costs (See Article 13)

Incidental allowance 1/ for each foot of core and non-core hole completed 25,020 feet @ $0.15/ft.	3,753.00	3,753.00
Estimated Total Cost of Stage I		$48,547.00

Stage II

Actual Costs

Category (1) Independent Contracts

80 hours of actual tractor-dozer operating time (including operator and all necessary costs) @ $12.00/hr.	$ 960.00	
10,800 feet non-core drilling from 0 feet to 400 feet deep @ $1.25/ft.	13,500.00	
5,400 feet non-core drilling from 400 feet to 600 feet deep @ $1.50/ft.	8,100.00	
2,329 feet non-core drilling from 600 feet to 800 feet deep @ $1.95/ft.	4,541.55	
1,350 feet core drilling from 600 feet to 800 feet deep @ $6.00/ft.	8,100.00	
Categories (2) through (6)	None	
Category (7) Miscellaneous		
(The only item of cost allowable under this category is sample analyses.)		
100 sample analyses @ $4.00* each sample	400.00	$35,601.55
Fixed Unit Costs (See Article 13)		
Incidental allowance 1/ for each foot of core and non-core hole completed 19,879 feet @ $0.15/ft.	2,981.85	2,981.85
Estimated Total Cost of Stage II		$38,583.40

S U M M A R Y

Estimated Total Cost Stage I	$48,547.00	
Estimated Total Cost Stage II	38,583.40	
Total Estimated Cost of Project (rounded to)		$87,132.00
Government Participation @ 75%		$65,349.00

1/ Includes all costs that might otherwise be allowable costs of the project under Categories (2) through (6) of Article 6(a).

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

RECEIVED
OCT 29 1956

[illegible] New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

October 26, 1956

Mr. Donald F. Balicete
Superintendent of Mines
La Sal Mining and Development Company
P. O. Box 563
Moab, Utah

Re: Docket No. DMEA 4694 (Uranium)
Contract No. DMe-41010
La Sal Mining and Development Company
San Juan County, Utah

Dear Mr. Balicete:

Enclosed herewith is the "Operator's Copy" of Exploration Project Contract No. DMe-41010, Docket No. DMEA 4694.

Also enclosed are six copies of form MP-104, "Operator's Monthly Report and Voucher," and six copies of form MP-104A, "Operator's Unit Cost and Progress Report." At the end of the first calendar month after work is commenced, and monthly thereafter, you are required to submit the original and four copies of each form to Mr. John F. Shea, U. S. Bureau of Mines, Room 157, Building 20, Denver Federal Center, Denver 2, Colorado. The extra copy is for your records.

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

The U. S. Geological Survey and the U. S. Bureau of Mines maintain a field office in the A.E.C. Compound at Grand Junction, Colorado. DMEA representatives of the two Services can be contacted as follows:

J. W. Hosler, U. S. Geological Survey
Telephone, Grand Junction, Chapel 3-8110, Ext. 282

M. E. Salsbury, U. S. Bureau of Mines
Telephone, Grand Junction, Chapel 3-8110, Ext. 274.

Both men can be reached by mail at

Post Office Box 360
Grand Junction, Colorado.

For your information and in reply to many questions that have been asked, after forms MF-104 and MF-104A are received, an engineer will check progress and approve your accounts, after which they will be sent to the Regional Office, Region III, U. S. Bureau of Mines, 824 New Customhouse, Denver 2, Colorado, for administrative examination and vouchering. If the report is in order, a check will be issued by the Treasury Department for the Government's portion of the approved costs. If you have any difficulty in completing these forms and the reports, please call on either the field representatives, Mr. Shaw, or this office for assistance.

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

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

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

The locations of holes to be drilled under Stage I are indicated on the map, "Figure 2," attached to the contract. Should conditions encountered necessitate or make desirable a change in the location of any holes,

approval of this office for the change must be obtained prior to performance of the drilling. Otherwise, the drilling may not be acceptable for reimbursement to you under the terms of the contract.

Your attention is directed to the provision that Stage II work is contingent on the results obtained from Stage I, and performance of the work under Stage II is subject to the prior written approval of the Government.

When work under Stage I has been completed, or sufficiently so to permit conclusive evaluation of a part of the work, you must request approval from this office for the work you propose to perform under the next stage. Your request for the work approval must be in quadruplicate, each copy complete with a map showing the location and extent of the work completed and the location of the additional work proposed. Also, your request must include an evaluation of the work completed and include assay returns and any other pertinent data which will be of value to the Government in appraising the results of the work.

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

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

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

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

JWF:prl
cc: Chairman, Op. Comm. (3)
Finance Office, Reg. III
Amendment file, Reg. III
Purchaser
Shaw (2)

cc: La Sal Mining and Development Co.
c/o Homestake Mining Company
100 Bush Street, 20th Floor
San Francisco 4, California
Attn: Townsend
Corres. file
Chron.

Very truly yours,

Original signed by
W. M. TRAVER

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

Contract No. Idm-E 1010

Docket No. 4294

DEPARTMENT OF THE INTERIOR

Approved contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Date of Contract	Region	State	Commodity
September 19, 1956	III	Utah	Uranium

Name and Address of Operator: La Sal Mining & Development Co.
Box 563
Moab, Utah

	Reserve	Obligation
Prior Amount	0	0
Increase	$65,349.00	0
Decrease	0	0
Revised Amount	$65,349.00	0

Remarks:

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

Date Delivered to Bureau of Mines, Washington 9/19/56

98963

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET 4294

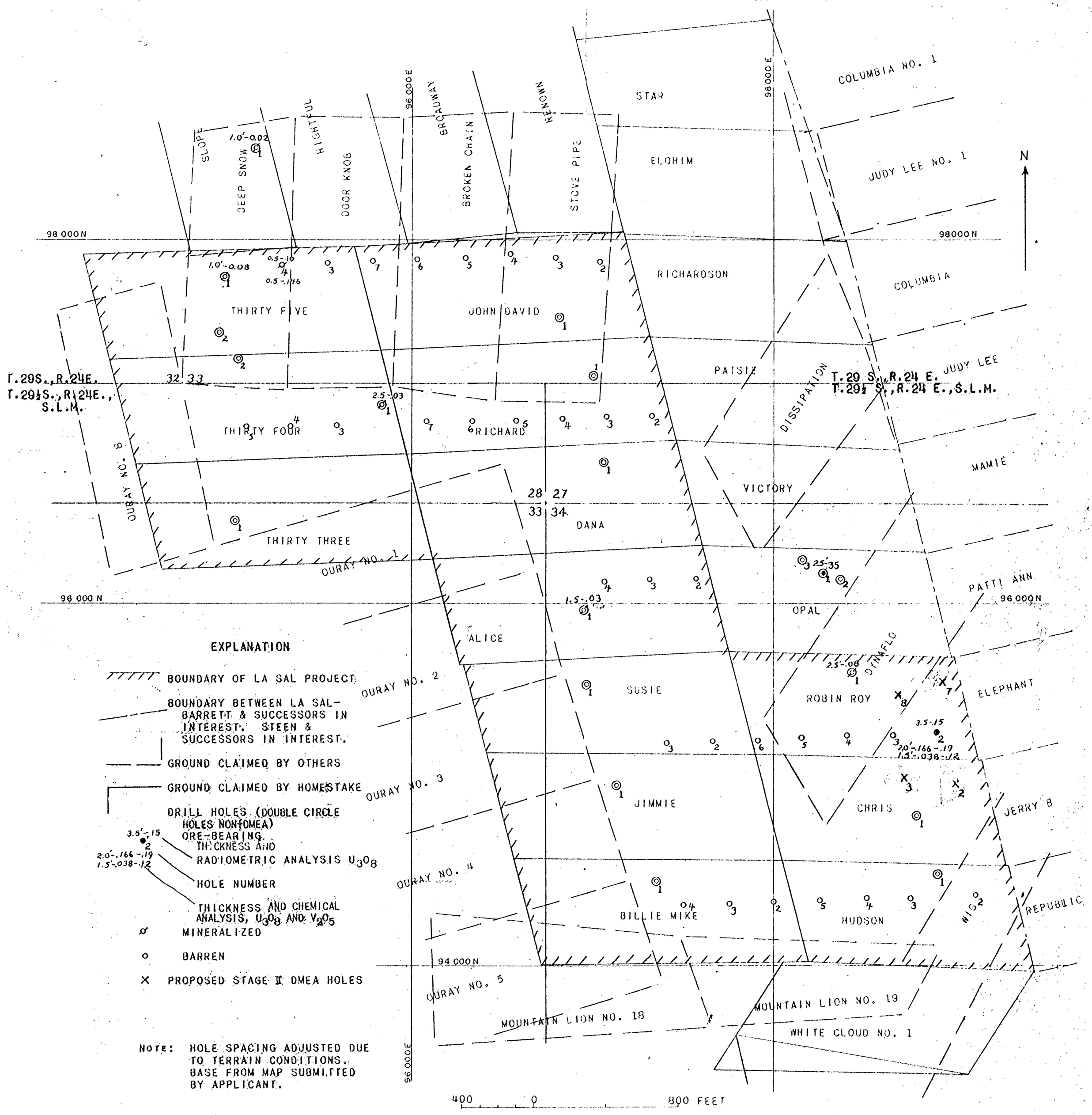

Figure 1.--CLAIM MAP OF LA SAL MINING AND DEVELOPMENT COMPANY DMEA PROJECT 4294 SHOWING PROPOSED STAGE I DRILLING, SAN JUAN COUNTY, UTAH.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
JULY 1956 DOCKET 4294

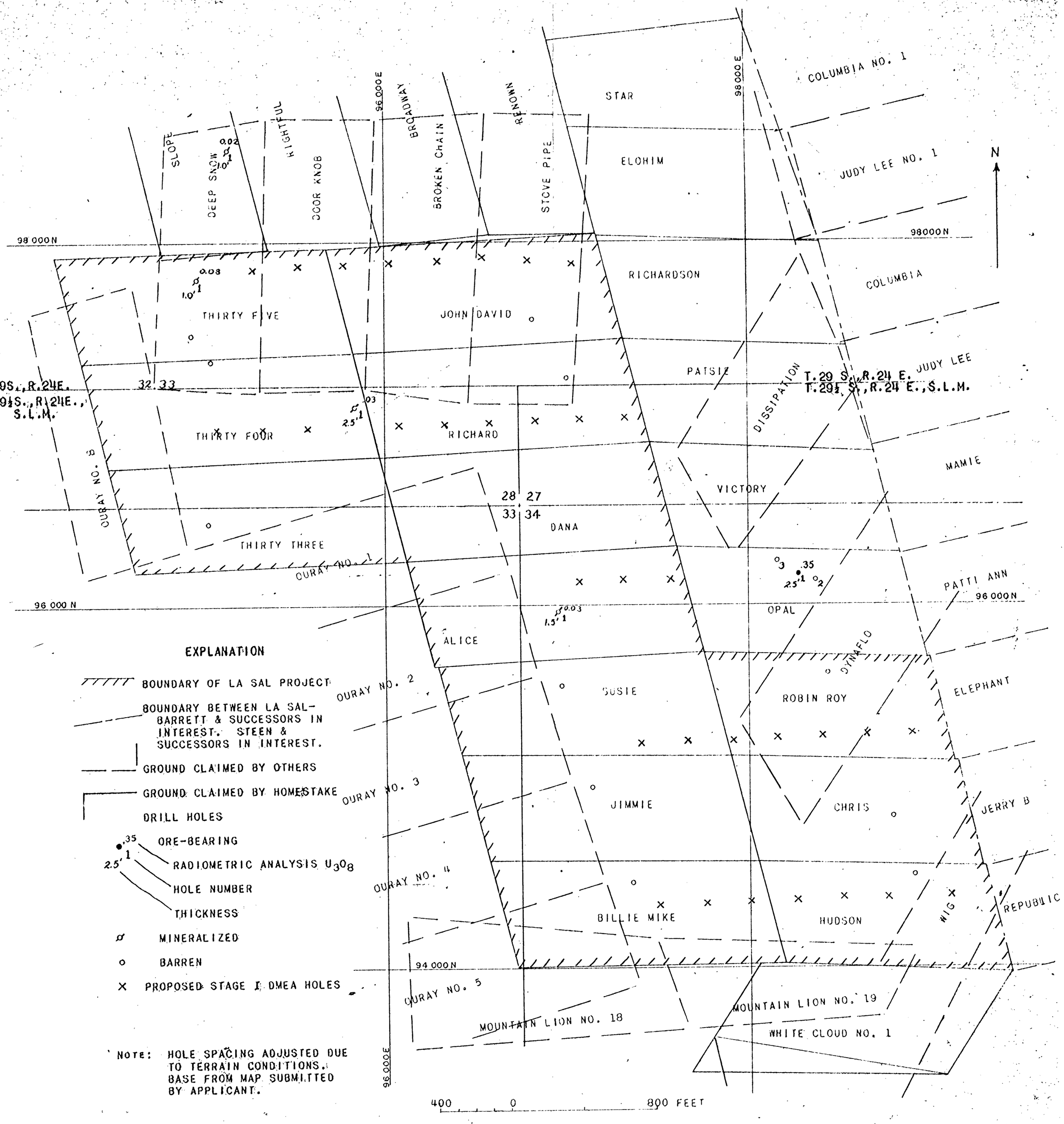

Figure 2.--CLAIM MAP OF LA SAL MINING AND DEVELOPMENT COMPANY DMEA PROJECT 4294 SHOWING PROPOSED STAGE I DRILLING, SAN JUAN COUNTY, UTAH.