Operator's copy

UNITED STATES DEPARTMENT OF THE INTERIOR

OFFICE OF SURVEY AND REVIEW
AUDIT OPERATIONS
WASHINGTON, D.C.

Report of Royalty Review-Contract IDM-E1092
Docket No. IMRA-4631 (Uranium)
Vanadium Queen Uranium Corporation (Operator)
Vanadium Queen Claims
San Juan County, Utah

Report Issued: May 1967

An examination of the cash receipts records in the Branch of Budget and Finance, Administrative Division, U.S. Geological Survey, and a review of the Office of Minerals Exploration contract files pertaining to royalty due to the Government under provisions of the subject minerals exploration contract was made at Washington, D.C., on May 15, 1967.

The Government is entitled to a percentage royalty on the value of production from the four mining claims described in the contract from the date of the contract, May 29, 1957, until the amount of the Government's contribution to the exploration costs, $33,656.60, has been fully repaid without interest or a period of 10 years has elapsed. Prior audit reviews pertaining to this project have found that the royalty paid to the Government applicable to production through March 1965 has been properly computed. The present review disclosed that Climax Uranium Company has continued to pay to the Government proper royalty on the value of uranium and

vanadium produced from the mining claims by Allied Mission Oil Company through August 1966 and that the royalty paid to date amounts to $19,498.21.

No exceptions have been taken with respect to the royalty settlements received in connection with this exploration project.

C. E. Fisher

C. E. Fisher, Auditor

Reviewed by:

Dwight E. Savage

D. E. Savage, Audit Operations
Office of Survey and Review

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 28 1967

INITIALS	CODE
gfa	120 m
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July 26, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

I have reviewed the Report of Royalty review issued in May, 1967 on the subject contract, and I concur in the facts stated in the report.

A check on the list of settlement sheets sent you in my memorandum dated July 21, 1967 showed that some 11 settlement sheet figures were inadvertently omitted from the list, and also that our total amounts of royalty paid agree.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

July 21, 1967

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Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm E-1092

I have reviewed the Report of Royalty Review issued in May 1967 on the subject contract.

My record of amounts of royalty paid on the subject contract through August, 1966, taken from settlement sheets presently in my file totals $19,480.68 compared with your total of $19,498.21, a difference of $17.53.

Below is a list showing the liquidation number, and amount of royalty paid on the subject contract in my files:

Lot or Liquidation Number	Royalty paid
~~7148~~ 4178	$148.77
4702	353.88
4731	186.34
4753	1,000.00
4764	690.42
4791	500.00
4809	662.18
4855	500.00
4876	500.00
4922	500.00
4937	500.00
4971	500.00

7/25/67
Discussed with Hoover. He will check again and advise / HED

Lot or Liquidation Number	Royalty Paid
5005	$222.68
5046	49.01
5065(Check)	50.30
	5.13
11/1/63 - 11/30/53	93.99
6015	457.49
6046	229.57
6071	171.76
6116	528.90
6157	458.06
6271	1,110.76
6344	955.40
6367	757.89
6408	754.81
6434	597.21
6470	397.86
6513	681.51
6543	413.45
5/17/65 6572 and 6 checks -	631.04
Dm 7/30/65 6692	639.60
	$19,480.68

Audit review figures $19,498.21
Hasler review 6/22/67 19,480.68
Difference $ 17.53

Sincerely yours,

J. W. Hasler

J. W. Hasler,
Field Officer, Region III
Office of Minerals Exploration

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

July 14, 1967

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Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: DMEA 4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract IDM - E1092

Enclosed herewith is a copy of the letter showing production from the Vanadium Queen mine in San Juan County, Utah from February 1963 through June 29, 1967.

mcy

J. William Hasler
J. William Hasler
Field Officer, Region III
Office of Minerals Exploration

Enclosure

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/8/69	Johnson	110
	Long	140
	[illegible]	110
		220

JAN 15 1969

Mr. G. Dale Williams, Attorney
Dufford, Ruland, Uhrlaub and Williams
1st National Bank Building
P. O.Box 2188
Grand Junction, Colorado 81501

Re: IMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Dear Mr. Williams:

Your letter of December 30, 1968, to our Denver, Colorado, office, advising that you represent a lessor of the property under the subject contract and requesting information on the unpaid amount of the Government's contribution to exploration costs under the contract, has been referred to this office.

Under date of July 31, 1967, we notified Allied-Mission Oil, Inc., that according to our records the period during which production was subject to the Government's royalty had expired on May 23, 1967, and consequently the Government retained no claim or lien against the property subject to the contract or any production therefrom.

Sincerely yours,

FRANK E. JOHNSON (gla)

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Economic Geology File
OME docket
OME Reading File
OME Region III

FEJohnson/gla 1-8-69

FROM SOLICITOR

JAN 1 8 1969

FOR SIGNATURE

written off 9/67
C.C.

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 6 1969
INITIALS | CODE
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110
220

Office of Minerals Exploration
Building 53 Room 200

January 3, 1968

Mr. G. Dale Williams, Attorney
Dufford, Ruland, Uhrlaub and Williams
1st National Bank Building
P. O. Box 2188
Grand Junction, Colorado 81501

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
San Juan County, Utah
Idm-E-1092
Allied Mission Oil Company, Inc.

Dear Mr. Williams:

Your letter dated December 30, 1968 concerning the Lark L. Washburn lease of the Vanadium Queen Mine from Allied Mission Oil Company, Inc. was received in this office January 2, 1967.

I am referring your request for the unpaid balance to our Washington Office for reply.

Sincerely yours,

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

cc: Chief, OME (2) with copy of incoming letter
OME chron
Mr. Hasler
DMEA-4631, Idm-E-1092

DUFFORD, RULAND, UHRLAUB & WILLIAMS
ATTORNEYS
FIRST NATIONAL BANK BUILDING
P. O. BOX 2188
GRAND JUNCTION, COLORADO
81501

DONALD J. DUFFORD
EDWIN G. RULAND
JERRY W. UHRLAUB
G. DALE WILLIAMS

AREA CODE 303
PHONE 242-8834

December 30, 1968

OME Region III
RECEIVED
JAN 2 - 1969
Denver, Colorado

Office of Mineral Exploration
Denver Federal Center
Denver, Colorado 80225

Re: Allied-Mission Oil Co., Inc.

Gentlemen:

Please be advised that we are representing Lark L. Washburn in connection with his leasing of the Vanadium Queen Mine from the above referenced Company who is currently a debtor in possession under arrangement proceeding in the Bankruptcy Court for the State of Colorado.

We are advised that there is a balance owing under a DMEA loan, and I would appreciate your transmitting the unpaid balance of this loan to me at this time. Union Carbide Corporation is currently purchasing ore from the mine and your 5% royalty interest will be taken care of by payments from Union Carbide as the ore is purchased.

Thank you very much for your assistance.

Yours truly,

G. Dale Williams

G. Dale Williams

GDW/jw

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/31/67		110
		220

JUL 31 1967

Mr. John E. McNulty, Trustee
Allied-Mission Oil, Inc.
200 North 6th Street
Grand Junction, Colorado 81501

Re: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Dear Mr. McNulty:

By the terms of the subject Exploration Project Contract and the certification of discovery or development dated December 13, 1957, all minerals mined or produced from May 20, 1957, to May 20, 1967, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

FRANK E. JOHNSON (glu)

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to: Climax Uranium Company
P. O. Box 989
Grand Junction, Colorado 81501

cc: Director's Reading File
Division File
Econ. Geol. File
Branch of Bud. and Fin.
OME File
OME Reading File
OME Region III
120M

GLAult/a 7-31-67

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/31/67		110
		220

JUL 31 1967

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-B1092

Enclosed is a copy of a memorandum dated July 26, 1967, from the Field Officer, Region III, concurring in the facts stated in the enclosed copy of the Report of Royalty Review issued in May 1967.

FRANK E. JOHNSON (glA)

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Econ. Geol. File
OME Docket
OME Reading File
OME Region III

GLAult/a 7-31-67

23263

Office of Minerals Exploration

June 20, 1967

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Mr. Don R. Hill, Director
Mining Division
United States Atomic Energy Commission
Grand Junction Office
Grand Junction, Colorado 81501

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Dear Mr. Hill:

The royalty repalyment period for the subject contract expired May 29, 1967. Under date of February 7, 1963, Mr. Hugh M. Connors reported that he had visited the property on February 5, 1963, and was satisfied that the Government's royalty had been paid on all ore produced from the DMEA area.

Before we close our records on this case, would you please inform us of the production from the property for the years 1963, 1964, 1965, 1966, and 1967, to May 29.

Sincerely yours,

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

cc: Chief, OME (2)
Hasler chron
OME chron
E1092

UNITED STATES
ATOMIC ENERGY COMMISSION
GRAND JUNCTION OFFICE
GRAND JUNCTION, COLORADO 81501

IN REPLY REFER TO: MP:ASJT

July 11, 1967

OME Region III
RECEIVED
JUL 14 1967
Denver, Colorado

Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
U. S. Geological Survey
Federal Center
Denver, Colorado 80225

Subject: DMEA 4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm - E1092

Dear Mr. Hasler:

As requested in your letter of June 20, 1967, production from the Vanadium Queen mine in San Juan County, Utah from February 1963 through June 29, 1967 is tabulated below. All the production shown was shipped to the Climax Uranium Company mill at Grand Junction, under the shipper's name of Allied Mission Oil, Inc. The monthly mill receipts sheets submitted by the milling company are the source of the figures in the tabulation.

Date	Claim Name	Dry Tons	Pounds U_3O_8	Pounds V_2O_5
Feb. 1963	Vanadium Queen	202.28	1,025.04	6,895.78
March 1963	"	252.71	1,061.79	10,353.64
April 1963	"	293.19	1,490.63	13,930.02
May 1963	"	326.72	1,496.06	13,828.90
June 1963	"	383.36	1,352.80	12,787.99
July 1963	"	426.63	2,247.44	13,553.20
Aug. 1963	"	429.52	2,112.83	14,039.04
Sept. 1963	"	460.19	1,836.25	17,327.74
Oct. 1963	"	424.96	2,246.83	21,287.56
Nov. 1963	"	288.60	1,246.30	10,668.83
" "	" (DMEA)	50.84	203.07	2,033.44
Dec. 1963	"	187	899.50	6,981.66
" "	" (DMEA)	244	1,107.65	8,416.76

Date	Claim Name		Dry Tons	Pounds U_3O_8	Pounds V_2O_5
Jan. 1964	Vanadium Queen		333	1,865.78	17,060.38
" "	"	(DMEA)	113	579.79	3,842.99
Feb. 1964	"		207	643.59	6,632.72
" "	"	(DMEA)	78	389.44	3,356.34
March 1964	"		208	1,453.31	7,051.95
" "	"	(DMEA)	219	951.48	5,882.21
April 1964	"		292	1,107.80	9,030.95
" "	"	(DMEA)	187	815.82	4,703.68
May 1964	"		53	292.89	2,758.97
July 1964	"		538	2,391.56	14,658.12
" "	"	(DMEA)	660	2,826.02	18,980.94
Aug. 1964	"		54	219.08	1,713.04
" "	"	(DMEA)	454	2,265.59	17,499.73
Sept. 1964	"		29	117.93	766.52
" "	"	(DMEA)	440	1,878.59	13,895.43
Oct. 1964	"		81	255.20	2,600.35
" "	"	(DMEA)	385	1,825.37	13,840.94
Nov. 1964	"		216	937.04	7,570.04
" "	"	(DMEA)	240	1,570.03	9,031.32
Dec. 1964	"		175	419.44	5,657.84
" "	"	(DMEA)	218	969.22	7,385.16
Jan. 1965	"	(DMEA)	295	1,623.16	12,466.09
Feb. 1965	"	(DMEA)	236	1,072.01	6,932.37
March 1965	"	(DMEA)	345	1,637.83	10,572.85
July 1965	"	(Reg.)	718	3,125.22	28,627.67
" "	"	(Reg.)	239	836.83	8,205.30
" "	"	(DMEA)	351	1,517.23	12,260.59
Aug. 1965	"	(Reg.)	249	1,162.17	10,884.92
Sept. 1965	"	(Reg.)	186	1,168.83	9,420.68
" "	"	(DMEA)	27	233.91	1,334.~~71~~ .34
Oct. 1965	"	(Reg.)	159	816.59	7,690.46
Nov. 1965	"	(Reg.)	103	580.68	5,463.50
" "	"	(DMEA)	26	128.42	1,294.47
Dec. 1965	"	(Reg.)	185	1,076.52	8,428.86
" "	"	(DMEA)	28	262.13	1,662.04
Jan. 1966	"	(DMEA)	428	2,621.53	18,244.95
Feb. 1966	"	(Reg.)	54	134.18	2,300.75
" "	"	(DMEA)	288	1,207.95	10,004.80
March 1966	"	(DMEA)	347	1,553.30	10,652.66
April 1966	"	(DMEA)	256	1,026.70	6,407.91
May 1966	"	(DMEA)	275	1,111.96	8,458.74
June 1966	"	(DMEA)	179	671.64	4,196.19

Date	Claim Name	Dry Tons	Pounds U_3O_8	Pounds V_2O_5
July 1966	Vanadium Queen (DMEA)	266	1,025.77	9,417.73
Aug. 1966	" (Reg.)	149	873.59	5,410.81
" "	" (DMEA)	132	810.46	4,180.79
Sept. 1966	" (Reg.)	303	1,139.08	7,940.74
Oct. 1966	" (Reg.)	168	502.32	5,269.22
Nov. 1966	" (Reg.)	270	1,043.98	10,427.16
Dec. 1966	" (Reg.)	273	1,194.26	11,857.26
Jan. 1 to May 29, 1967	"	0	0	0

Very truly yours,

Don R. Hill, Director
Mining Division

9/28/67 -

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/31/67		110
		120
		220

MAY 31 1967

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Enclosed is a copy of a Report of Royalty Review issued in May 1967 on the subject contract. The report is for record purposes only and a copy should not be made available to the Operator.

If you concur with the facts as stated in the report, please affirm your concurrence by memorandum, in duplicate, to this office. If you do not concur, please return the copy of the report, giving your reasons for nonconcurrence.

FRANK E. JOHNSON

Frank E. Johnson

Enclosure

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
130
120M

FEJohnson/gla 5-31-67

23263

noted mail Info

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

MAY 22 1967

Memorandum

To: Director, U. S. Geological Survey

From: Assistant Director, Contract and Grant Audit
Audit Operations, Office of Survey and Review

NOTED MAY 2 1967 W. B. Roberts

Subject: Royalty Review of Contract IDM-E1092
Docket No. DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation (Operator)
Vanadium Queen Claims
San Juan County, Utah

Pursuant to a request dated April 4, 1967, from the Chief, Office of Minerals Exploration, we have made a royalty review of Contract IDM-E1092, examining the contract and accounting records and files of OME and the Branch of Budget and Finance, U.S. Geological Survey. Four copies of the report of review are attached.

No exceptions have been taken with respect to the royalty settlements received by the Government.

It was noted that the Government is entitled to royalty on the value of any production from the four mining claims subject to this contract prior to May 29, 1967. Royalty has been paid on the value of reported production through August 1966. By a memorandum dated May 4, 1967, the Chief, OME, advised the OME Field Officer, Region III, Denver, Colorado, that the previous Field Officer had visited the property in February 1963 and was satisfied that the Government's royalty had been paid on all ore then produced from the DMEA area. The Field Officer was advised that before OME closed its records on this case, he should check with the Atomic Energy Commission on production from the property for the years 1963, 1964, 1965, 1966, and 1967, to May 29 and furnish a report thereon.

This review, as well as prior reviews of the royalty account, have been limited to a verification of the royalty computation made by the purchaser of the ore and withheld from settlements with the vendor and paid directly to the Government. The findings in this report are thus subject to revision should the records of AEC disclose that additional production was made from the property on which the Government would be entitled to royalty.

Enclosures

For Donald R. Moyer
By Dwight E. Barnes

Docket copy

UNITED STATES DEPARTMENT OF THE INTERIOR

OFFICE OF SURVEY AND REVIEW
AUDIT OPERATIONS
WASHINGTON, D.C.

Report of Royalty Review-Contract IDM-E1092
Docket No. DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation (Operator)
Vanadium Queen Claims
San Juan County, Utah

Report Issued: May 1967

An examination of the cash receipts records in the Branch of Budget and Finance, Administrative Division, U.S. Geological Survey, and a review of the Office of Minerals Exploration contract files pertaining to royalty due to the Government under provisions of the subject minerals exploration contract was made at Washington, D.C., on May 15, 1967.

The Government is entitled to a percentage royalty on the value of production from the four mining claims described in the contract from the date of the contract, May 29, 1957, until the amount of the Government's contribution to the exploration costs, $33,656.60, has been fully repaid without interest or a period of 10 years has elapsed. Prior audit reviews pertaining to this project have found that the royalty paid to the Government applicable to production through March 1965 has been properly computed. The present review disclosed that Climax Uranium Company has continued to pay to the Government proper royalty on the value of uranium and

vanadium produced from the mining claims by Allied Mission Oil Company through August 1966 and that the royalty paid to date amounts to $19,498.21.

No exceptions have been taken with respect to the royalty settlements received in connection with this exploration project.

C. E. Fisher, Auditor

Reviewed by:

D. E. Savage, Audit Operations
Office of Survey and Review

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/4		110
5/4/67	Kirkham	120
		130

MAY 4 1967

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

The royalty repayment period for the subject contract expires May 29, 1967. Under date of February 7, 1963, Mr. Hugh M. Connors reported that he had visited the property on February 5, 1963, and was satisfied that the Government's royalty had been paid on all ore produced from the DMEA area.

Before we close our records on this case, please check with AEC on production from the property for the years 1963, 1964, 1965, 1966, and 1967, to May 29, and furnish a report thereon to this office.

FRANK E. JOHNSON
Frank E. Johnson

cc: Director's Reading File
Division File
Econ. Geol. File
OMEXXXXXXX Reading
DMEA Docket
130
120M

FEJohnson/mm (5/4/67)

23263

Bldg. 20, Denver Federal Center
Denver, Colo. 80225

June 23, 1965

The Queen Corporation
525 Milam Building
San Antonio, Texas

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 28 1965

INITIALS	CODE
	120
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	22

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Gentlemen:

Attached is a copy of the Report of Royalty Review dated June 8, 1965 on the subject contract.

Yours very truly,

ORIGINAL SIGNED BY
Hugh M. Connors
Acting Field Officer, OME
Region III

Enclosure

H.M.Connors (6-23-65)
cc: G. C. Selfridge
C. E. Fisher
E1092
Chron

Bldg. 20, Denver Federal Center
Denver, Colo. 80225

June 23, 1965

Mr. John E. McNulty, Trustee
Allied-Mission Oil, Inc.
200 North 6th Street
Grand Junction, Colorado

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Dear Mr. McNulty:

Attached is a copy of the Report of Royalty Review dated June 8, 1965 on the subject contract.

Yours very truly,

ORIGINAL SIGNED BY

Hugh M. Connors
Acting Field Officer, OME
Region III

Enclosure

H.M.Connors (6-23-65)
cc: G. C. Selfridge
C. E. Fisher
E1092
Chron

Bldg. 20, Denver Federal Center
Denver, Colo. 80225

June 23, 1965

Memorandum

To: Fiscal Section, Office of Management Operations
Office of the Secretary, U.S. Department of the Interior
Washington, D. C. 20240

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Ida-R1092

Attached is the original Report of Royalty Review dated June 8, 1965 on the subject contract.

ORIGINAL SIGNED BY
Hugh M. Connors

Attachment

H.M.Connors (6/23/65)
cc: G. C. Selfridge
C. E. Fisher
R1092
Chron

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code

JUN 1 6 1965

Memorandum

To: Acting Field Officer, Region III

From: Contract Administration and Audit Division

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

The original and three copies 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, Office of Management Operations, Office of the Secretary, U. S. Department of the Interior, Washington, D. C. 20240;
(b) One copy for the Operator, The Queen Corporation;
(c) One copy for the Trustee, Allied Mission Oil, Inc.; and
(d) One copy for your files.

As evidence of your concurrence, a copy of your letter transmitting the Operator's copy should be furnished to this division. If for any reason you do not concur, the original and all copies should be returned to this Division with your comments.

Enclosures

CKFisher/cac 6/11/65

cc: Docket
Director's reading file
CA&A Division
Fiscal Section

23263

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

IN REPLY REFER TO:
B-63-2074.12A

November 2, 1964

Memorandum

To: Acting Director, Office of Minerals Exploration

From: Assistant Solicitor, Oil and Gas and Minerals Exploration

Subject: Allied-Mission Oil, Inc., Debtor - Bankruptcy Proceedings No. 31514 - Exploration Project Contract No. Idm-E 1092 - Docket No. DMEA 4631 Vanadium Queen Uranium Corporation

There is transmitted herewith a copy of a self-explanatory memorandum dated October 22, 1964 from the Regional Solicitor, Denver, together with a copy of an Order entered by the United States District Court for the District of Colorado - In Bankruptcy.

Robert W. Long
Robert W. Long
Assistant Solicitor
Oil and Gas and
Minerals Exploration

Enclosures

OFFICIAL FILE COPY
O. M. E
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FILED
OCT 22 1964
REFEREES IN BANKRUPTCY
DISTRICT OF COLORADO

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF COLORADO - IN BANKRUPTCY

In the Matter of	)	NO. 31514
	)	
ALLIED-MISSION OIL, INC.,	)	In Proceedings for
	)	an Arrangement.
Debtor.	)	

ORDER

At Denver, Colorado, in said District on this 22nd day of October, 1964.

This matter was heard upon the Petition for Instructions filed herein by the Debtor, after due notice to the creditors herein, at which hearing Paul B. Rodden, Esq., appeared for the Debtor, Sheldon E. Freidman, Esq., appeared for Universal CIT Corporation, Joe Dowd, Jr., Esq., an officer of Plateau Hardware, Inc., appeared for Plateau Hardware, Inc., Frederick B. Strothman appeared as regional counsel for the Internal Revenue Service, David J. Askin, Esq., of the Regional Solicitor's Office, appeared for the Department of the Interior, and no other adverse interest being represented thereat, now after hearing the statements of counsel and being fully advised in the premises, the Debtor is instructed as follows:

1. The balance of the funds remaining in the hands of the Disbursing Agent cannot be repaid to the Debtor-in-Possession under Aricle I of the Arrangement until such time as the amount payable to the Referees Salary and Expense Fund is established and paid; in this regard it is the order of the Court that the amount to be paid to the Referees Salary and Expense Fund is one percent of 40 percent of the total unsecured claims as finally allowed by this Court.

2. This Court does in fact have jurisdiction over all salary and expense payments to the Debtor's officers, agents, attorneys and employees, so that any such payment shall be allowed and made only after the written application and approval by this Court. In addition, this Court has jurisdiction over expenditures by the Debtor so that the Debtor shall not contract any obligation in excess of $200.00, other than the purchase of merchandise, without the prior written approval of this Court; in addition, this Court does have jurisdiction over the assets of the Debtor other than the Vanadium Queen Mine.

3. The payment of administrative expenses cannot be subordinated to the claim of the State of Utah under the provisions of Section 4 of the Act of Congress relating to Bankruptcy, as provided in Article II, Section 4B(2) of the Plan of Arrangement.

4. The Debtor-in-Possession is directed to file a petition to modify Article X of the Plan of Arrangement to require the creditors who wish to investigate into the state and title and feasibility of development of any of the interests of the Debtor in real property, as shown by Schedule B-1, as amended, of the original Petition filed herein (in addition to its Vanadium Queen Mine) to do so within a reasonable time or within a fixed time determined by the Debtor which is not deemed unreasonable by this Court.

Done in Open Court.

B. C. Hilliard, Jr.

Chief Referee in Bankruptcy

I certify the foregoing is a true copy of a document on file and of record in the office of the Referees in Bankruptcy at Denver in the District of Colorado.

OCT 22 1964

Chief Clerk to said Referees in Bankruptcy

UNITED STATES
DEPARTMENT OF THE INTERIOR

OFFICE OF THE SOLICITOR

DENVER REGIONAL OFFICE
ROOM 21, BUILDING 53
DENVER FEDERAL CENTER
DENVER 25, COLORADO

OCT 29 1964

OME
DEPARTMENT OF THE INTERIOR
OCT 1964
REGION III
DENVER, COLORADO

Memorandum

To: Associate Solicitor--Mineral Resources

From: Regional Solicitor, Denver

Subject: Allied-Mission Oil, Inc., Debtor - Bankruptcy Proceedings No. 31514 - Exploration Project Contract No. Idm-E 1092 - Docket No. DMEA 4631 Vanadium Queen Uranium Corporation

As requested by your memorandum of July 14, 1964, a member of our staff attended the Hearing on Petition of Debtor for Instructions in the above identified proceedings. As you suggested in your memorandum, nothing in the petition or the subject matter of the hearing affected the government's rights to royalty on production from the Vanadium Queen Mine.

Enclosed herewith is an Order, entered by the United States District Court for the District of Colorado - In Bankruptcy, which order I believe is self-explanatory. The file enclosed with your memorandum is also returned herewith.

[SIGNED]

Palmer King
Regional Solicitor

Enclosures

cc: Acting Field Officer, Region III, Office of Minerals Exploration, Denver, Colorado

OFFICIAL FILE COPY
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UNITED STATES
DEPARTMENT OF THE INTERIOR

OFFICE OF THE SOLICITOR

DENVER REGIONAL OFFICE
ROOM 21, BUILDING 53
DENVER FEDERAL CENTER
DENVER 25, COLORADO

OCT 29 1964

Memorandum

To: Associate Solicitor--Mineral Resources

From: Regional Solicitor, Denver

Subject: Allied-Mission Oil, Inc., Debtor - Bankruptcy Proceedings No. 31514 - Exploration Project Contract No. Idm-E 1092 - Docket No. DMEA 4631 Vanadium Queen Uranium Corporation

As requested by your memorandum of July 14, 1964, a member of our staff attended the Hearing on Petition of Debtor for Instructions in the above identified proceedings. As you suggested in your memorandum, nothing in the petition or the subject matter of the hearing affected the government's rights to royalty on production from the Vanadium Queen Mine.

Enclosed herewith is an Order, entered by the United States District Court for the District of Colorado - In Bankruptcy, which order I believe is self-explanatory. The file enclosed with your memorandum is also returned herewith.

[SIGNED]
Palmer King
Regional Solicitor

Enclosures

cc: Acting Field Officer, Region III, Office of Minerals Exploration, Denver, Colorado

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

IN REPLY REFER TO:

OFFICIAL FILE COPY
O. M. E
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July 14, 1964

Memorandum

To: Chief, Division of Exploration Operations

From: Assistant Solicitor, Mineral Defense Activities

Subject: Allied-Mission Oil, Inc., Debtor - Bankruptcy Proceedings No. 31514 - Exploration Project Contract No. Idm-E 1092 - Docket No. DMEA 4631 Vanadium Queen Uranium Corporation

Pursuant to your request of July 10, 1964 we have reviewed Allied-Mission Oil, Inc.'s Petition for Instructions and find nothing therein which could affect the Government's rights to royalty on the Vanadium Queen claims. Subparagraph (h) of paragraph 8 relates to the debtors' real property other than the Vanadium Mine.

We note from the Notice of Hearing that a hearing on the petition has been set for 1:30 p.m., September 23, 1964, in the Bankruptcy Court Room, Post Office Building, Denver, Colorado. We are forwarding copies of the notice and the petition to the Regional Solicitor, Denver, and requesting him to keep us advised of the proceedings.

Robert W. Long

Robert W. Long
Assistant Solicitor, Mineral
Defense Activities

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
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July 9, 1964

INTERIOR DEPT.
JUL 10 1964
SOLICITOR

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Division of Exploration Operations

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Will you please review the enclosed document to determine if it could affect the Government's royalty in any manner.

George C. Selfridge (gla)

Enclosure

GCSelfridge/gla (7-9-64)
cc to: Director's Reading File
Docket
Mr. Selfridge

RECEIVED
JUL 10 1964
ASSOC. SOLICITOR
MINERAL RESOURCES

23263

MME FORM 6 REFERENCE SLIP
REV.) OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. ~~LEGAL DIVISION~~		
2. ~~ATTENTION MR. LONG~~		
3. MR. SELFRIDGE		
4. OME		
5.		
FROM: Mr. George Selfrdige 10/6/64		

FOR: Check items for action desired

____ Action ____ Reply for signature of ____
____ Approval ____ Investigate ____ Surname
____ Comment ____ Recommendations ____ Signature
____ Conference ____ Rewrite ____ File
____ Instructions ____ Your information

REMARKS:
Will you please check with Regional Solicitor, Denver. See Memo. 7/14/64.

Oct. 8, 64
George: We'd like to give the Regional Solicitor in Denver a little more time on this.
Bob Long

INTERIOR DEPT.
OCT 7 - 1964
SOLICITOR

INT.-DUP. SEC., WASH., D.C.

M56300-62

OME
DEPARTMENT OF THE INTERIOR
JUL 2 1964
REGION III
DENVER, COLORADO

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF COLORADO - IN BANKRUPTCY

In the Matter of	)	
	)	NO. 31514
ALLIED-MISSION OIL, INC.,	)	In Proceedings for
	)	an Arrangement
Debtor,	)	

PETITION FOR INSTRUCTIONS

TO: THE HONORABLE REFEREES IN BANKRUPTCY:

The Petition of Allied-Mission Oil, Inc., Debtor-in-Possession herein, respectfully represents:

1. On December 7, 1962, this Honorable Court entered an order confirming an arrangement under Chapter XI of the Act of Congress relating to Bankruptcy. Said arrangement was embodied in the Modified Proposed Arrangement filed herein.

2. Under the terms of said Proposed Arrangement, the Debtor remained in possession to continue the operation of the business of the Debtor, and as such is charged with the operation of the business of the Debtor under the terms of the Modified Arrangement confirmed herein.

3. Article I of the Arrangement, entitled Sources of Funds, provides that of $54,991.10 deposited in the registry of the Court, so much thereof shall be utilized for the initial deposit and payment required under the Act of Congress relating to Bankruptcy, to priority creditors, and that any excess over the amount thus paid to priority creditors shall be repaid to the Debtor which shall utilize the sums for the purpose of payments to certain holders of liens encumbering the Debtor's mine at LaSal, Utah, and for such other purposes as the Debtor deems necessary.

4. Your Petitioner believes that the payments required by Article I to date have been paid, except $100.97 claimed by the Industrial Commission for the State of Utah, $85.30 claimed as Federal and Utah withholding and FICA for Mr. George Spillman, and that there remains in the hands of the Disbursing Agent the approximate sum of $3,500.00.

5. Article III of the Arrangement, providing for the modification or alteration of the rights of unsecured creditors, provides that all payments to creditors after the initial payment, except payments under Article X of the Plan, shall be paid from the net amount payable from the proceeds of the sale of the ore from the Debtor's mine at LaSal, Utah. This amount is computed after the payment of certain overriding royalties or net proceeds or gross proceeds agreements.

Said Article III also provides that from these funds,

80% thereof will be used to pay pro rata the creditors in Class 3 other than priority creditors and "20% of such funds shall be paid to satisfy the interim costs and expenses of proceeding and the debts owing to such priority creditors, if any, who shall have waived their priority. . ."

Paragraph 4B(2) of Article III states that "the intention of the Debtor, insofar as is lawful under the provisions of the Act of Congress relating to Bankruptcy and other applicable laws, is to assure first payment of the balance due to the State of Utah, if any, as to which it shall have waived its priority. Therefore, out of the twenty per cent available for payment on any payment date, the Debtor shall request the Court to authorize full payment of any balance on hand to the State of Utah, before other payments are made hereunder, until the full balance of its claim, as allowed and proved, is paid in full. Only as to such administrative costs and expenses, if any, as to which such subordination to the claim of the State of Utah is not permitted under the Act of Congress relating to Bankruptcy, or other Federal statute, shall other payments be made, until payment in full of the balance of the claim of the State Tax Commission of Utah, as allowed and proved."

6. Article X of the Plan of Arrangement provides that "If during the administration of this estate any creditor or group of creditors shall propose to conduct an investigation into the state of title and feasibility of development of any of the interests of the Debtor in real property as shown on amended schedule B-1 of the original petition filed herein (in addition to its Vanadium Queen mine), the debtor hereby consents and agrees to such investigation and development, on terms and conditions to be approved by this Court, and to be financed by any such creditor or creditors. The debtor further agrees that any benefit or return from such investigation and development may be utilized for the benefit of the estate herein and the creditors upon such terms and conditions as may be acceptable to the creditors and approved by the Court."

7. Article VII of the Plan of Arrangement provides in part that "So long as this Court retains jurisdiction, all salary and expense payments to the debtor's officers, agents, attorneys and employees shall be allowed and made only after written application and approval by this Court." Said Article VII also provides that "The debtor shall not contract any obligation in excess of the sum of $200.00 other than for the purchase of merchandise, without the prior written approval of this Court."

8. The Debtor-in-Possession is uncertain as to the interpretation of certain parts of the Plan of Arrangement, as quoted above, and requests the advice and instruction of the Court as to the duties and rights of the parties thereunder, and particularly requests the advice of the Court as to the following:

(a) Should not the balance of the funds remaining in the hands of the Disbursing Agent, now be repaid to the Debtor-in-Possession under Article I of the Arrangement?

(b) What amount must be paid under the Plan of Arrangement to the Referees' Salary and Expense Fund, under the

provisions of Section 40 of the Act of Congress relating to Bankruptcy?

(c) How should such funds be paid?

(d) Can the payment of administrative expenses be subordinated to the claim of the State of Utah under the provisions of Section 64 of the Act of Congress relating to Bankruptcy, as provided in Article II, Section 4B(2) of the Plan of Arrangement?

(e) Does this Court in fact have jurisdiction over all salary and expense payments to the Debtor's officers, agents, attorneys and employees, so that any such payments shall be allowed and made only after written application and approval by this Court?

(f) Does this Court in fact have jurisdiction over expenditures by the Debtor so that the Debtor shall not contract any obligation in excess of $200, other than the purchase of merchandise without the prior written approval of this Court?

(g) Does this Court have jurisdiction over the assets of the Debtor other than the Vanadium Queen Mine, or can the Debtor-in-Possession deal with the assets of the Corporation other than the Vanadium Queen Mine free of the jurisdiction of this Court?

(h) Alternatively, should an order issue from this Court setting a time after which the right of creditors to conduct an investigation into the state of title and feasibility of development of any of the interests of the Debtor in real property other than the Vanadium Queen Mine as provided by Article X of the Plan of Arrangement, cannot be conducted, and after the time set by this Court, will the Debtor-in-Possession be able to operate, sell or otherwise dispose of said property free of the jurisdiction of this Court with the proceeds from such disposal or operation going into the general funds of the Debtor.

Your Petitioner requests such further instructions and directions as to its duties under said Plan of Arrangement, and requests such orders from this Court to carry out the answers of this Court to these requests for instructions as may be helpful in the execution of the Plan of Arrangement, and for such other relief as may be just, and asks that hearing be held hereon after notice to creditors, as provided by the Act of Congress relating to Bankruptcy.

ALLIED-MISSION OIL, INC.

By s/ Charles G. Wray
Charles G. Wray, President

DEBTOR-IN-POSSESSION

s/Paul B. Rodden
Paul B. Rodden
1410 First National Bank Bldg.
Denver, Colorado 80202
534-3193

ATTORNEY FOR DEBTOR-IN-POSSESSION

Are any of our rights involved? None.

DM&A-4631
Idm-E1092

OME
DEPARTMENT OF THE INTERIOR
JUL 2 1964
REGION III
DENVER, COLORADO

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 1964

DATE	INITIALS	AMOUNT
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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO - IN BANKRUPTCY.

In the Matter of)
)
ALLIED-MISSION OIL, INC.,) In Proceedings for an Arrangement
)
Debtor.) No. 31514

NOTICE OF HEARING ON PETITION OF DEBTOR
FOR INSTRUCTIONS (FILED JUNE 11, 1964).

To the Debtor above named, the Creditors and all other Parties in Interest in the above-captioned proceeding:

NOTICE is hereby given that at 1:30 P. M., September 23, 1964, in the Bankruptcy Court Room, Post Office Bldg., Denver, Colorado, a Referee in Bankruptcy of this Court will hear and then or thereafter determine the Petition for Instructions filed by the Debtor on June 11, 1964. A copy of said Petition for Instructions accompanies this notice.

Dated at Denver, in said District, June 25, 1964.

Attorney for Debtor:

Paul B. Rodden
First National Bank Bldg.
Denver, Colorado 80202
534-0665

Benjamin C. Hilliard, Jr.
Chief Referee in Bankruptcy
463 Post Office Bldg.,
Denver, Colorado 80202
297-3536

jf

Copy to Selfridge
7-6-64

Bldg. 20 - Denver Federal Center
Denver, Colo. 80225

OFFICIAL FILE COPY

May 18, 1964

MAY 21 1964

DATE	INITIALS	CODE
5/23	Murphy	E00
		320

Allied-Mission Oil, Inc.
Room 1004
165 Broadway
New York 6, New York

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Gentlemen:

Attached is a copy of the Report of Royalty Review dated May 6, 1964 on the subject contract.

Very truly yours,

Hugh M. Connors
Acting Field Officer, OMX
Region III

Enc.

cc: G. C. Selfridge
E. D. Talbert
E1092
Chron

Bldg. 20 - Denver Federal Center
Denver, Colo. 80225

May 18, 1964

The Queen Corporation
525 Milam Bldg.
San Antonio, Texas

Subject: DMRA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Gentlemen:

Attached is a copy of the Report of Royalty Review dated May 6, 1964 on the subject contract.

Very truly yours,

Hugh M. Connors
Acting Field Officer, OME
Region III

Enc.

cc: G. C. Selfridge
E. D. Talbert
E1092
Chron

Bldg. 20 - Denver Federal Center
Denver, Colo. 80225

May 18, 1964

Memorandum

To: Fiscal Section, Office of Management Operations
Office of the Secretary
Department of the Interior
Washington, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Attached is the original Report of Royalty Review dated May 6, 1964 on the subject contract.

Original signed by

Hugh M. Connors

cc: G. C. Selfridge
E. D. Talbert
E1092
Chron ✓

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
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MAY 1 4 1964

Memorandum

To: Acting Field Officer, Region III

(Signed) E. D. Tabert

From: Chief, Contract Administration and Audit Division

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

The original and three copies 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, Office of Management Operations, Office of the Secretary, U. S. Department of the Interior, Washington, D. C. 20240;
(b) One copy for the Operator, The Queen Corporation;
(c) One copy for the Trustee, Allied-Mission Oil, Inc.; and
(d) One copy for your files.

As evidence of your concurrence, a copy of your letter transmitting the Operator's copy should be furnished to this Division. If for any reason you do not concur, the original and all copies should be returned to this Division with your comments.

Enclosures

CEFisher/ama 5-13-64

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

43683

①

HMC

HOLME, ROBERTS, MORE & OWEN

J. CHURCHILL OWEN
PETER H. HOLME, JR.
JOHN M. DICKSON
TED P. STOCKMAR
DONALD C. McKINLAY
KEITH ANDERSON
JOHN N. STULL
L. DOUGLAS HOYT

PAUL D. HOLLEMAN
JOSEPH W. MORRISEY, JR.
SAMUEL L. McCLAREN
EDWARD M. HEPPENSTALL

LUCIUS E. WOODS
KENNETH R. WHITING
A. EDGAR BENTON
JAMES E. BYE
JAMES C. OWEN, JR.
RICHARD G. WOHLGENANT
RICHARD L. SCHREPFERMAN
RICHARD P. MATSCH

RICHARD E. YOUNG
ROGER C. COHEN
DONALD K. BAIN
THOMAS C. SEAWELL

1700 BROADWAY-DENVER 2, COLORADO

TABOR 5-7231

March 6, 1963

OME
DEPARTMENT OF THE INTERIOR
MAR 7 1963
REGION III
DENVER, COLORADO

Office of Minerals Exploration
Denver Federal Center
Denver, Colorado

Re: Allied-Mission Oil, Inc. E1092
Your Docket DMEA 4631 - Exploration
Project Contract dated May 29, 1957 -
Vanadium Queen Uranium Corporation

Gentlemen:

Enclosed please find Check No. B28079 dated March 6, 1963, on Denver United States National Bank, in the amount of $5.13. This represents the amount due under the captioned contract for royalties, on the basis of which you filed a priority claim in the captioned proceedings under Chapter XI of the Bankruptcy Act.

Very truly yours,

EMHeppenstall

E. M. Heppenstall

EMH:ajc
Check enclosed

cc: Messrs. Wray and Mast

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

IN REPLY REFER TO:
B-63-2074.12a

MAR 7 1963

Memorandum

To: Director
Office of Mineral Exploration

From: Associate Solicitor - Mineral Resources

Subject: Allied-Mission Oil, Inc., Debtor - Bankruptcy Proceedings No. 31514 - Exploration Project Contract No. Idm-E1092 - Docket No. DMEA 4631 - Vanadium Queen Uranium Corporation

Enclosed is a self-explanatory memorandum from the Regional Solicitor, Denver, in reply to our memorandum of February 12, 1963 (copy in OME docket) on the subject.

Bruce Wright
Bruce Wright
Associate Solicitor - Mineral Resources

Enclosure

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 7 1963

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UNITED STATES
DEPARTMENT OF THE INTERIOR

OFFICE OF THE SOLICITOR

DENVER REGIONAL OFFICE
ROOM 21, BUILDING 53
DENVER FEDERAL CENTER
DENVER 25, COLORADO

MAR 1 - 1963

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Regional Solicitor, Denver

Subject: Allied-Mission Oil, Inc., Debtor--Bankruptcy Proceedings No. 31514 - Exploration Project Contract No. Idm-E1092 - Docket No. DMEA 4631 - Vanadium Queen Uranium Corporation

This is in reply to your memorandum of February 12, 1963.

An "Amended Proposed Arrangement" was filed by Allied-Mission Oil, Inc. on November 16, 1962. This arrangement was accepted by the required number of creditors and confirmed by the Referee in Bankruptcy on December 7, 1962.

The "Amended Proposed Arrangement" varies in certain respects from the "Modified Proposed Arrangement" and, among other things, more clearly recognizes the rights of the United States under the exploration project contract. Paragraph No. 2 of Article III of the "Modified Proposed Arrangement" was changed to read as follows in the "Amended Proposed Arrangement":

> "All payments to creditors after the initial payment (except payments under Article X hereof) shall be paid from the net amount payable from the proceeds of the sale of the ore from the debtor's mine at La Sal, Utah. The payments come out of proceeds available after first paying (a) 15% of the gross proceeds to Abe Day and Ethel May Day until the balance due under the interest in the debtor's mine held by them is paid; (b) 3% of the gross proceeds to Strategic Minerals Exploration Company, a partnership, under its 3% interest if the foregoing interests are held not to be executory contracts subject to rejection by the debtor, and if such holding is not reversed on appeal by the debtor; and (c) 5% to the Office of Minerals Exploration of the United States, as to a portion of the debtor's mine located in the area commonly known as the 'DMEA Area'".

The above change, which is in accord with a stipulation entered into with Allied-Mission Oil, Inc. on August 15, 1962, was made in order to more fully apprise all creditors of the rights of the United States under the exploration project contract. The pertinent portion of the stipulation reads as follows:

> "9. Royalties in the amount of $6,363.58 have been paid under the exploration contract, and a balance presently due of $5.13 exists. The total balance repayable as of the date hereof is $27,293.02.
>
> "10. The exploration contract provided that the royalty payable under the contract would be payable only from the production of minerals in a certain area known as the 'DMEA Area' (which area covers the land included in the Vanadium Queen No. 3, Vanadium Queen No. 7, Vanadium Queen No. 9, and the Vanadium Queen No. 10, unpatented lode mining claims located in San Juan County, Utah).
>
> "11. It is agreed that the aforesaid balance of $27,293.02 is a debt which has priority under the provisions of 11 U. S. C. § 104a(4), commonly known as 64a(4) of the Bankruptcy Act.
>
> "12. It is agreed that except for the $5.13 presently due, which upon filing of the government's claim will be paid in full as a priority debt by the debtor, the obligation represented by the unpaid balance is contingent in nature, depending, under the exploration contract, upon the operations conducted upon the DMEA Area, out of which the royalty of the United States is payable.
>
> "13. The debtor agrees, when and if operations are conducted upon the DMEA Area during the period of the debtor's ownership of the DMEA Area, to the extent production is obtained from the DMEA Area to pay the United States its full royalty, in accordance with the exploration contract.
>
> "14. The debtor further agrees that it will not transfer, convey, nor surrender the land covered by the exploration contract nor any right, title, or interest therein, 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 payment thereof."

No receiver or trustee has been appointed. The Denver United States National Bank has been designated and has accepted the position of

"Disbursing Agent" to receive and distribute, subject to the control of the court, the monies and consideration required to be disbursed and distributed by the debtor under the arrangement.

There is presently pending a petition to authorize the payment of priority and secured debts, including the royalty balance of $5.13 that was due at the time the bankruptcy proceedings were instituted, from the proceeds advanced into the Registry of the Court by Climax Uranium Company pursuant to the "Amended Proposed Arrangement".

The Office of Minerals Exploration will be paid the royalty, on a 100% basis, to the extent production is obtained from the "DMEA Area" in accordance with the terms of the exploration project contract. The royalty will probably be paid by the Disbursing Agent, but in any event by Climax Uranium Company under the terms of the agreement between Cliamx Uranium Company and Allied-Mission Oil, Inc., which forms the basis for the "Amended Proposed Arrangement".

[Signed]

Palmer King
Regional Solicitor

cc:
Acting Field Officer, Region III, Office of Minerals Exploration, Denver, Colorado

Mr Selfridge

OFFICIAL FILE COPY
O. M. E
RECEIVED MAR 7 1963

DATE	INITIALS	CODE
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		120
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1092

[illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED MAR 4 1963

DATE	INITIALS	CODE
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3/4		110
		120
		500
3/5		
		220

March 1, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: Origin of Letters to Operators
DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

The last paragraph of your February 26, 1963 memorandum surprises me.

I know from past experience what will happen and I am going to start getting in shape for those embarrassing retromingent positions in which I will be placed.

Hugh M. Connors

Hugh M. Connors

can't find in dictionary

See "unabridged"

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
2/25	GCS	120
2/25	Murphy	500
	Hershel	
2/26	Talbot	800
	J. Tinson	110
	Frank	100
		220

FEB 2 6 1963

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: Origin of Letters to Operators
DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

With reference to your February 18, 1963, memorandum, in your memorandum of January 17 you requested advice concerning the proper royalty rate on future production from the subject property. In addition, you also requested that the Climax Uranium Company be furnished a copy of the DMEA contract if we concurred in your belief. The intent of Mr. Murphy's letter was "to kill two birds with one stone." Thus your assumption that the letter was an indirect reply to your first request is correct.

Although there may be some question whether the matter should have been handled as it was, we do want to say that the letter was inadvertently mailed before it received final consideration and that we do want to continue the practice of writing to the operators directly in appropriate cases.

George C. Selfridge (gla)

GCSelfridge/gla (2-25-63)
cc to: Director's Reading File
Mr. Selfridge
Docket
Code 500

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED FEB 21 1963

DATE	INITIALS	CODE
		120
2/21	KJ	~~110~~
		~~100~~
		500

~~February 18, 1963~~

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: Origin of Letters to Operators

On your last visit to Denver you asked me if I had any objections to your office writing direct to the Operators in Region III and I told you that I thought it would be satisfactory. I now feel differently about this. As an example, I wrote you on January 17, 1963 asking your advice on what royalty should properly be charged on Contract Idm-E1092, Vanadium Queen Uranium Corporation. I have had no reply from you to that memorandum. However, I have a copy of a letter written by F. M. Murphy and signed by the Director, written to Mr. J. H. Dryden, Chief Accountant, Climax Uranium Company, stating that the Government's royalty will be 5% of the price that Climax receives for yellow cake.

Am I to assume that this is an indirect reply to my memorandum to you?

If it meets with your approval, hereafter, I will be happy to write all of the letters to the Operators in Region III and will get all the information from them that you ask me to obtain. No

Hugh M. Connors

Hugh M. Connors

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
2/19	Talbert	800
2/19	Murphy	500
	Fischer	500
	Nelson	220
2/19	Davis	110
2/19	Fumich	100
		220

FEB 19 1963

Mr. E. R. Eikenbary, Controller
Climax Uranium Company
P. O. Box 989
Grand Junction, Colorado

Re: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Dear Mr. Eikenbary:

We appreciate the explanation, as set forth in your February 14 letter, of Climax Uranium Company's position in the operation of property under the referenced contract. On the basis of your explanation, we agree that the DMEA royalty properly should be on the price paid by Climax for the ore rather than the value of concentrate.

Please accept our apology for any inconvenience our letter may have caused.

Sincerely yours,

George Fumich, Jr.

(ah)

Director

EDTalbert/ama 2-19-63

cc:
Docket
Director's Reading File
CA & A Division
Region III (2)

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
1/31	Selfridge	120
	Griswold	500
	Murphy	
1/31		800
1/31	Johnson	110
		100
		220
	Murphy	500

AIRMAIL

Mr. J. H. Dryden
Chief Accountant
Climax Uranium Company
P. O. Box 989
Grand Junction, Colorado

Re: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Dear Mr. Dryden:

Please disregard for the time being our letter of January 30, 1963, which was inadvertently sent you regarding royalties on production from the subject claims.

Shortly we shall write you again concerning the matter.

Sincerely yours,

Director

GCSelfridge/gla (1-31-63)
cc to: Director's Reading File
Region III (2)
Docket
GCSelfridge

RECEIVED
FEB 1 1963
ASSOC. SOLICITOR
MINERAL RESOURCES

43683

Re: DM&G-4651
Air Mail ltr. to Climax

I have not summaned. As I pointed out at the time I summaned the Gen. Co letter, this matter is in the "grey" area. However, in my opinion, it is our administrative responsibility in all "grey" area matters to initially take the stand which is in the best interests of the Govt. If the ball bounces then legal referral is in order.

Talbert
1/31/63

CLIMAX URANIUM COMPANY
UNIT OF AMERICAN METAL CLIMAX, INC.
P. O. BOX 989
GRAND JUNCTION, COLORADO

OFFICIAL FILE COPY
O. M. E
RECEIVED FEB 18 1963
DATE | INITIALS | CODE
800
500

February 14, 1963

Mr. George Fumich, Jr., Director
United States Department of the Interior
Office of Minerals Exploration
Washington 25, D. C.

Re: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Dear Mr. Fumich:

This letter is being written in response to your undated letter (apparently written during the latter part of January, 1963) addressed to J. H. Dryden, Chief Accountant, Climax Uranium Company regarding the above referenced matter.

As you know, Allied-Mission Oil, Inc. (AMO) is presently conducting its business in accordance with an arrangement approved by the Bankruptcy Court pursuant to Chapter XI proceeding instituted by AMO in the Federal District Court, District of Colorado, Bankruptcy No. 3154. The various contracts or agreements hereafter referred to, with the possible exception of the agreement between Climax and E. E. Lewis, Inc., are in the files of the Bankruptcy Court and I believe have been made available to Mr. Connors or counsel for the Government in the above referenced bankruptcy proceeding.

For your information, AMO owns the Vanadium Queen properties and the ore mined therefrom, subject to certain royalties including any royalty payable under the above referenced DMEA agreement and further, subject to the right of Climax to mine the ore under an Agreement with AMO. In general, under the terms of the mining Agreement, Climax deducts from the value of the ore the costs of mining, which costs include all royalties and then remits the balance to AMO (actually the disbursing agent appointed by the Bankruptcy Court). The ore is being mined by E. E. Lewis, Inc., a corporation and an independent mining contractor, under the terms of a mining contract between Climax and said corporation, whereby E. E. Lewis, Inc. is paid an amount per pound U_3O_8 and V_2O_5 contained in the ore before processing.

In addition, Climax has an ore purchase agreement with AMO which predates the above referenced mining agreement, whereby Climax is obligated to purchase all ore produced from the Vanadium Queen mine. A copy of this contract is on file with the Bankruptcy Court and Atomic Energy Commission, which contract contains the schedule of the prices to be paid for the ore.

In view of the above, it is our opinion that the DMEA royalty should be based on the price paid by Climax for the ore rather than upon the value of the concentrate produced by Climax, the latter apparently being the position taken by your office as indicated by the above referenced letter to Mr. Dryden.

Further, the problem is one which should be resolved between AMO and the OME. It is therefore suggested that if you do not concur with our opinion that the royalty should be paid on the purchase price of the ore that you write directly to Mr. Eugene H. Mast, Box 626, Grand Junction, Colorado, who is the attorney representing AMO in its Chapter XI proceedings.

Yours very truly,

CLIMAX URANIUM COMPANY

A. R. Eikenbary

A. R. Eikenbary
Controller

ARE/jpl

cc - Messrs. Hugh Connors
Eugene H. Mast

B-63-2074.12

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

FEB 12 1963

Memorandum

To: Regional Solicitor, Denver

From: Associate Solicitor, Division of Mineral Resources

Subject: Allied-Mission Oil, Inc., Debtor--Bankruptcy Proceedings No. 31514 - Exploration Project Contract No. Idm-E1092 - Docket No. DMRA 4631 - Vanadium Queen Uranium Corporation

We have received an inquiry from the Office of Minerals Exploration regarding liability for, and the basis of computing future royalty payments on production from the Vanadium Queen Claims.

The Office of Minerals Exploration's file contains a copy of the "Modified Proposed Arrangement" proposed by Allied-Mission Oil, Inc., which indicates that Climax Uranium Company will operate the mine paying debtor for the ore taken from debtor's mine and that the proceeds of the sale of the ore will be distributed among the creditors. We would appreciate your advising whether the agreement was accepted in this form and whether the Receiver or Trustee has made any arrangements for distribution.

BRUCE WRIGHT

Bruce Wright
Associate Solicitor
Division of Mineral Resources

RWLong/jfg:2/8/63

CC: Secy's files
Sol's dkt
OME Division Files
Mr. Murphy, OME

Murphy

Return

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

February 7, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

OFFICE FILE COPY
O. M. E.
RECEIVED

~~120~~	
800	
~~Griswold~~ 500	
~~Murphy~~ 500	
220	

This responds to your memorandum dated January 9, 1963 on the subject contract.

On February 5, 1963 I inspected the DMEA section of the subject property in the company of John Peeso, mine superintendent. All of the stopes in the DMEA section were the same as when I last saw them, February 1, 1961, except the big stope surrounded by drill hole VQ-11 from which the broken ore had been removed since my last visit. This broken ore would account for the small tonnage of ore credited to the DMEA account since my last inspection. I am now satisfied that we have been paid royalty on all ore produced from the DMEA area.

It is my belief that Charles Wray, or one of his henchmen, is falsely reporting the theft of ore to the FBI hoping to involve Mr. Ray K. Church and discredit Mr. Church in their litigation which I understand involves some stock in the Allied Mission Oil, Inc.

Hugh M. Connors

Hugh M. Connors

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
1/30	Murphy	500
	[illegible]	500
1/31	Talbot	800
		120
		110
1/31	[illegible]	100
		220

JAN 30 1963

Mr. J. H. Dryden
Chief Accountant
Climax Uranium Company
P. O. Box 989
Grand Junction, Colorado

Re: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Dear Mr. Dryden:

In accordance with Mr. Connors' letter of January 17, 1963, enclosed is a copy of the subject contract.

With regard to royalty payable to the Government on production from Vanadium Queen Nos. 3, 7, 9, and 10 claims, please refer to Article 8(c) of the contract. Since your company's production will be in the form of yellow cake, the Government's royalty will be 5% of the price it receives for the product in this form.

Sincerely yours,

George Fumich, Jr.

Director

Enclosure

FMMurphy/mm 1/29/63
cc: Director's Reading File
Region III (2)
Docket
Code 500

copy to [illegible]

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 31 1963

January 29, 1963

AIRMAIL

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

This has further reference to my memorandum dated January 15, 1963 wherein I stated that I planned to leave Denver on January 28 to inspect the subject property.

Last Friday Mr. Geehan asked me to attend the Bureau of Mines Region III Budget Conference which was held on the mornings of January 28 and January 29 and I planned to leave Denver January 30 for Moab, Utah.

I now appear to have stomach flu and will plan to leave Denver February 4, 1963 to inspect the subject property and to visit the headquarters of the Standard Metals Corp. regarding the royalty due on Idm-E558, Shenandoah-Dives Mining Company.

Hugh M. Connors

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 21 1963

DATE	INITIALS	CODE
1/21	[illegible]	800
		~~120~~
	~~[illegible]~~	500
	~~Lee Murphy~~	~~500~~

January 17, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: Docket DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corp.
(Vanadium Queen Claims)
San Juan County, Utah

Attached is a copy of my letter to Climax Uranium Company.

I think we need legal advice in the matter of future royalty from this property. Normally, according to the Contract, Climax Uranium Company would be expected to pay royalty based on 5 percent of the price they received per pound for yellow cake. Since the Referee in Bankruptcy designated Climax Uranium Company as the Operator and there are many creditors the Court wishes to protect, I am wondering what the proper royalty rate will be on future production from this property while Climax Uranium Company is the Operator. Will you please advise.

If you believe, as I do, that Climax Uranium Company is entitled to a copy of the Contract, will you please furnish them one because the Contract contains the only true definition of the DMEA boundaries.

Hugh M. Connors

Hugh M. Connors

Attachments

Building 20 - Federal Center
Denver 25, Colorado

January 17, 1963

Mr. J. H. Dryden
Chief Accountant
Climax Uranium Company
P. O. Box 989
Grand Junction, Colorado

Re: Docket DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corp.
(Vanadium Queen Claims)
San Juan County, Utah

Dear Mr. Dryden:

After mailing the reply to your letter of January 15, 1963, it occurred to me that since the Court designated the Climax Uranium Company as Operator of the captioned property, it appears to me that you would have a perfect right to have a copy of the DMEA Contract.

My copy of the captioned Contract was the last copy typed and has had such hard usage that it is no longer suitable for reproduction. I am requesting the Washington Office OME to forward you a copy of the DMEA Contract.

Yours very truly,

Hugh M. Connors
Acting Field Officer, OME
Region III

cc: Chief, Division of Field Operations, OME
Royalty Corres. E1092
Chron
HMC/lm

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 18 1963

DATE	INITIALS	CODE
1/18	[illegible]	800
		120
	[illegible]	500
	Murphy	500
		2220

January 16, 1963

Mr. J. H. Dryden
Chief Accountant
Climax Uranium Company
P. O. Box 989
Grand Junction, Colorado

Re: Docket IMMA-4631 (Uranium)
Contract IAm-E1092
Vanadium Queen Uranium Corp.
(Vanadium Queen Claims)
San Juan County, Utah

Dear Mr. Dryden:

This responds to your letter of January 15, 1963 regarding the subject contract.

The Report of Royalty Review dated June 1, 1962 shows that the Government contributed $33,656.60.

As of May 15, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$ 6,368.71
Total Royalty Paid	6,363.58
Balance of Royalty Due	$ 5.13

Our records show no royalty has been paid since the date of the Report of Royalty Review. The expiration date of the repayment of royalty is May 29, 1967.

I see no reason for you to need a copy of the contract but if you have a good and sufficient reason for obtaining a copy of the contract I suggest you write to Mr. George Fumich, Director, Office of Minerals Exploration, Department of the Interior, Washington 25, D. C. and request a copy of the contract from him.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME, Region III

cc: Chief, Division of Field Operations, OME
w/copy of Mr. Dryden's letter dated 1/15/63
Royalty Corres. E1092
Chron
HMC/lm

CLIMAX URANIUM COMPANY
UNIT OF AMERICAN METAL CLIMAX, INC.
P. O. BOX 987
GRAND JUNCTION, COLORADO

OME
DEPARTMENT OF THE INTERIOR
JAN 16 1963
REGION III
DENVER, COLORADO

January 15, 1963

Mr. Hugh M. Connors, Acting Field Officer
OME Field Team - Region III
Building 20 - Denver Federal Center
Denver 25, Colorado

Re: Docket DMEA 4631 (Uranium)
Contract Idm E 1092
Vanadium Queen Uranium Corp.
(Vanadium Queen Claims)
San Juan County, Utah

Dear Mr. Connors:

Would you please supply us with the following information on the above-captioned contract:

1. The balance due as of January 1, 1963

2. The expiration date of the contract

We do not have a copy of this contract, and would be most appreciative if you could supply us with a copy.

Very truly yours,

CLIMAX URANIUM COMPANY

J. H. Dryden

J. H. Dryden
Chief Accountant

PD:hg
cc: A. M. Mastrovich
A. R. Eikenbary

copy to Selfridge 1-16-63

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 18 1963

DATE	INITIALS	CODE
1/18	[illegible]	800
		120
	[illegible]	500
	Murphy	
		220

January 15, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

This responds to your memorandum dated January 9, 1963 on the subject contract.

In Region III, of the Bureau of Mines, at least 10 days are required to process a travel request. Accordingly, I have made a request to leave Denver on January 28 to make an examination of the DMEA area covered by the subject contract.

Hugh M. Connors

Hugh M. Connors

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
	GCS	120
1/9	Johnson	110
	Finch	100

JAN 9 - 1963

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

We have received another FBI confidential report concerning possible fraud against the Government in connection with production from the subject claims which indicates that the Justice Department is still following up on the matter possibly through some misconception regarding shipments.

We note in a December 19, 1962 letter from Climax Uranium Company to you that it expects to ship ore from the claims about the first of the year. It is suggested that you make an examination of the DMEA area as soon as it is open and is feasible to do so to check tonnage as you previously did.

George C. Selfridge

GCSelfridge:egk (1-9-63)
cc: Director's Reading File
G.C. Selfridge
Docket

43683

January 9, 1962

DMEA-4631

See Confidential file for letter this date by Mr. Selfridge (for the Director's signature) on FBI report dated December 17, 1962.

AMC

CLIMAX URANIUM COMPANY

UNIT OF AMERICAN METAL CLIMAX, INC.
P. O. BOX 989
GRAND JUNCTION, COLORADO

December 19, 1962

1631

E 1092

Mr. Hugh M. Connors
Executive Office
OME Field Team - Region III
Building 20 - Denver Federal Center
Denver 25, Colorado

Dear Hugh:

We are returning herewith the DMEA geological data on the Vanadium Queen that you loaned us for reproduction. I am sure that this material will be of help in better appraising the geologic potential of this property.

It was a pleasure visiting with you during the Partial Bankruptcy Hearing on December 7.

I wish to take this opportunity to wish you a joyous Holiday season and prosperous New Year. Please drop in our offices for a chat the next time your work brings you to the Grand Junction area.

Our contractor has started work in the Vanadium Queen mine and we expect the first ore shipment about the first of the year.

Best personal regards.

Sincerely,

Tony
Anthony Mastrovich

OFFICIAL FILE COPY
O. M. E
RECEIVED DEC 26 1962

DATE		CODE
		100
12/27	WD	800
"	Kistner	500
~~12/28~~	~~Murphy~~	~~500~~
		200

AM:hg
Enclosures

Mr. Selfridge

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 10 1962

DATE		
12-9		100
		~~120~~
12/10		~~800~~
	Grashoed	500
12/11	Murphy	500

December 7, 1962

Memorandum

To: George Fumich, Jr., Director
Office of Minerals Exploration
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah
Allied-Mission Oil, Inc., Debtor--Bankruptcy Proceedings
No. 31514

I have just returned from the subject Bankruptcy Proceedings where the modified proposed arrangement was accepted and confirmed.

Unfortunately, we had no legal counsel present either in the morning or afternoon sessions. I stalked the Judge, Benjamin C. Hilliard the Referee in Bankruptcy, to his chambers and told him that I was without legal counsel but I wanted to know where we stood on DMEA royalty payments. He informed me that our DMEA royalty comes off the top and that nobody comes ahead of DMEA.

I am certainly glad that this case has been settled and that Climax will be the Operator.

From now on we will get the royalty that is properly due and it is possible that we may "luck out" and get all of our money back.

Hugh M. Connors

Hugh M. Connors

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
11/30	Selfridge	120
"	Johnson	110
	Fumich	100
		220

NOV 30 1962

AIRMAIL

To: Acting Field Officer, Region III

From: Director, Office of Minerals Exploration

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

In item 2, page 3, of the Modified Proposed Arrangement in Bankruptcy No. 31514, which you recently sent us, a listing of royalties includes the Days, the Strategic Minerals Exploration Company, and the Office of Minerals Exploration. We were wondering if the intent of the listing is the order in which the royalties will be paid.

As far as the DMEA area is concerned, we have Abe Day's signature on a Consent to Lien and Subordination Agreement, dated May 5, 1957. We have no commitment with the Strategic Minerals Exploration Company. How did it enter into the royalty picture? You might discuss this angle with the Government solicitor handling the matter.

George Fumich, Jr.

GCSelfridge/gla (11-30-62)
cc to: Director's Reading File
Mr. Selfridge
CA&A Division
Docket DMEA-4631

43683

OME
DEPARTMENT OF THE INTERIOR
NOV 21 1962
REGION III
DENVER, COLORADO

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF COLORADO - IN BANKRUPTCY.

In the Matter of ALLIED MISSION OIL, INC., Debtor.	)))))	In Proceedings for an Arrangement No. 31514

NOTICE OF CONTINUED AND REOPENED INITIAL MEETING OF CREDITORS AND OF MATTERS AND THINGS TO BE CONSIDERED AT SUCH MEETING; AND OF OTHER MATTERS TO BE HEARD AND DETERMINED AT THE TIME AND PLACE OF SUCH MEETING.

To Allied-Mission Oil, Inc., the debtor above named; its creditors; and to all other parties and persons in interest:

NOTICE is hereby given that on November 16, 1962, the debtor, with leave of Court, filed herein a proposed modified arrangement; and that on December 7, 1962, at 10 A. M., in the Bankruptcy Court Room, Post Office Bldg., Denver, Colorado, a continued and reopened session of the initial meeting of creditors herein will be held for these purposes: (a) To receive written rejections of said modified arrangement in accordance with the provisions of Section 364 of the Bankruptcy Act; (b) to determine whether said modified arrangement has been accepted or rejected; (c) to examine Charles G. Wray, Chairman of the Board of Directors of the Debtor; (d) to examine any other witnesses as to any and all matters or things relevant to the then state of the proceeding; (e) to continue said continued and reopened session of the initial meeting to a subsequent time or times without notice of the continuance except the announcement thereof at said meeting; and (f) to transact such other business as may properly come before said meeting.

NOTICE is also hereby given that there are attached to and made a part hereof a copy of said proposed modified arrangement to which is attached a copy of the agreement between the debtor and Climax Uranium Company referred to in said proposed modified arrangement.

NOTICE is also hereby given that at the time and place of said continued and reopened meeting hearing will be conducted, if then appropriate, and orders made under the provisions of Section 376 of the Bankruptcy Act.

NOTICE is also hereby given that if, at said continued and reopened meeting, said modified arrangement shall be accepted the debtor shall, on or before 1 P. M., December 7, 1962, file its petition to confirm said modified arrangement; and that the hearing on said petition to confirm, if filed, and on any objections to confirmation filed in writing or orally then stated, shall be conducted at 2 P.M., December 7, 1962, in the Bankruptcy Court Room, Post Office Bldg., Denver, Colorado.

Dated at Denver this 19th day of November, 1962.

OFFICIAL FILE COPY
O. M. E
RECEIVED NOV 27 1962

DATE	INITIALS	CODE
11/27	jf	800
		~~120~~
		500
	Mr Selfridge	

Benjamin C. Hilliard, Jr.
Referee in Bankruptcy
463 Post Office Bldg.,
Denver 2, Colorado - KE 4-4151, Ext. 579

Note page 6. We almost lost out as they omited DMEA. We went to see the Referee in Bankruptcy & he made the debtors lawyer put us back in.

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE DISTRICT OF COLORADO

In the Matter of ALLIED-MISSION OIL, INC., Debtor.	IN BANKRUPTCY NO. 31514 IN PROCEEDINGS FOR AN ARRANGEMENT

MODIFIED PROPOSED ARRANGEMENT

ALLIED-MISSION OIL, INC., the above-named debtor, proposes the following arrangement with its unsecured creditors:

ARTICLE I

SOURCES OF FUNDS

The sources of funds to provide the payments proposed in this arrangement to priority creditors are: (a) a certain AGREEMENT between the debtor and CLIMAX URANIUM COMPANY, a unit of AMERICAN METAL CLIMAX, INC. (herein called Climax), a copy of which is in the file of the Referee in Bankruptcy. By the terms of this AGREEMENT Climax is to advance into the Registry of this Court $45,000.00 for the payment of priority and secured debts, which advance shall be repaid by credits to Climax on price as a part of its purchase of ore from the debtor's mine at La Sal, Utah. The binding effect of this AGREEMENT is contingent upon the prior timely acceptance and confirmation of this proposed arrangement, and other matters set forth in Article II of the AGREEMENT; and (b) $9,991.10 deposited in the Registry of the Referee in Bankruptcy pursuant to the order of the Referee in Bankruptcy dated July 11, 1962.

The Climax AGREEMENT constitutes the soundest plan at which the debtor could arrive, under the requirements of Chapter XI of the Act of Congress relating to Bankruptcy, for the operation of its Vanadium Queen mine so as to provide maximum return for the payment of the debtor's creditors, and was decided upon only after extensive negotiation and careful consideration of alternative plans proposed by other major purchasers of uranium.

The debtor shall utilize for the initial deposit and payment required under the Act of Congress relating to Bankruptcy to priority creditors so much of the funds described above as may be necessary. Any excess over the amount thus paid to priority creditors shall be repaid to the debtor, which shall utilize the sum for the purpose of payments to certain holders of liens encumbering the debtor's mine at La Sal, Utah, and for such other purposes as the debtor deems necessary.

ARTICLE II

DIVISION OF CREDITORS INTO CLASSES

The unsecured debts of the debtor are divided into the following classes:

Class 1: Taxes, costs and expenses of this proceeding, and all debts which have priority under Section 64 of the Act of Congress relating to bankruptcy.

Class 2: The debt owed to Climax as a result of its providing the advance cash deposit necessary under Article I hereof.

Class 3: All other debts and liabilities, including debts owing to priority creditors who shall have waived their priority and claims arising from the rejection of executory contracts, except debts owing to the persons named in Classes 4 and 5.

Class 4: All debts due under and by virtue of the debtor's six per cent five year convertible notes due December 31, 1963, and of the debtor's six per cent ten year sinking fund convertible debentures due March 1, 1968.

Class 5: All salaries and commissions owed to the following officers and directors of the debtor: Charles G. Wray, William C. Elliott, J. Milton Street, Michael B. Wray, James A. Joy, and Paul W. Havener.

ARTICLE III

PROVISIONS MODIFYING OR ALTERING THE RIGHTS OF UNSECURED CREDITORS

1. All debts included in Class 1 are to be paid in cash in full within 30 days after confirmation, except disputed claims, which shall be paid in full within 30 days after settlement, allowance and approval by the Court, and except insofar as priority creditors shall have waived their priority.

2. All payments to creditors after the initial payment (except payments under Article X hereof) shall be paid from the net amount payable from the proceeds of the sale of the ore from the debtor's mine at La Sal, Utah. The payments come out of proceeds available after first paying (a) 15% of the gross proceeds to Abe Day and Ethel May Day until the balance due under the interest in the debtor's mine held by them is paid; (b) 3% of the gross proceeds to Strategic Minerals Exploration Company, a partnership, under its 3% interest if the foregoing interests are held not to be executory contracts subject to rejection by the debtor, and if such holding is not reversed on appeal by the debtor; and (c) 5% to the Office of Minerals Exploration of the United States, as to a portion of the debtor's mine located in the area commonly known as the "DMEA" area.

3. The debt comprising Class 2 shall be paid by the giving of credit to Climax against the amounts payable by it by virture of its purchase of ore from the debtor's mine at La Sal, Utah, under its agreement with the debtor. Climax shall receive credit until recovery by it in full of the advance cash deposit, without interest, to be paid by it under its AGREEMENT with the debtor. Such credit shall be given on the basis of and in accordance with monthly settlement sheets to be filed with the Court in this proceeding, commencing one month from the date of confirmation hereof. Such settlement sheets shall show the amount and grade of ore purchased, the amount of credit toward repayment of the initial cash deposit, and the method by which such credit was computed. The debt comprising Class 2 shall have priority as to payment in full after payment of the debts in Class 1.

4. After payment in full of the debt in Class 2, all debts included in Class 3, except debts owing to priority creditors who shall have waived their priority, in the amounts allowed and

proved, shall be settled and satisfied by the payment to the holders thereof of forty per cent of the amount of their respective claims. The foregoing amounts shall be payable in each case by checks payable to the order of each of the respective creditors, and shall be made by a series of partial payments as follows:

A. Time for Payments. The first such payment shall be made on or before three months from the date of the final payment under Class 2 as set forth in paragraph 3 above of this Article III, and payments subsequent tc the first payment shall occur in each case on or before the expiration of six months from the date of the last prior payment, until forty per cent of each debt in Class 3, except debts owing to priority creditors who shall have waived their priority, shall have been paid in full, provided: (1) the payment of forty per cent depends wholly upon and is limited by the amount of proceeds of sale of ore of the debtor's mine, except as provided under Article X hereof; and (2) since such payments are to be made out of income from the sale of the debtor's uranium ore, pursuant to an agreement for the operation of the debtor's mining property, as approved by the Court, any event which shall suspend any payment provided for in this Article III may, but only if the Court shall so order, extend for the period of such suspension the time for making any such partial payment.

B. Amount of Payment. (1) The amounts of the partial payments may vary as fluctuations occur in income from ore shipments providing the source for such payments. Out of the funds available for distribution on each payment date the payments shall be made as follows: Twenty per cent of such funds shall be paid to satisfy the interim costs and expenses of this proceeding and the debts owing to such priority creditors, if any, who shall have waived their priority, in each case as allowed by the Court on application of the person designated by the Court to make distribution.

(2) In the event that on any payment date the amounts

of such costs and expenses and claims of priority creditors who shall have waived their priority shall exceed the amount represented by such twenty per cent of such funds, the distribution shall be made on the following basis: The intention of the debtor, insofar as is lawful under the provisions of the Act of Congress relating to Bankruptcy and other applicable laws, is to assure first payment of the balance due the State of Utah, if any, as to which it shall have waived its priority. Therefore, out of the twenty per cent available for payment on any payment date, the debtor shall request the court to authorize full payment of any balance on hand to the State of Utah, before other payments are made hereunder, until the full balance of its claim, as allowed and proved, is paid in full. Only as to such administrative costs and expenses, if any, as to which such subordination to the claim of the State of Utah is not permitted under the Act of Congress relating to bankruptcy or other federal statute, shall other payments be made, until payment in full of the balance of the claim of the State Tax Commission of Utah, as allowed and proved. Following payment of the balance of the claim of the State of Utah, as set forth above, distribution in the event such twenty per cent of such funds shall be insufficient, shall be made by payment of direct costs and expenses in full as approved by the Court, and thereafter, out of the balance remaining, payment of the claims of priority creditors who shall have waived the priority of their claims, in proportion as the ratio of the amount of each such claim to the total balance remaining.

(3) Eighty per cent of such funds shall be paid in pro rata reduction of the unpaid balance of the claims, as reduced, of the creditors in this Class 3 other than priority creditors.

(4) If on any payment date the amount of costs and expenses of this proceeding and debts owing to priority creditors who shall have waived their priority is less than twenty per cent of the funds available for distribution, the excess shall be added to the eighty per cent payable to creditors other than priority creditors.

(5) Payments shall be made in this proportion and in this manner, unless this estate is closed earlier by the final decree of this Court, until all of the debts in Class 3 shall be paid, to the extent permitted by proceeds from the Debtor's mine, forty per cent to all creditors in Class 3 except priority creditors, if any, who shall have waived their priority, and one hundred per cent of all costs and expenses of administration and of the claims of such priority creditors.

C. Retention of Jurisdiction. The Court shall retain jurisdiction herein until all of the debts in Class 3 are paid as set forth in this Article III, or until this estate is closed by the final decree of this Court.

D. Priority. After payment of the debts in Class 1 and Class 2 above, debts in Class 3 shall have priority as to payment, and shall be paid as set forth in this Article III before any other debts.

5. The payment of interest and principal as to all debts included in Classes 4 and 5, in the amounts allowed, shall be deferred until after entry of the final decree herein and closing of the estate.

6. The debtor may be able to provide for a loan or refinancing which would permit, at a future date during the period of this arrangement, more rapid settlement and payment under the provisions hereof.

ARTICLE IV

PROVISIONS FOR THE REJECTION OF EXECUTORY CONTRACTS

Each and every executory contract of the debtor, including each executory contract listed in Third Amended Exhibit 1 to the petition herein as amended, is hereby rejected, except (a) number 7 ("DMEA" Loan Agreement); (b) number 5 (Purchase Agreement dated as of April 1, 1962 with Climax) which the debtor affirmatively assumes and adopts; and (c) number 4 (Day Purchase and Sale Agreement) and number 7 (Strategic Minerals Exploration Company Assignment dated June 27, 1953). As to the afore-

said two executory contracts (numbers 4 and 7), if the Court shall rule that the debtor may reject those as executory contracts, the debtor elects to reject both. If the ruling is that such interests are not subject to rejection, then they shall be considered as not having been rejected, except that in the event the debtor elects to appeal an adverse ruling, its right to reject shall depend upon the result of such appeal.

ARTICLE V

PROVISIONS FOR SPECIFIC UNDERTAKINGS OF DEBTOR

1. The debtor undertakes to prepare and furnish to the Court statements containing detailed reports of receipts and disbursements of the debtor. Such statements shall be furnished annually commencing one year after confirmation, and shall continue annually so long as the Court retains jurisdiction.

2. The debtor shall prepare and submit annual profit and loss statements on a calendar year basis, the first such statement to cover the portion of the calendar year, if any, commencing with the date of confirmation hereof and ending December 31, 1962.

3. All bonds, oaths and other specific requirements of the debtor under the Bankruptcy Act shall promptly be deposited, made and provided for during the term of this arrangement.

ARTICLE VI

PROVISIONS FOR TERMINATION OF EXTENSION PERIOD

1. The happening of any of the following events shall constitute a default under this Article VI:

A. The failure of the debtor to perform any specific undertaking required under Article V of this arrangement.

B. The failure of the debtor timely to make any partial payment provided for in Article III, paragraphs 4.A. and 4.B., except during suspension of payments as ordered by the Court under

Article III, paragraph 4.A.

2. Upon the occurrence of any of the foregoing events of default, any interested party may petition the Court for termination of the arrangement, and unless such default is cured within ten days after its occurrence, the Court may, upon application and motion, enter the appropriate order under Section 377 of the Bankruptcy Act.

ARTICLE VII

PROVISIONS FOR CONTINUATION OF DEBTOR'S BUSINESS

1. The debtor shall remain in possession and continue the operation of the business of the debtor, under the management of its officers and directors, and of its Vice President and Chairman of the Board, Mr. Charles G. Wray, or his successor as designated or elected by the board of directors of the debtor.

2. The debtor's mine at La Sal, Utah, shall be operated by Climax Uranium Company under an AGREEMENT, as approved by the Court, on terms and provisions substantially as set forth in the draft of said contract now on file in the Court.

3. So long as this Court retains jurisdiction, all salary and expense payments to the debtor's officers, agents, attorneys and employees shall be allowed and made only after written application and approval by this Court.

4. The debtor shall not contract any obligation in excess of the sum of $200.00 other than for the purchase of merchandise, without the prior written approval of this Court.

5. The debtor shall keep and maintain on a current basis all of its books of account, and shall prepare and furnish the statements required under Article V, paragraphs 1 and 2 hereof.

6. The initial depository of the debtor's funds shall be a banking institution to be proposed by the debtor and approved by the Court. Such successor depository may be designated as this Court may approve by written order. The debtor asks that the Court designate and appoint a statutory agent for the receipt and

distribution of the deposit and of the debtor's funds during the term hereof. Said agent for disbursement shall have sole authority to execute and deliver the debtor's checks, shall, if required by this Court, give bond with surety to be approved by this Court, and shall be compensated as this Court shall direct.

ARTICLE VIII

PROVISIONS FOR RETENTION OF JURISDICTION BY THE COURT

The Court shall retain jurisdiction during the term hereof under the provisions hereof and Sections 368, 369 and 372 of the Bankruptcy Act.

ARTICLE IX

ACCEPTANCE OF THIS ARRANGEMENT

This modified arrangement shall be effective only after acceptance by a majority in number and amount of creditors in each class affected hereby whose claims have been proved and allowed and after confirmation by the Court.

ARTICLE X

OTHER PROPERTIES OF DEBTOR

If during the administration of this estate any creditor or group of creditors shall propose to conduct an investigation into the state of title and feasibility of development of any of the interests of the debtor in real property as shown on amended schedule B-1 of the original petition filed herein (in addition to its Vanadium Queen mine), the debtor hereby consents and agrees to such investigation and development, on terms and conditions to be approved by this Court, and to be financed by any such creditor or creditors. The debtor further agrees that any benefit or return from such investigation and development may be utilized for the benefit of the estate herein and the creditors upon such terms and conditions as may be acceptable to the creditors and approved by the Court.

Dated at Denver, Colorado, November 2, 1962.

ALLIED-MISSION OIL, INC.

By _____
Vice President and
Chairman of the Board.

EUGENE H. MAST
First National Bank Building
Grand Junction, Colorado

HOLME, ROBERTS, MORE & OWEN
1700 Broadway
Denver 2, Colorado

Attorneys for Debtor

_____

A G R E E M E N T

THIS AGREEMENT Made and entered into by and between CLIMAX URANIUM COMPANY, A Unit of American Metal Climax, Inc., a New York corporation authorized to conduct business in the States of Colorado and Utah, with offices at 125 N. 8th Street, Grand Junction, Colorado, hereinafter referred to as "Climax", and ALLIED-MISSION OIL, INC., a Delaware corporation authorized to conduct business in the States of Utah and Colorado, with offices at 15 6th St, Colorado Springs, Colo., hereinafter referred to as "AMO";

WITNESSETH:

I RECITALS

1.1 On May 18, 1962, AMO filed a Petition in Proceedings Under Chapter XI of the Bankruptcy Act, in the District Court of the United States for the District of Colorado. Under Chapter XI AMO is submitting a Proposed Arrangement, which Arrangement, among other things, will provide for the continued operation of AMO's mining properties, hereinafter described.

1.2 AMO represents that it has title to and possession of the following described unpatented mining claims (hereinafter called "mining property") situate in the La Sal Creek Mining District (unorganized), San Juan County, Utah, to-wit:

Vanadium Queen Lode Mining Claims Nos. 1 through 12 inclusive,

said mining property is subject to:

application did not mention three outstanding royalty obligations

a. An Assignment dated June 27, 1953, duly recorded in the records of San Juan County, Utah, between Don Danvers, assignor, and Strategic Minerals Exploration Company (Strategic), a partnership, assignee, whereby Strategic is entitled to receive "... a 3% royalty in and to all net proceeds derived from the sale of ores produced upon said claims ...", as more particularly set forth in said Assignment, and reference is hereby made to said Assignment for its specific terms and conditions.

b. A Deed dated August 28, 1953, duly recorded in the records of San Juan County, Utah, from Ethel May Day and Abe Day, grantors, to Don Danvers, grantee, whereby said grantors reserve "... an ore payment of 15% of the net proceeds of all ores mined and sold from any of the above described mining claims ..." until such time as said grantors shall have received a total sum of $350,000.00 from such net proceeds, as more particularly set forth in said Deed, and reference is hereby made to said Deed for its specific terms and conditions.

1.3 A uranium-vanadium mine known as the Vanadium Queen Mine is located on said mining property.

1.4 AMO believes, but does not warrant, that it owns the structures, mining equipment, machinery, supplies and other personal property listed on Exhibit "1" attached hereto and by this reference made a part hereof.

1.5 By its Petition Under Chapter XI and its Proposed Arrangement dated July 11, 1962, AMO has rejected all its executory contracts affecting said mining property. AMO has scheduled the following executory contracts:

a. Employment contracts between AMO and Ray K. Church dated August 20, 1960, and September 19, 1961.

b. A Mining Contract between William Stotesberry and AMO dated during January, 1962, relating to "clean-up" of an area of the Vanadium Queen Mine.

c. Ore Purchase Agreement entered into as of the 1st day of April, 1962, between Climax and AMO relating to the purchase and sale of ore produced from the mining property.

d. A certain Agreement dated November 5, 1954, between Abe Day and Vanadium Queen Account (a predecessor-in-interest to AMO), a limited partnership, relating to the haulage of ores mined from said mining property.

1.6 The Proposed Arrangement has not as yet been accepted or confirmed, and no determination has yet been made as to the rejection of the foregoing and other scheduled executory contracts.

1.7 A portion of the mining property (claims Nos. 3, 7, 9 and 10) is subject to a DMEA loan agreement, which loan agreement provides, among other things, that 5% of the gross proceeds derived

from said claims is payable to the United States of America, until such time as the amount loaned under said DMEA loan agreement has been repaid in accordance with the terms thereof.

1.8 Certain mechanics' and materialmen's liens have been filed against the mining claims, in an amount estimated to be approximately $22,800.00, the amount of certain of said claims being disputed by AMO in the initial petition filed in the Bankruptcy Court.

1.9 AMO is required to deposit with the Bankruptcy Court a sum of money sufficient to satisfy certain priority debts which have not been waived. It is estimated that approximately $45,000.00 will be required for this purpose.

1.10 Climax' engineers and geologists have examined the mining property and Vanadium Queen Mine and have reported that only a small amount of minable ore is now showing in the workings and faces of the mine. Said engineers and geologists are of the opinion, based upon the geology of the mining property and the past history of the mine that the property has a favorable future potential.

1.11 Climax estimates that between $10,000.00 and $15,000.00 in surface and underground drilling and development drifting must be performed before the profitable extraction of ore from the mine can be expected, presuming such drilling and development drifting disclose ore which can be mined and processed at a profit.

1.12 The AEC has allocated to said mining property the right to produce therefrom U_3O_8 in or during each fiscal year or portion thereof as follows:

Year	Maximum annual pounds of U_3O_8 in ore
July 1, 1962, to June 30, 1963, inclusive	24,089
July 1, 1963, to June 30, 1964, inclusive	24,089
July 1, 1964, to June 30, 1965, inclusive	24,089
July 1, 1965, to June 30, 1966, inclusive	24,089
July 1, 1966, to December 31, 1966, inclusive	5,072

1.13 Both parties recognize that the mine is presently limited by said allocation.

1.14 In order to provide funds to enable the payment of creditors pursuant to AMO's Proposed Arrangement Under Chapter XI, AMO desires to borrow approximately $45,000.00 to be used by it to make the deposit referred to in Paragraph 1.9 and to have Climax operate the mining property and Vanadium Queen Mine; and

1.15 Climax is willing to lend AMO the sum of $45,000.00 without interest and to operate said mining property and mine upon the terms and conditions hereinafter set forth.

1.16 NOW THEREFORE, for and in consideration of these premises and of the covenants, conditions and agreements hereinafter contained the parties agree as follows:

II CONDITIONS PRECEDENT

It is understood and agreed that this agreement is specifically subject to the following conditions precedent:

2.1 That AMO's Proposed Arrangement Under Chapter XI be accepted by the creditors and confirmed by the Bankruptcy Court.

2.2 That, as of the effective date of this agreement, as hereinafter set forth, the mining property in the opinion of Climax be free and clear of any and all claims, liens or encumbrances or that arrangements or understandings acceptable to Climax shall have been made by AMO with any and all persons claiming to hold any lien, encumbrance or claim against or affecting said property.

2.3 AMO's rejection of all agreements or documents described in Paragraph 1.5, EXCEPT the Ore Purchase Agreement dated as of April 1, 1962, with Climax, be permitted by the Bankruptcy Court.

2.4 That AMO specifically recognize the validity of said Ore Purchase Agreement with Climax, the same to be amended as hereinafter set forth.

III CLIMAX AGREES AS FOLLOWS:

3.1 Loan Commitment. To loan AMO $45,000.00.

3.2 That said Ore Purchase Agreement between AMO and Climax dated as of the 1st day of April, 1962, is in full force and effect and that it will purchase all uranium and vanadium ores mined and produced from said mining property until December 31, 1966, in accordance with the terms and conditions of said Ore Purchase Agreement, as it now exists or as it may hereafter be amended. That it will contemporaneously with the execution of this agreement execute an Amendment No. 1 to Ore Purchase Agreement in the form of Exhibit "2" attached hereto and by this reference made a part hereof.

3.3 To enter upon the mining property within ten days from the effective date hereof and with all due and reasonable diligence to commence mining operations thereon, including the mining of uranium-vanadium ores, and to perform such underground and surface drilling and development work as Climax in its sole discretion deems necessary, all of which is hereby referred to as the "work". The work shall be performed in accordance with good mining practice and in compliance with health and safety regulations and all other requirements of Federal, state and local governments, including but not by way of limitation, all necessary timbering and work to place and maintain the mine in safe operating condition, maintenance of first-aid equipment at the mine which meets the approval of the State Mine Inspector, and keeping the ore clean of injurious materials. The term "development work" herein used refers to surface and underground drilling and to primary excavations that are required to expose ore, including but not limited to incline, raise, and drift excavations.

3.4 Subject to Paragraphs 4.4 and 4.6, to provide at its expense all mining machinery, equipment, tools and supplies necessary to perform the work and other operations to be performed by it.

3.5 To cause notices to be posted at the mine so as to hold AMO free and clear of any liability arising from Climax' operations; and to indemnify and save harmless AMO against any and all claims and demands whatsoever arising out of Climax' operations hereunder, including, but not limited to, death and injuries to any person and damage to property.

3.6 To properly maintain all structures, machinery and equipment furnished to Climax by AMO as hereinafter provided and to return the same to AMO forthwith upon the termination or expiration of this agreement in the same condition as when received, reasonable wear and tear excepted.

3.7 To supervise, direct and control such employees as it may require to properly perform this agreement and to pay them on its own account.

3.8 To comply with all applicable statutes with respect to labor employed on the Work, including, but not limited to, The Fair Labor Standards Act and the Walsh-Healey Act, and to protect and indemnify AMO against any payroll taxes or contributions imposed with respect to any employees of Climax by any applicable law dealing with old-age benefits, unemployment compensation, accident compensation, health insurance, and related subjects.

3.9 To insure or cause to be insured each and every workman employed in, about or on the work the compensation provided for in and by each and every statute applicable thereto with respect to Workmen's Compensation or Employer's liability; to pay and discharge

or otherwise dispose of any claims, suits, actions and demands of any nature whatsoever, for injury to persons including death resulting therefrom, and loss of, or damage to, property caused by or in connection with the performance of the work hereunder; and to procure and maintain or cause to be procured and maintained during this contract public liability insurance with the following limitations:

Bodily injury $100,000.00 for each person
$300,000.00 for each accident
Property damage $50,000.00 for each accident.

3.10 To permit AMO or its authorized representatives full and free access to the mine for the purpose of such inspection as is necessary to determine compliance with this agreement and with the usual health and safety regulations.

3.11 To advance while this agreement is in effect all direct and indirect costs and expense of the work, to be recovered in accordance with Paragraph 4.4. To indemnify and save harmless AMO from laborers', mechanics' or materialmen's liens and all other liens and charges upon work or upon the premises upon which the work is located or upon AMO's machinery and equipment being used by Climax, arising out of the operations to be performed and materials furnished by Climax under this agreement, providing Climax has received all amounts due and payable to it under this agreement.

3.12 That it will keep accurate records of all exploration, drilling and development and will maintain progress maps showing the progress of mining operations and that the same will be available for the examination of AMO or its representatives at all reasonable times.

3.13 That it will keep accurate books and accounts in accordance with good and accepted accounting practice and maintain

all records necessary to accurately reflect the costs referred to in Exhibit "3" and that it will prepare and furnish AMO monthly statements and schedules of the costs of its operations hereunder.

3.14 That it will, subject to the approval of the Bankruptcy Court, distribute any and all proceeds available for distribution to the creditors in accordance with the Chapter XI Arrangement as finally approved by the creditors and confirmed by the Bankruptcy Court, and will furnish AMO and the Bankruptcy Court such reports in connection therewith as the Court may order.

3.15 Subject to the approval of the Court, it will prepare on behalf of AMO the State of Utah Statement for Valuation of Mine and Statement of Occupation Tax of Mines forms and after approval by AMO file the same. Utah taxes will be paid pursuant to Par. 5, Exh."3".

IV AMO AGREES AS FOLLOWS:

4.1 To give Climax and its employees or subcontractors engaged in the work access to the premises.

4.2 That Climax shall have the right to recover the $45,000.00 to be loaned AMO as hereinabove set forth from, and only from, the proceeds from ores mined and sold from the mining property. AMO agrees that Climax may retain any and all amounts due AMO after Climax has first recovered out of the proceeds from ores mined and sold from said mining property the direct and indirect costs as set forth in Exhibit "3", attached hereto and by this reference made a part hereof, until such time as said $45,000.00 has been paid Climax in full.

4.3 That said Ore Purchase Agreement dated as of the 1st day of April, 1962, is in full force and effect and that it will sell to Climax all uranium and vanadium ores mined and produced from said

mining property until December 31, 1966, in accordance with the terms and conditions of said Ore Purchase Agreement as it now exists or may hereafter be amended. That it will contemporaneously with the execution of this agreement execute Amendment No. 1 to Ore Purchase Agreement, in the form of Exhibit "2" hereto.

4.4 To pay Climax the direct and indirect costs of performing the work as set forth in said Exhibit "3". It is agreed that Climax shall deduct and pay or reimburse itself all such costs from any and all proceeds due AMO from ore purchased by Climax from said mining property.

4.5 That Climax shall have and is hereby given full, complete and exclusive direction and control of all mining, drilling and development work and it is understood and agreed that Climax shall have the right to perform such development drifting, long hole drilling, raising, surface drilling and mining as it in its discretion deems necessary to the proper mining and development of the mining property.

4.6 That any and all mining installations shall remain fixed to the mine and may be utilized by Climax in operating the mining property as it deems fit; that Climax shall have and is hereby given the right to use the structures, machinery and equipment and to use or expend in operating the mining property the supplies described in Exhibit "1", without cost to Climax, subject only to Paragraph 3.6.

V BOTH PARTIES AGREE:

5.1 This agreement shall become effective as of the date the Proposed Chapter XI Arrangement of AMO is approved by the Referee in Bankruptcy and shall continue until December 31, 1966; provided however, that Climax shall have the right to terminate this agreement

at any time upon thirty days' written notice to AMO after Climax has expended not less than $10,000.00 in surface and underground drilling and development work. It is understood and agreed that such drilling and development work is a cost under the terms of Exhibit "3".

5.2 In the event Climax fails to comply with the terms herein set forth or any of them AMO shall notify Climax of its default or failure and, if Climax should fail to correct said default or failure within fifteen days after service of such notice AMO may then forthwith terminate this agreement without further notice.

5.3 Climax shall at all times during the term of this agreement have and exercise full and complete direction and control of the work.

5.4 This agreement shall be binding upon and inure to the benefits of the successors and assigns of the parties hereto.

IN WITNESS WHEREOF the parties hereto have executed this agreement this 1st day of November, 1962.

CLIMAX URANIUM COMPANY, A Unit of
American Metal Climax, Inc.

By_____
General Manager

ALLIED-MISSION OIL, INC.

By_____
Vice President

EXHIBIT "1"
to
Agreement between Climax Uranium Company, A Unit of American Metal Climax, Inc., and Allied-Mission Oil, Inc.

LIST OF STRUCTURES, MACHINERY, EQUIPMENT, MISCELLANEOUS TOOLS AND SUPPLIES

Structures

1 Compressor and Warehouse Building - 34½' x 14' x 8' - Tin

1 Office Building - About 20' x 14' x 8'

1 Storz-All Suburban Model 72 Metal Building-7'2" square-7'5" tall

Mucking Machine
Eimco 12B No. 7913 - poor condition

Mine Cars
Seven approx. 1½ ton capacity ea.

Air Receivers
One 350 gal. capacity
One 500 gal. capacity
One 750 gal. capacity

Pressure Tanks, Water
Two 150 gal. capacity

Air Compressor
I.R. Mod. 125B, Serial No. 44755
with electric motor US 44 volt, 125 hp.

Slushers
G.D. HEE Serial No. 1795387
G.D. HEE Serial No. 415461
I.R. 10 hp. Serial No. 4086

Drill Hammers & Leg
Cleveland H 10 AL No. 5876
Cleveland H 10 AL No. 3045
Swede H 10 AL No. 554805

Drifter for Long Holes
G.D. Mod. D99-10 C-533

Water Pumps
Layton Mod. DDV-2 Serial No. 901
Layton Mod. DDV-2 Serial No. 1083

Air Blowers
American Blower Type EL8 No. 400-2
with Century 15 HP. electric motor No. GA74348
(location underground)

Northern Blower, Exhaust Type
Size 50-20W-37D No. 1084
with GE 20 hp. electric motor No. 5508890
(located on surface)

Transformers
Three 50 KVA (located at mine portal)
Two sets of 2 ea. approx. 10 KVA
(located on hill above mine portal)

Hoist
Clyde Iron Work Serial No. 8143
with LeRoi motor Mod. D-201 Serial No. 144533
Electric Generator Koehler
Mod. 2RN21 Serial No. 21966

Wagon Drill
G.D. on Ford F6

Miscellaneous Equipment Items

1	Atlas Heavy Duty Grinder 60J3430721 Bench Grinder Serial TH ½ HP Model 2771
17	Chicago Pneumatic S58-7-13 Hammer
1	General CP 5 Fire Ext. Co.
1	General Fire Ext. Model 5R
1	Portable Space Heater KNIPCO Model F125, Serial FGMA-8706
1	Homelite Chain Saw (Gas) Serial 978735
1	Shopmate 7" Clutch Saw, Ser. No. 165 or 163
1	Wheat Charger 6 Lamp Model 1556
1	Stove Gas Heating Autocrat
1	Crimping Machine
1	Geiger DCP 150A Urinco
1	Short Hole Probe Slant Box
1	Long Hole Probe
1	Urinco #700MM Ser 163 Geiger with Load Probe
7	Battery Chargers (individual)
15	Mine Lamps
1	Galvanometer
1	Probe Standard Model EUT.42
1	3" Brass Swing Check Valve (New)

Miscellaneous Items

1	Fence 42" tall with Gate
216 ft.	1" Black Plastic Pipe Crown Line #2
20#	3/8" x 3½" Spikes
20#	3/8" x 2" Bolts and Nuts
6	1" Plastic Couplings
3	1" Hose to Pipe Adapter
5	1" Dixon 1¼" I.P.T. Couplings
2	2" Boss Collars
1	1¼" Dixon Boss Air Valve V-77
1	3½" Victaulic Coupling
3	2" Victaulic Coupling Alum Iron
9	2" Victaulic Coupling
7	4" Victaulic Gaskets
11	2" x 2" x 4 long Victaulic to Pipe (Norris)

2	3" x 4" Bell Reducer
3	2" Gate Valve (Hammond)
1	Coil Spring for Eimco Loader
5	4"-2" Victaulic Reducer
1	4" Union
1	4" T
2	4" - 4" x 6" Victaulic to pipe
16	Dixon DL12B Nose Fitting
6	Dixon Aml Nose Fitting
1	2" x 1" Victaulic to thread adapter
9	2" coupling
1	12A57 Chain
2	4 Victaulic T
6	4 Victaulic L 90°
12	1¼ Coromant 1" x 6" coupling steel
9	4' x 1¼ Rope Thread Swen #11 steel
1	3/4" Union
6	1 x 11½ Bushing
10	1½ x 2 Bushing
6	1/2 x 3/4 Bushing
8	2 x 2½ Bushing
3	2 x 3/4 Bushing
12	3/4 x 1¼ Bushing
7	1½ x close Nipples
5	2 x close Nipples
3	1 x close Nipples
3	3/4 x close Nipples
1	3/4 x 2 Bell Reducer
1	3" x 8" Nipple
1	3" x 2" Bell Reducer
8	Cupe and Cone Timpken 2788
4	Card Axle housing 2304
1	General Model 10R CO_2 Extinguisher
1	18" Ridgid Pipe Wrench (New)
4	Cables for Eimco Loader
3	Deutz Filter R05H4115K
3	Deutz Filter P08H4120
2	Mann Filter P811
	Pipe Taps #1539 tapered 3/8", 1/2", 3/4", 1", 1¼", 1½", 2"
100'	(approximately) Tenso #3 S. No. 3822 American Chain Division Probe Wire
6	Fan Belt Dayton DX 120
8	AC P117 Filter
9	AC P132 Filter
1	Used Christie Battery Charger Model C6124 - 6 & 12 volt
1	M216-16 Ratchet
1	MW10-18B Rifle Nut
4	AC TP 522 Filter
1	Fram C1175PL Filter
1	Fram C1174 Filter
5	Cat 9F6700 Filter
20	3/8" x 6 Wire Tightener
1	#32 Layton Air Intake Housing for filter from S&M Supply
1	McCoy Caterpillar Precleaner 8H2023
1	15 Tooth TLB 1015 Dodge Taper Lock Sprocket
25	5/8 x 2 Machine Bolts

4	7/8 Carbide Bits Slip On
2	18" Ridgid Hook Jaws for pipe wrench
4	10" Ridgid Hook Jaws for pipe wrench
3	18" Ridgid Heel Jaws for pipe wrench
2	10" Ridgid Heel Jaws for pipe wrench
1	24" Ridgid Hook Jaws for pipe wrench
11	4" Victaulic Couplings
1	Timpkin Cone #11162
1	Timpkin Cup #11300
1	Trumbull Enclosed Safety Switch Cat. No. 72366 - 3 Pole - 600V
	GE Starting Compensator No. CR 1034 G 1004 A8 - 380-440 Volt

Used Equipment

	Used Geiger Counter Box - No Counter
	Used Reel Probe
1	Walker #1109 Muffler
1	Victaulic Aluminum Coupling 4" x 9"
1	Victaulic Aluminum Coupling 4" x 21"
1	Gustin Bacon Roll-a-grove Tool - Model 101
	Vise #434½ Chas. Parke Co.
4	New Card Wheels #2-3/4 T 1715 - 60 14"
300 ft.	1" 75# Crown Plastic Pipe
1	First Aid Kit Pacific #6
1	5 Gal. Water Cooler
	Christensen Diamond Products Co. EX BW Core Bits Type 1352
1	EX 306-5HF EX-DT Rigid Core Barrel 5 ft. H.F. used
	From S&M Supply 4-27-62 Packing List No. G-5186
1	12A24 Bushing
	12B21 Clutch Shaft

Exhibit "2"

AMENDMENT NO. 1
to
ORE PURCHASE AGREEMENT

THIS AMENDMENT Made and entered into this ____ day of _____, 1962, by and between CLIMAX URANIUM COMPANY, A Unit of American Metal Climax, Inc., a New York corporation, with offices at 125 N. 8th Street, Grand Junction, Colorado, sometimes hereinafter referred to as "Buyer" and ALLIED-MISSION OIL, INC., sometimes hereinafter referred to as "Seller";

WITNESSETH:

The parties entered into an Ore Purchase Agreement as of the 1st day of April, 1962, whereby, among other things, Buyer agreed to purchase and Seller agreed to sell in accordance with the terms of said Agreement, all the uranium and vanadium ore produced from the Vanadium Queen mining properties more fully described in Schedule "A" of said Ore Purchase Agreement.

Paragraph 2.2 of said Agreement sets forth the AEC limitations on production from said properties of ore containing U_3O_8 by fiscal year.

By letter dated June 29, 1962, the AEC notified Buyer that the allocation of Seller for the fiscal years ending June 30, 1963, 1964, 1965 and 1966 and the period July 1, 1966, through December 31, 1966, had been modified.

Buyer is entering into an agreement with Seller relative to the mining of the above described properties and in consideration thereof Seller has agreed to reduce the ore haulage allowance provided in Schedule "D" to said Ore Purchase Agreement from $9.72 per wet ton of ore to $6.75 per ton.

Accordingly, the parties desire to amend said Ore Purchase Agreement to reflect the change in allocation and said haulage allowance.

NOW, THEREFORE, for and in consideration of these premises and of the Buyer's agreement to purchase and the Seller's agreement to sell the allotment as modified by the AEC and in consideration of Buyer's entering into said agreement relative to the mining of the above described properties said Ore Purchase Agreement is amended in the following respects:

1. Paragraph 2.2 is hereby amended to read as follows:

> 2.2 Seller warrants that the AEC has allocated to the property a production of ore containing U_3O_8 at a rate not to exceed the following pounds of U_3O_8 per year, to-wit:

Year	Maximum annual pounds of U_3O_8 in ore
July 1, 1962, to June 30, 1963, inclusive	24,089
July 1, 1963, to June 30, 1964, inclusive	24,089
July 1, 1964, to June 30, 1965, inclusive	24,089
July 1, 1965, to June 30, 1966, inclusive	24,089
July 1, 1966, to December 31, 1966, inclusive	5,072

> (As used in this agreement "per year" means per fiscal year commencing July 1 and ending the following June 30, and where reference is made to per year it is understood that the same shall include portions of a year which shall be treated on a prorata basis for all purposes.)

2. Paragraph 4 of Schedule "D" to said Ore Purchase Agreement is amended to read as follows:

> 4. All acceptable ore produced by Seller for sale to Buyer under the terms of this agreement shall be delivered:
>
> a. By Seller to Buyer's Mill at Grand Junction, Colorado. Buyer will pay a haulage allowance of Six Dollars and Seventy-Five Cents ($6.75) per wet ton of ore.

Except as above amended all terms and provisions of said Ore Purchase Agreement remain the same.

This Agreement shall be binding upon and inure to the benefits of the successors and duly authorized assigns of the parties hereto.

WITNESS their names.

CLIMAX URANIUM COMPANY, A Unit of
American Metal Climax, Inc.

By_____
General Manager Buyer

ALLIED-MISSION OIL, INC.

By_____
Seller

EXHIBIT "3"
to
Agreement between Climax Uranium Company, A Unit of American Metal Climax, Inc., and Allied-Mission Oil, Inc.

DIRECT AND INDIRECT COSTS

Following shall constitute the direct and indirect costs under the foregoing agreement:

1. Direct Mining Costs and Underground Development Work.

a. Direct Mining Costs. The direct mining costs will be the amount actually paid to an independent mining contractor to be obtained by Climax to mine the ore from the mining property. (See note below.)

b. Underground Development Work. In addition to said payment for mining the ore the mining contractor will from time to time be directed by Climax, at its discretion, to perform development work, including development drifting, raising, long hole drilling and the like, and said mining contractor shall be paid therefor at going competitive rates.

2. Surface Drilling. The cost of surface drilling is to be the amount actually paid therefor to an independent contractor obtained by Climax or, in the event Climax performs such drilling as a company operation it shall be Climax' actual cost. It is understood that Climax shall have the election whether or not to obtain services of an independent contractor or to perform the drilling as a company operation. Cost of drilling includes:

a. Direct drilling costs.
b. Cost of drillsite preparation, roads and the like.
c. Direct cost of field geologist.
d. Direct cost of field and office survey work.

3. Cost of mining installations such as pipe, rail, ties, vent pipe, etc.

4. Direct charges for technical services. This includes surveying and geological expenses including transportation.

5. Any current taxes applicable to the mining operations other than income taxes. This shall include all future taxes accruing to the State of Utah from the possession and operation of said mining properties.

6. Administrative costs (supervisory personnel and accounting). Administrative costs shall be a fixed fee of $800.00 per month.

7. Actual cost of hauling the ore.

8. Any royalties.

9. Judgment satisfied. In the event that any creditor of AMO obtains a judgment against AMO by which said creditor is permitted to foreclose, execute or levy upon any property of AMO, which proceeding would in the sole discretion of Climax unreasonably interfere with Climax' mining operations under this agreement, it is agreed that Climax shall have the right to satisfy said judgment. In such event any money so paid by Climax shall be a direct cost hereunder.

10. Climax covenants during the life of this agreement at all times to conduct or cause to be conducted all operations and activity in any way related to or connected with the operation of AMO's Vanadium Queen Mine, including but not by way of limitation, Direct and Indirect Costs under this Exhibit "3", so as to minimize the costs and expenses and all deductions under 4.4 hereunder, and to maximize the return from the mine, but only to the extent consistent with good and economic mining and other operations.

Note: Climax states that its present plan and intention is to enter into a contract for the mining of said property under the terms of which the mining contractor will be paid an amount not in excess of 45% of the gross amount payable by Climax for ore produced from the mining property, excluding any haulage allowance. It is understood and agreed between the parties that such initial contract so granted by Climax to a mining contractor will be in effect for a period of six months unless the same be terminated by violation of the contract by the mining contractor or voluntarily surrendered as may be permitted by the contract. In the event of the termination of such mining contract, it is understood between the parties that Climax of necessity will have to secure a new or different mining contractor; in such event, Climax agrees to use its best efforts to secure a mining contractor on terms and conditions which Climax, in the exercise of its sole discretion, shall deem to be the most advantageous as can reasonably be obtained under the circumstances then prevailing; which terms may include either an increase or decrease in the amount to be paid the mining contractor. It is also understood between the parties that as mining and development take place and mining conditions change, certain changes in the contract may have to be made including an increase or decrease in the amount to be paid a mining contractor; and in such event Climax shall have the right, in its sole discretion, to make such changes as it deems reasonable and most advantageous under the circumstances then prevailing.

AMENDMENT NO. 1

THIS AMENDMENT Made and entered into by and between CLIMAX URANIUM COMPANY, A Unit of American Metal Climax, Inc., a New York corporation authorized to conduct business in the States of Colorado and Utah, with offices at 125 N. 8th Street, Grand Junction, Colorado, hereinafter referred to as "Climax", and ALLIED-MISSION OIL, INC., a Delaware corporation authorized to conduct business in the States of Utah and Colorado, with offices at 15 6th St., Colorado Springs, Colo., hereinafter referred to as "AMO";

WITNESSETH:

Climax and AMO entered into an Agreement dated November 1, 1962, relating, among other things, to the mining of ore from the Vanadium Queen lode mining claims Nos. 1 through 12 inclusive situate in La Sal Creek Mining District (unorganized), San Juan County, Utah.

It is the desire of the parties to amend Exhibit "3" to said Agreement in certain respects.

NOW THEREFORE, in consideration of these premises and in consideration of Ten Dollars and other valuable consideration paid by AMO to Climax said Exhibit "3" is amended as follows:

1. Paragraph 10 and the Note on Page 2 of Exhibit "3" are hereby deleted and cancelled, and it is agreed the same shall have no further force or effect.

2. In lieu of said Paragraph 10 and said Note, Climax covenants and agrees that during the life of this Agreement that it will at all times conduct or cause to be conducted all operations and activity in any way related to or connected with the operation of said mining claims and the Vanadium Queen mine, including but not by way of

limitation those relating to the direct and indirect costs under this Exhibit "3", so as to minimize the costs and expenses and all deductions under Paragraph 4.4 hereunder and to maximize the return from the mining but only to the extent consistent with good and economic mining practices and other operations. In furtherance thereof, Climax agrees that it will not pay any independent contractor obtained by it to perform the "direct mining" as contemplated in Paragraph 1 a. of this Exhibit "3", in excess of 45% of the gross amount payable by Climax for ores produced from the property, excluding any haulage allowance, nor will Climax expend in excess of $100,000 for "underground development work" and "surface drilling" as provided in Paragraphs 1 b. and 2 of this Exhibit "3", without first obtaining the approval of the Bankruptcy Court.

3. AMO agrees, upon the request of Climax, that it will promptly present to the Bankruptcy Court an application or applications to allow Climax to exceed said 45% or $100,000, or both, should Climax deem the same necessary under the conditions then prevailing.

4. Except as herein amended all provisions of said Agreement and Exhibit "3" thereto remain in full force and effect.

IN WITNESS WHEREOF the parties hereto have executed this Agreement this 7th day of November, 1962.

CLIMAX URANIUM COMPANY, A Unit of
American Metal Climax, Inc.
By /s/ Anthony Mastrovich
General Manager

ALLIED-MISSION OIL, INC.
By /s/ Charles Wray
Vice President

NOTE TO CREDITORS: The following Schedule D is the payment schedule to the Ore Purchase Agreement, as amended, under which Climax Uranium Company is purchasing the ore from the Vanadium Queen Mine.

SCHEDULE "D"

PAYMENT

General. Subject to other provisions of this agreement, and during the term hereof, payment for acceptable ore shall be made on all such ore delivered by Seller to Buyer during each calendar month under the conditions and at the prices set forth in this Schedule "D"

1. It is specifically understood that no payment will be made by Buyer for any lot of nonacceptable ore as that term is defined in Schedule "B", nor for any constituent other than U_3O_8 and V_2O_5. It is agreed that all mill tailings shall be the sole property of Buyer without further payment.

2. Payment shall be computed on the dry weight of all ore.

3. Settlement shall be made on the U_3O_8 and V_2O_5 contained in a monthly composite lot. All individual lots of acceptable ore delivered during each settlement period shall be considered as one monthly composite lot. The weighted average assay of the U_3O_8 and V_2O_5 contained in the composite lot shall be considered as the assay grade of said ore for settlement purposes. The pounds of U_3O_8 and V_2O_5 contained in such composite lot shall be sum of pounds of U_3O_8 and the sum of pounds of V_2O_5 respectively, contained in the individual assay lots delivered during the applicable settlement period.

4. All acceptable ore produced by Seller for sale to Buyer under the terms of this agreement shall be delivered:

a. By Seller to Buyer's Mill at Grand Junction, Colorado. Buyer will pay a haulage allowance of SIX AND 75/100 Dollars ($ 6.75) per wet ton of ore.

5. If any monthly composite lot of acceptable ore hereunder contains moisture (H_2O) in excess of 10.00% but less than 15.00% of the dry weight of such ore, there will be deducted from the payment for such lot an amount equal to $2.00 for each ton (and pro rata for fractions of a ton (2000 pounds) comprising such lot. For moisture (H_2O) in excess of 15.00% of the dry weight, the deduction as provided herein will be increased to $3.50 per ton.

6. Buyer will pay for acceptable ore delivered at the mill on or before the 10th day of the month following the month such ore is delivered. Payment shall be made to Seller, and no assignment in whole or in part of the payment may be made by the Buyer without prior written consent.

7. Buyer is authorized to deduct from any payment accruing to Seller hereunder any amounts owing to Buyer by Seller

8. Buyer shall pay Seller for the U_3O_8 and V_2O_5 contained in the monthly composite lot of acceptable ore an amount determined as follows:

a. Base Price. For uranium an amount equal to the base price, including premiums thereon, as established by Paragraph (1) of Section 60.5a of AEC Domestic Uranium Program Circular 5, Revised, and as amended October 9, 1953. For vanadium 31¢ per pound.

b. Special Allowance. Plus a special allowance equal to 50¢ per pound of U_3O_8, with fractional pounds prorated to the nearest cent.

c. Grade Factor Premium. Plus a premium for a grade factor (as defined below) in excess of 54 points as follows:

Units of Grade Factor in excess of 54	Per Ton Premium Rate Per Unit in excess of 54
1 thru 5	$0.25/unit
6 thru 10	0.21/unit
11 thru 15	0.18/unit
16 thru 20	0.16/unit
21 thru 25	0.14/unit
26 and over	0.13/unit

Example: For the following grade factors in excess of 54, the premium is calculated as shown:

4 grade units,	premium would be	4 x $0.25	equals	$1.00
12 grade units,	premium would be	12 x 0.18	equals	2.16
18 grade units,	premium would be	18 x 0.16	equals	2.88
23 grade units,	premium would be	23 x 0.14	equals	3.22

d. Grade Factor Penalty. Less a penalty of 50¢ per ton for each grade factor point below 46 points.

e. Grade Factor Defined. Grade factor points shall be determined from the monthly composite lot of acceptable ore and shall be the sum of:

(1) Five (5) times the average number of pounds of U_3O_8 contained in each ton of ore.

(2) Plus the average number of pounds of V_2O_5 contained in each ton of ore.

(3) Example. Ore with a weighted average of 0.45% U_3O_8 and 1.50% V_2O_5 would result in a grade factor of 45 for the U_3O_8 plus a grade factor of 30 for the V_2O_5, making a total grade factor of 75. 75 minus 54 equals 21 units. 21 units @ 14¢ per unit equals $2.94 /ton premium.

(4) Fractions of a grade factor point shall be rounded to the nearest whole point.

November 26, 1962

DMEA-4631

See CONFIDENTIAL file for report this date by Mr. Selfridge (for the Director's signature) on FBI reports dated September 20 and October 24, 1962.

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
11/19	GCS	120
11/20	J Mason	110
11/20	[illegible]	100
11/20	Brunwald	500
		220

November 19, 1962

Memorandum

To: The File

From: Chief, Division of Field Operations

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Mr. Connors telephoned today to inform the writer that R. K. Church was suing the Allied Mission Oil Company. Mr. Charles Wray of the company had visited Mr. Connors and wanted him to testify during the suit. Mr. Connors said that Mr. Wray was going to call at the Washington Office possibly today and that he wanted to forewarn us of the visit.

Mr. Connors mentioned that he had gone to court last Friday relative to the bankruptcy case and had learned that OME had been omitted from one of the pages of the new document. He saw to it that it was added. Climax Uranium will operate the property.

The writer mentioned to Mr. Connors that we had received another confidential F.B.I. report and asked him if he had anything new concerning the ore matter. Mr. Connors had nothing. The writer mentioned that, seemingly, the F.B.I. had been seeking Mr. Church without success. Mr. Connors stated that he has seen Mr. Church, sometimes with his wife, at all of the bankruptcy hearings.

George C. Selfridge

GCSelfridge/gla
cc to: Docket DMEA-4631
Director's Reading File
Mr. Selfridge

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 20 1962

DATE		CODE
		170
11-21		100
21		110
	Murphy	500
	Gradowski	500
		320

November 19, 1962

AIRMAIL

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

It occurred to me right after our telephone conversation this morning regarding the subject contract, that the source of information to the F.B.I. is probably Charles Wray or some other official of the Allied Mission Oil Company. They are making every effort to make me appear as a witness for them in the lawsuit Ray Church has brought against them.

Hugh M. Connors

Hugh M. Connors

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED NOV 16 1962

DATE	INITIALS	CODE
11/16	[illegible]	800
		~~420~~
	Brasuel	500
~~11/20~~	~~Murphy~~	~~500~~
		220

November 13, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

I visited Mr. A. M. Mastrovich, Vice President and General Manager of Climax Uranium Company, in his office November 6, 1962. The purpose of my visit was to ascertain if Climax had started work on the subject property.

Mr. Mastrovich informed me that the Allied Mission Oil people are still up to their old tricks and are now playing Climax against Union Carbide Nuclear. The Referee in Bankruptcy is to decide on November 16, 1962 whether or not to accept a new proposal or throw the whole case into General Bankruptcy.

I have contacted our attorney, Robert Mesch, and have an appointment with him the morning of November 14, 1962.

Hugh M. Connors

Hugh M. Connors

UNITED STATES
DEPARTMENT OF THE INTERIOR

OFFICE OF THE SOLICITOR

DENVER REGIONAL OFFICE
ROOM 21, BUILDING 53
DENVER FEDERAL CENTER
DENVER 25, COLORADO

OME
DEPARTMENT OF THE INTERIOR
OCT 18 1962
REGION III
DENVER, COLORADO

OCT 17 1962

Memorandum

To: Acting Field Officer, Region III, Office of Minerals Exploration, Denver, Colorado

From: Regional Solicitor, Denver

Subject: Allied-Mission Oil, Inc., Debtor--Bankruptcy Proceedings No. 31514--Exploration Project Contract No. Idm-E1092--Docket No. DMEA 4631--Vanadium Queen Uranium Corporation

We are enclosing a copy of a letter dated October 10, 1962, from the United States Attorney relative to the above-captioned matter.

We will continue to keep you advised as we receive further information from the United States Attorney.

George E. Longstreth

George E. Longstreth
For the Regional Solicitor

Enclosure

Mr Selfridge

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 22 1962
DATE
10/22 800
Murphy 1500
220

Fuc

10694
MRK:dt

October 10, 1962

Mr. Bryan L. Kepford
Acting Regional Solicitor
U. S. Department of the Interior
Room 21, Building 53
Denver Federal Center
Denver 25, Colorado

Re: Allied-Mission Oil, Inc., Debtor--Bankruptcy Proceedings No. 31514-- Exploration Project Contract No. Idm-E1092-- Docket No. DMEA 4631-- Vanadium Queen Uranium Corporation.

Dear Mr.Kepford:

In reply to your letter of September 20, 1962, this is to advise that we still feel that we are proceeding in the correct manner.

However, to be on the safe side, we called Mr. E. M. Heppenstall who stated the debtor's plan has not yet been approved in full. The debtor has until November to have the plan approved.

If the plan is approved, we will request the Court to affirm our contract. We may have to do this by petition.

Therefore, it appears to us that the appropriate time to discuss this matter with the Referee in Bankruptcy would be the date the debtor's plan is up for approval, and if the plan is approved the Referee could include our royalty right within his order.

Very truly yours,

LAWRENCE M. HENRY
United States Attorney

By: MERLE R. KNOUS
Assistant United States Attorney

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED SEP 26 1962

DATE	INITIALS	
9/27		8.00
		500
10/8	Murphy	
		220

September 24, 1962

Memorandum

To: W. R. Griswold, Acting Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah
Bankruptcy Proceedings No. 31514

Enclosed are two copies of a letter to the United States Attorney from the Acting Regional Solicitor dated September 20, 1962 regarding Bankruptcy Proceedings on the subject contract.

Hugh M. Connors

Hugh M. Connors

Attachments

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
DENVER REGIONAL OFFICE
ROOM 21, BUILDING 53
DENVER FEDERAL CENTER
DENVER 25, COLORADO

SEP 20 1962

OME
DEPARTMENT OF THE INTERIOR
SEP 2 1962

Idm-E1092

United States Attorney
Department of Justice
348 Post Office Building
Denver, Colorado

Attention: Merle R. Knous

Dear Sir:

Subject: Allied-Mission Oil, Inc., Debtor--Bankruptcy Proceedings No. 31514--Exploration Project Contract No. Idm-E1092--Docket No. DMEA 4631--Vanadium Queen Uranium Corporation

This will supplement a telephone conversation with Mr. Merle R. Knous on September 19, 1962, wherein we discussed the advisability and necessity of filing an amendatory or supplementary Proof of Claim in the above proceedings.

As we pointed out to Mr. Knous, we are somewhat concerned over the fact that the Proof of Claim that was filed covers only the sum of $5.13, which is the amount presently due and owing under the royalty obligation, but does not cover the total balance of $27,293.02, which is repayable under the royalty obligation.

While the total balance, less the $5.13 presently due, is contingent in nature, depending upon the production of ore from the DMEA Area, and recognizing that the Arrangement proposed by the debtor covers the contingent obligation due the United States, and that the Stipulation entered into between the debtor and the United States provides for the payment of the total balance due under the royalty obligation, we nevertheless wonder if it would not be advisable or perhaps even necessary to file a Proof of Claim for the total amount of the obligation, which is recognized in Paragraph 11 of the Stipulation as a debt which has priority under the provisions of 11 U.S.C. 104a (4).

We are willing to research this point if you so wish. However, before doing so, we would appreciate your discussing the problem, if you believe that a problem may exist, with the Referee in Bankruptcy.

We will appreciate your keeping this office advised as to the status of this case.

Sincerely yours,

Bryan L. Kepford

Bryan L. Kapford
Acting Regional Solicitor

cc:
Acting Field Officer, Region III, Office of Minerals Exploration, Denver, Colorado

BLIND NOTE TO ACTING FIELD OFFICER:
We have received a copy of an executed Stipulation between the United States and the debtor. The copy is of such character that it cannot be reproduced. However, it is exactly the same as the unexecuted copies of a Stipulation which we previously provided your office. We will continue to keep your office apprised of developments in this case.

INTERIOR DEPT.
SEP 21 1962
SOLICITOR

William T. Thurman, Esq.
United States Attorney, Salt Lake City, Utah
Att: Parker M. Nielson, Ass't U.S. Atty.

September 20, 1962

JDS:dmb:lbc
46-77-192

Joseph D. Guilfoyle
Acting Assistant Attorney General, Civil Division
By: Donald B. Hoffmeyer, Chief, General Litigation Section

Ray L. Church; William Harley Stoneberg;
and George S. Spillman, FRAUD AGAINST THE
GOVERNMENT; CONSPIRACY

There have been referred to this office two copies of Federal Bureau of Investigation report dated August 31, 1962, relating to a complaint that the above named individuals had mined blocked out ore at the [illegible] Mine, in Sal, Utah, and had caused an estimated loss to the Government of $5,000 to $6,000 under the terms of a Refund [illegible] Exploration Administration loan made by the Department of [illegible] to the Allied Mission Oil Corporation to develop the mine.

Since no civil claim has been forwarded to you or to us by the Department of the Interior for assertion in the matter, and as the report indicated that the only action contemplated at this time is a possible prosecution under the criminal conspiracy provisions of 18 U.S.C. 371, we are considering the matter closed subject to being reopened if a civil claim is subsequently asserted.

cc: Dept. of the Interior
Wash. 25, D. C.

Fraud Section
Civil Division
Dept. of Justice

Fraud Section
Criminal Division
Dept. of Justice

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED SEP 17 1962

DATE		
9/17		800 ~~700~~
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"		500
~~9/17~~	~~Murphy~~	~~300~~
		2120

September 14, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

This is to advise that W. M. Glover, an F.B.I. Agent, came to this office September 13, 1962 seeking information relative to the subject contract. All the information I could obtain from him was that " an individual has reported that ore was shipped from the Vanadium Queen Mine on which royalty had not been paid the Government".

Mr. Glover spent the afternoon going through our files on the subject contract. He returned to this office the afternoon of September 14, 1962 and I asked Mr. Robert Mesch, the Attorney who represented us in the bankruptcy case, to sit in with us.

Mr. Glover stated that he will make further investigation and said that he would advise me if we could be of any further assistance to him.

M Romero
for Hugh M. Connors

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

August 24, 1962

OFFICIAL FILE COPY
O. M. E
RECEIVED AUG 27 1962

DATE	INITIAL	
8/27	Received	800 500
8/27	Murphy	
		220

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Attached are the enclosures which accompanied your memorandum of July 25, 1962 which you had requested to be returned.

Hugh M. Connors

Hugh M. Connors

Attachments

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

OME
DEPARTMENT OF THE INTERIOR
JUL 26 1962
REGION III
DENVER, COLORADO

AIRMAIL

Memorandum

JUL 25 1962

EXTRA COPY
O. M. E
RECEIVED AUG 27 1962

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

In accordance with your telephone conversation of today with Mr. Johnson, enclosed is one copy of the Quit Claim Deed by the subject Operator to Allied Mission Oil, Inc., also, the Notice of Adjourned Initial Meeting of Creditors and other papers forwarded with your memorandum of July 16, 1962.

When the enclosures have served their purpose, kindly return them to this office.

George C. Selfridge

Enclosures

5.80

QUIT CLAIM DEED

THIS DEED, made this 20 day of April in the year of our Lord one thousand nine hundred and fifty-nine, between THE QUEEN CORPORATION, a corporation duly organized and existing under and by virtue of the laws of the State of Nevada, formerly named VANADIUM QUEEN URANIUM CORPORATION, of the first part, and ALLIED MINERAL OIL, INC., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, of the second part.

WITNESSETH, That the said party of the first part, for and in consideration of the sum of Ten Dollars and other good and valuable considerations to the said party of the first part in hand paid by the said party of the second part, the receipt whereof is hereby confessed and acknowledged, hath remised, released, sold, conveyed and QUIT CLAIMED, and by these presents doth remise, release, sell, convey and QUIT CLAIM unto the said party of the second part its successors and assigns forever, all the right, title, interest claim and demand which the said party of the first part hath in and to the following described unpatented lode mining claims situate lying and being in the LaSal Mining District, County of San Juan and State of Utah, to-wit:

Name of Claim	Date of Location	Date	Recorded Book	Page
Vanadium Queen	7/1/31	7/16/31	"R"	555
Vanadium Queen No. 2	7/3/52	7/5/52	11	107
Vanadium Queen No. 3 ✓	7/3/52	7/5/52	11	106
Vanadium Queen No. 4	7/3/52	7/5/52	11	105
Vanadium Queen No. 5	7/3/52	7/5/52	11	104
Vanadium Queen No. 6 ✓	7/3/52	7/5/52	11	103
Vanadium Queen No. 7	7/3/52	7/5/52	11	102
Vanadium Queen No. 8	9/1/52	9/23/52	15	241
Vanadium Queen No. 9 ✓	9/1/52	9/23/52	15	244
Vanadium Queen No. 10 ✓	9/1/52	9/23/52	15	243
Vanadium Queen No. 11	9/1/52	9/23/52	15	240
Vanadium Queen No. 12	9/1/52	9/23/52	15	239

TO HAVE AND TO HOLD the same, together with all and singular dips and spurs, rights, privileges and franchises, tenements, hereditaments and appurtenances thereto incident or belonging, or therewith used and enjoyed, and all the estate, right, title, interest property, claim and demand whatsoever, legal and equitable, as well in possession as in expectancy, of the Grantors, of, in or to said

premises, and every part thereof, to the only proper use, benefit and behoof of the said party of the second part, its successors and assigns forever.

IN WITNESS WHEREOF, The said party of the first part hath caused its corporate name to be hereunto subscribed by its President, and its corporate seal to be hereunto affixed, attested by its Secretary, the day and year first above written.

THE QUEEN CORPORATION

By /s/ Don Danvers
Don Danvers, President

ATTEST:

/s/ K. D. Harrison
Secretary

THE STATE OF TEXAS:

COUNTY OF BEXAR:

Before me, the undersigned authority, on this day personally appeared Don Danvers, President, of The Queen Corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated as the act and deed of said corporation.

Given under my hand and seal of office on this the 20th day of April ,A.D., 1959.

/s/ J. E. Patton
Notary Public, Bexar County, Texas

My Commission Expires:
On or June 1, 1959

Entry No. S-9324 50
Recorded 6-15-59 10:54 A.M. Book 262 Page 51
FEE PAID
ARVILLA E. WARREN
San Juan County Recorder
By Deputy

OME
DEPARTMENT OF THE INTERIOR
MAR 2 5 1969
REGION III
DENVER, COLORADO

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO - IN BANKRUPTCY.

In the Matter of	)	
	)	
ALLIED-MISSION OIL, INC.	)	In Proceedings for an Arrangement
	)	
Debtor.)		No. 31514

NOTICE OF ADJOURNED INITIAL MEETING OF CREDITORS; FOR HEARING UNDER SECTION 326; NAMING TIME FOR FILING APPLICATION TO CONFIRM AND FOR CONFIRMATION HEARING; AND OF HEARINGS ON ADJUDICATION OR DISMISSAL.

To the Creditors of the Debtor above named, to said Debtor, and to all others in interest herein:

NOTICE is hereby given that the initial meeting of creditors in this proceeding has been adjourned to and will be held on July 27, 1962, at 1:30 P. M., in the Bankruptcy Court Room, Post Office Bldg., Denver, Colorado, at which time and place the creditors may attend, prove their claims, nominate a trustee, appoint a committee of creditors, examine the officers of the debtor, examine witnesses on any matter relevant to the proceeding, present written acceptances of the proposed arrangement and transact such other business as may properly come before the meeting.

NOTICE is also hereby given that at said time and place a hearing will be had under the provisions of Section 326 of the Bankruptcy Act to determine whether the debtor shall be required to file a bond or undertaking to indemnify the estate against subsequent loss or diminution.

NOTICE is also hereby given that the application to confirm said arrangement shall be filed with this Court on or before August 27, 1962, and that the hearing on the confirmation of the arrangement and objections, if any, to confirmation, will be held in the Bankruptcy Court Room, Post Office Bldg., Denver, Colorado, on September 7, 1962, at 1:30 P. M.

NOTICE is also hereby given that on September 10, 1962, at 1:30 P. M., in the Bankruptcy Court Room, Post Office Bldg., Denver, Colorado, hearings will be had, if appropriate and in the event the debtor shall be ordered to give bond or undertaking under Section 326 and shall fail to do so, or in the event the arrangement is withdrawn or abandoned prior to its acceptance, or in the event the arrangement is not accepted at the meeting of creditors, under the provisions of Sections 327 and 376(2) of the Bankruptcy Act, to determine whether the debtor shall be adjudged a bankrupt and bankruptcy be proceeded with, or this proceeding under Chapter XI of said Act be dismissed.

NOTICE is also hereby given that on September 14, 1962, at 1:30 P. M., in the Bankruptcy Court Room, Post Office Bldg., Denver, Colorado, hearing will be had under Section 376(2) of said Act in the event the money or other consideration required to be deposited is not deposited, or the application for confirmation is not filed within the time fixed by the Court, or if confirmation of the arrangement is refused, and in any of such events an order will then or thereafter entered without further notice, adjudging the debtor a bankrupt and directing that bankruptcy be proceeded with or dismissing this proceeding under Chapter XI, whichever in the opinion of the Court may be in the interest of the creditors.

Accompanying this notice is a copy of said proposed arrangement. A summary of the assets and liabilities of the debtor, as reflected by its schedules filed herein, accompanied the notice of the initial meeting and reference is made thereto.

Dated at Denver, July 12, 1962.

Holme, Roberts, More & Owen
1700 Broadway, Denver 2, Colorado
Attorneys for the Debtor
jf

Benjamin C. Hilliard, Jr.
Chief Referee in Bankruptcy
463 Post Office Bldg.,
Denver 2, Colorado
KEystone 4-4151, Ext. 579

OME
DEPARTMENT OF THE INTERIOR
JUL 12 1962
REGION III
DENVER, COLORADO

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE DISTRICT OF COLORADO

In the Matter of ALLIED-MISSION OIL, INC., Debtor.	IN BANKRUPTCY NO. 31514 IN PROCEEDINGS FOR AN ARRANGEMENT

PROPOSED ARRANGEMENT

ALLIED-MISSION OIL, INC., the above named debtor proposes the following arrangement with its unsecured creditors:

ARTICLE I

SOURCE OF FUNDS

The source of funds to provide the payments proposed in this arrangement to priority creditors is a certain contract between the debtor and Vanadium Corporation of America, an outline of the basic provisions of which is set forth in Exhibit B to this proposed arrangement. By the terms of this contract Vanadium Corporation of America is to advance $35,000 for the payment of tax and other priority debts, which shall be repaid by its purchase of ore from the debtor's mine at La Sal, Utah. The binding effect of this contract is contingent upon the prior timely acceptance and confirmation of this proposed arrangement.

ARTICLE II

DIVISION OF CREDITORS INTO CLASSES

The unsecured debts of the debtor are divided into the following classes:

Class 1: Taxes, costs and expenses of this proceeding, and all debts which have priority under Section 64a(1), 64a(4) and 64a(5) of the Act of Congress relating to bankruptcy.

Class 2: The debt owed to Vanadium Corporation of America as a result of its providing the cash deposit necessary for the payment of priority creditors.

Class 3: All debts and liabilities, including debts owing to priority creditors who shall have waived their priority and claims arising from the rejection of executory contracts, except debts owing to the persons named in Class 4.

Class 4: All debts due under and by virtue of the debtor's six per cent five year convertible notes due December 31, 1963, and of the debtor's six per cent ten year sinking fund convertible debentures due March 1, 1968.

Class 5: All salaries and commissions owed to the following officers and directors of the debtor: Charles G. Wray, William C. Elliott, J. Milton Street, Michael B. Wray, James A. Joy, and Paul W. Havener.

ARTICLE III

PROVISIONS MODIFYING OR ALTERING THE RIGHTS OF UNSECURED CREDITORS

1. All debts included in Class 1 are to be paid in cash in full within 30 days after confirmation, except disputed claims, which shall be paid in full within 30 days after settlement, allowance and approval by the Court, and except insofar as priority creditors shall have waived their priority.

2. The debt comprising Class 2 shall be paid by the giving of credit to Vanadium Corporation of America on the basis of the amounts payable by it by virtue of its purchase of the ore from the debtor's mine at La Sal, Utah, under its contract with the debtor. Vanadium Corporation of America shall receive credit for amounts purchased until recovery by it in full of the $35,000, without interest, to be paid by it for use as a deposit in this proceeding. Such credit shall be given on the basis of and in accordance with monthly settlement sheets to be filed with the Court in this proceeding, commencing one month from the date of confirmation hereof. Such settlement sheets shall show the amount and grade of ore purchased, the amount of credit toward repayment of the $35,000, and the method by which such credit was computed. The debt comprising Class 2 shall have priority as to payment in full after payment of the debts in Class 1.

3. After payment in full of the debt in Class 2, all debts included in Class 3, except debts owing to priority creditors who shall have waived their priority, in the amounts allowed and proved, shall be settled and satisfied by the payment

to the holders thereof forty per cent of the amount of their respective claims. The foregoing amounts shall be payable in each case by checks payable to the order of each of the respective creditors, and shall be made by a series of partial payments as follows:

A. Time for Payments. The first such payment shall be made on or before six months from the date of confirmation of this plan, and payments subsequent to the first payment shall occur in each case on or before the expiration of four months from the date of the last prior payment, until forty per cent of each debt in Class 3, except debts owing to priority creditors who shall have waived their priority, shall have been paid in full, provided: Since such payments depend wholly upon and are to be made wholly out of income from the sale of the debtor's uranium ore, pursuant to an agreement for the operation of the debtor's mining property, as approved by the Court, any event which shall suspend any payment provided for in this Article III may, but only if the Court shall so order, extend for the period of such suspension the time for making any such partial payment.

B. Amount of Payment. The amounts of the partial payments may vary as fluctuations occur in income from ore shipments providing the source for such payments. Out of the funds available for distribution on each payment date the payments shall be made as follows: Twenty per cent of such funds shall be paid to satisfy the interim costs and expenses of this proceeding and the debts owing to such priority creditors, if any, who shall have waived their priority, in each case as allowed by the Court on application of the person designated by the Court to make distribution. In the event that on any payment date the amounts of such costs and expenses and claims of priority creditors who shall have waived their priority shall exceed the amount represented by such twenty per cent of such funds, the distribution shall be made as follows: First, costs and expenses, if any, shall be paid in full; second, out of

the balance remaining the claims of priority creditors who shall have waived their claims shall be paid in proportion to the ratio of the amount of each such amount to the balance remaining. Eighty per cent of such funds shall be paid in reduction of the unpaid balance of the claims, as reduced, of the creditors in this Class 3 other than priority creditors. If on any payment date the amount of costs and expenses of this proceeding and debts owing to priority creditors who shall have waived their priority is less than twenty per cent of the funds available for distribution, the excess shall be added to the eighty per cent payable to creditors other than priority creditors. Payments shall be made in this proportion and in this manner until all of the debts in Class 3 shall be paid, forty per cent to all creditors in Class 3 except priority creditors, if any, who shall have waived their priority, and one hundred per cent of all costs and expenses of administration and of the claims of such priority creditors.

C. Retention of Jurisdiction. The Court shall retain jurisdiction herein until all of the debts in Class 3 are paid as set forth in Article III hereof.

D. Priority. After payment of the debts in Class 1 and Class 2 above, debts in Class 3 shall have priority as to payment, and shall be paid as set forth in Article III hereof before any other debts.

4. The payment of interest and principal as to all debts included in Classes 4 and 5, in the amounts allowed, shall be deferred until after entry of the final decree herein and closing of the estate.

ARTICLE IV

PROVISIONS FOR THE REJECTION OF EXECUTORY CONTRACTS

Each and every executory contract of the debtor, including each executory contract listed in Exhibit I to the petition herein as amended, is hereby rejected. The debtor prays that the Court adjudge whether, and the extent to which, it may be liable under all such executory contracts.

ARTICLE V

PROVISIONS FOR SPECIFIC UNDERTAKINGS OF DEBTOR

1. The debtor undertakes to prepare and furnish to the Court statements containing detailed reports as to receipts and disbursements of the debtor. Such statements shall be furnished semi-annually commencing six months after confirmation, and continue so long as the Court retains jurisdiction.

2. The debtor shall prepare and submit annual profit and loss statements on a calendar year basis, the first such statement to cover the portion of the calendar year commencing with the date of confirmation hereof and ending December 31, 1962.

3. All bonds, oaths and other specific requirements of the debtor under the Bankruptcy Act shall promptly be deposited, made and provided for during the term of this arrangement.

ARTICLE VI

PROVISIONS FOR TERMINATION OF EXTENSION PERIOD

1. The happening of any of the following events shall constitute a default under this Article VI:

A. The failure of the debtor to perform any specific undertaking required under Article V of this arrangement.

B. The failure of the debtor timely to make any partial payment provided for in Article III, paragraphs 3.A.

and 3.B., except during suspension of payments as ordered by the Court under Article III, paragraph 3.A.

2. Upon the occurrence of any of the foregoing events of default, any interested party may petition the Court for termination of the arrangement, unless such default is cured within ten days after its occurrence, and the Court may, upon application and motion, enter the appropriate order under Section 377 of the Bankruptcy Act.

ARTICLE VII

PROVISIONS FOR CONTINUATION OF DEBTOR'S BUSINESS

1. The debtor shall remain in possession and continue the operation of the business of the debtor, under the management of its officers and directors, and of its Vice President and Chairman of the Board, Mr. Charles G. Wray, or his successor as designated or elected by the board of directors of the debtor.

2. The debtor's mine at La Sal, Utah, shall be operated by Vanadium Corporation of America, under a proposed contract, as approved by the Court, on terms and provisions substantially as set forth in Exhibit B hereto.

3. So long as this Court retains jurisdiction, all salary and expense payments to the debtor's officers, agents, attorneys and employees shall be allowed and made only after written application and approval by this Court.

4. The debtor shall not contract any obligation in excess of the sum of $200.00 other than for the purchase

of merchandise, without the prior written approval of this Court.

5. The debtor shall keep and maintain on a current basis all of its books of account, and shall prepare and furnish the statements required under Article V, paragraphs 1 and 2, hereof.

6. The initial depository of the debtor's funds shall be the First National Bank, Grand Junction, Colorado. Such successor depository may be designated as this Court may approve by written order. The debtor asks that Mr. John E. McNulty, whose address is 200 North Sixth Street, Grand Junction, be designated and appointed by this Court as agent for the receipt and distribution of the deposit and of the debtor's funds during the term hereof. Said agent for disbursements shall have sole authority to execute and deliver the debtor's checks, shall give bond with surety to be approved by this Court, and shall be compensated as this Court shall direct.

ARTICLE VIII

PROVISIONS FOR RETENTION OF JURISDICTION BY THE COURT

The Court shall retain jurisdiction during the term hereof under the provisions hereof and Sections 368, 369 and 372 of the Bankruptcy Act.

ARTICLE IX

ACCEPTANCE OF THIS ARRANGEMENT

This arrangement shall be effective only after acceptance by a majority in number and amount of creditors in each class affected hereby whose claims have been proved and

allowed and after confirmation by the Court. Creditors' acceptances shall be in writing, may be on the form attached as Exhibit A, and shall be filed with:

Referees in Bankruptcy
Room 463, Post Office Building
Denver 2, Colorado

Dated at Denver, Colorado, July 11, 1962.

ALLIED-MISSION OIL, INC.

By _____
Vice President and
Chairman of the Board

EUGENE MAST
First National Bank Building
Grand Junction, Colorado

HOLME, ROBERTS, MORE & OWEN
1700 Broadway
Denver 2, Colorado

Attorneys for Debtor

EXHIBIT A

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE DISTRICT OF COLORADO

In the Matter of ALLIED-MISSION OIL, INC., Debtor.	IN BANKRUPTCY NO. 31514 IN PROCEEDINGS FOR AN ARRANGEMENT

ACCEPTANCE OF ARRANGEMENT

The undersigned creditor of the above named Debtor hereby accepts the arrangement proposed by the Debtor in the above proceeding.

Dated _____, 1962.

_____
(Name of Creditor)

By_____
Title_____

Amount of Claim

$_____.

Mail to:

Referees in Bankruptcy
Room 463, Post Office Building
Denver 2, Colorado

EXHIBIT B

TO PROPOSED ARRANGEMENT

OF ALLIED-MISSION OIL, INC.

The following is an outline of the basic provisions of a contract, in the form of a MINING LEASE, which the debtor proposes to enter into with Vanadium Corporation of America (VCA), a Delaware corporation:

1. Term. The lease shall run from a date shortly after confirmation by the Court pursuant to the proceedings under Chapter XI until after the repayment to VCA of its $35,000.00 advance, and possibly through 1966.

2. Leased Property. The leased property covers and includes all of the debtor's right, title and interest in and to the unpatented mining claims which are commonly known as the Vanadium Queen Mine, San Juan County, Utah.

3. Lessee's Rights. During the term of the lease VCA, as lessee, has the right to explore for, mine and market all uranium, vanadium and associated minerals.

4. Payments by Lessee. On the basis of monthly settlement sheets VCA shall pay (or, as to the $35,000.00 advance, give credit) a price based upon the amount and value of ores mined and shipped from the property. The debtor, as lessor, has a right at certain times to elect between a percentage return after deduction of certain costs and a percentage of the gross value of ore, determined generally in accordance with AEC prices. An alternative simple royalty payment may follow after entry of the final decree in these Chapter XI proceedings.

5. Lessee's Agreements. VCA, as lessee, promises to perform required minimum assessment work and to conduct all operations in accordance with good and economic mining practices. VCA also promises to pay claims for work and services done and rendered, to assume full responsibility for accident to persons on the property, and to hold harmless the debtor from claims, costs and damages resulting from or in connection with such work, services,

and accidents. It also agrees to keep accurate current records of all operations, available for inspection by the debtor. It undertakes timely to pay all taxes attributable to its operations and during its occupancy, with provisions for reimbursement by the debtor by adjustments in payments from the purchase of ore.

6. Rights of cancellation. For any violation of the covenants of the lease the debtor has the option to cancel the lease, after notice and an opportunity to remedy the default. Lessee has the right to surrender the lease by the giving of advance notice, at any time during the term.

7. Right of Purchase. VCA, as lessee, is given the first option to purchase the property in the event of a contemplated sale, after 30 days' notice, at a price not less than that offered.

8. Conditions. The effective date of the lease is conditioned upon: (1) Acceptance of the proposed arrangement by the requisite number and amount of creditors and claims, and prior confirmation by the Court in the Chapter XI proceedings; (2) VCA's being furnished with a copy of the debtor's Petition and Schedules under Chapter XI; (3) Limitation of VCA's portion of the debtor's initial deposit to $35,000.00; (4) The timely rejection pursuant to Chapter XI procedures of all contracts affecting the mining, delivery, hauling and purchase of ore in effect at the time of the filing of the Petition; (5) A minimum AEC allocation as of July 1, 1962 of 22,000 pounds of U_3O_8 per fiscal year and cancellation of acceleration; and (6) Prior approval of the mining lease by the debtor's board of directors.

9. Assignment and Subleasing. VCA may not assign the lease without the written consent of the debtor as lessor, but may sublease or contract for mining, without however being relieved of its obligations under the lease.

(Note: Any interested party may procure a draft of the proposed lease between VCA and the debtor by application to Holme, Roberts, More & Owen, attn. E. M. Heppenstall, 1700 Broadway, Suite 1010, Denver 2, Colorado, at any time after July 20, 1962.)

4631

UNITED STATES
DEPARTMENT OF THE INTERIOR

OFFICE OF THE SOLICITOR

DENVER REGIONAL OFFICE
ROOM 21, BUILDING 53
DENVER FEDERAL CENTER
DENVER 25, COLORADO

OME
DEPARTMENT OF THE INTERIOR
AUG 24 1962
REGION III
DENVER, COLORADO

Memorandum

August 23, 1962

OFFICIAL FILE COPY
RECEIVED AUG 27 1962

DATE	INITIALS	
8/27		800
		100
		120
8/28		500
8/28		500
		220

To: Acting Field Officer, Region III, Office of Mineral Exploration, Denver, Colorado

From: Regional Solicitor, Denver

Subject: Allied-Mission Oil, Inc., Debtor--Bankruptcy Proceedings No. 31514--Exploration Project Contract No. [illegible]-E1002--Docket No. DMEA 4631--Vanadium Queen Uranium Corporation

We are returning the files which you transmitted to this office in connection with the above matter.

As you know, we have provided the United States Attorney's office with a suggested Proof of Claim to be filed by the United States Attorney in behalf of the United States and a proposed Stipulation, which appears to be satisfactory to the attorneys for Allied-Mission Oil, Inc. We are enclosing copies of these instruments for your records. Under the proposed Stipulation the United States will receive its full royalty in accordance with the terms of the exploration project contract.

By a copy of this memorandum we are asking the United States Attorney to provide this office with a copy of the Proof of Claim that is filed in the bankruptcy proceedings and a copy of the executed Stipulation. We are also advising the United States attorney that both this office and your office stand ready to assist in any way necessary to the successful conclusion of this matter.

Bryan L. Kepford

Bryan L. Kepford
For the Regional Solicitor

Enclosures

cc:
United States Attorney, Denver, Colorado
Associate Solicitor, Division of Mineral Resources

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE DISTRICT OF UTAH

In the Matter of	IN BANKRUPTCY No. [illegible]
ALLIED-MISSION OIL, INC.,	IN PROCEEDING FOR AN ARRANGEMENT
Debtor.	

STIPULATION

ALLIED-MISSION OIL, INC., the above-named debtor, hereinafter called the debtor, and the United States of America, hereinafter called the United States, hereby stipulate:

1. By document dated May [illegible], 1957, Docket No. [illegible], the United States, acting through the Department of the Interior, Defense Minerals Exploration Administration (now the Office of Minerals Exploration) entered into an EXPLORATION PROJECT CONTRACT with the Vanadium Queen Chemical Corporation, predecessor in interest to the debtor, relating to the exploration and development of four unpatented lode mining claims (the Vanadium Queen No. [illegible], the Vanadium Queen No. [illegible], the Vanadium Queen No. [illegible], and the Vanadium Queen No. 10) in San Juan County, Utah. This document is referred to herein as the exploration contract.

2. Pursuant to Article [illegible] of the exploration contract, the United States through the Defense Minerals Exploration Administration (now the Office of Minerals Exploration) contributed $[illegible],000.00 as its [illegible]% share of allowable costs.

3. A certification of discovery or development under Article [illegible] of the exploration contract was issued on December [illegible], 1957, as a result of which a royalty, in percentages according to Article [illegible](e) is payable on all minerals mined or produced from the land covered by the exploration contract (i. e. the land included within the Vanadium Queen No. [illegible], the Vanadium Queen No. [illegible], the Vanadium Queen No. [illegible], and the Vanadium Queen No. 10 unpatented lode mining claims) for a period of ten years from the date of the exploration contract or until the total net amount contributed by the United States is repaid without interest, whichever occurs first.

4. Under date of December [illegible], 1957, the United States acting through the Defense Minerals Exploration Administration (now the Office of Minerals Exploration) entered into a termination agreement with Vanadium Queen Chemical

Corporation, by the terms of which the exploration contract was terminated.

5. Paragraph 4 of the termination agreement, however, specifically preserved the rights of the government respecting certification of discovery or development, percentage royalty and liens to secure payment thereof.

6. Article 2(a) of the exploration contract granted to the government to secure the payment of its percentage royalty a lien upon the land covered by the exploration contract or the operator's interest in the land and upon any production of minerals therefrom until the royalty is extinguished by lapse of time or is fully paid.

7. Article 2(d) of the exploration contract provided that the operator would 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.

8. The exploration contract was never been filed or recorded in the office of the county recorder of San Juan County, Utah, and hence with respect to the proceedings in Chapter XI the claim of the United States is not a secured claim.

9. Royalties in the amount of $[illegible],163.58 have been paid under the exploration contract, and a balance presently due of $[illegible].13 exists. The total balance repayable as of the date hereof is $27,[illegible].00.

10. The exploration contract provided that the royalty payable under the contract would be payable only from the production of minerals in a certain area known as the "DMEA Area" (which area covers the land included in the Vanadium Queen No. [illegible], Vanadium Queen No. [illegible], Vanadium Queen No. [illegible], and the Vanadium Queen No. 10, unpatented lode mining claims located in San Juan County, Utah).

11. It is agreed that the aforesaid balance of $27,[illegible] is a debt which has priority under the provisions of 11 U. S. C. § 104a(4), commonly known as 104a(4) of the Bankruptcy Act.

12. It is agreed that except for the $[illegible].13 presently due, which upon filing of the government's claim will be paid in full as a priority debt by

the debtor, the obligation represented by the supplemental bond is contingent in nature, because, under the exploration contract, upon the operations conducted upon the DMA Area, only with the consent of the United States is possible.

13. The debtor agrees, when and if operations are conducted upon the DMA Area during the period of the debtor's ownership of the DMA Area, to the extent production is obtained from the DMA Area to pay the United States its full royalty, in accordance with the exploration contract.

14. The debtor further agrees that it will not transfer, convey, or surrender the land covered by the exploration contract nor any right, title, or interest therein, without expressly reserving 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 upon proceeds thereof.

15. The parties agree that since the exploration contract has been terminated by the termination agreement of December 4, 1957, the debtor's scheduling of the exploration contract as an executory contract in Exhibit 2 to its petition in these proceedings was erroneous.

This stipulation is executed effective as of August 15, 1958.

ALLIED-MINERAL OIL, INC.
Debtor

BY:

EUGENE E. MAST
HOLME, ROBERTS, MAST & OWEN
J. M. HEPPENSTALL

Attorneys for Debtor

THE UNITED STATES OF AMERICA

By_____

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO - IN BANKRUPTCY

In the Matter of:	)	
ALLIED-MACKINAC OIL, INC.	)	In Proceeding for Arrangement
Debtor.	)	No. [illegible]

PROOF OF SECURITY CLAIM

_____, ss.

_____ in the County of Denver, State of Colorado, says:

1. That he is the attorney for the United States of America; that the undersigned is duly authorized by the United States of America to make this proof of claim on its behalf.

2. That the undersigned is informed and believes that Allied-Mackinac Oil, Inc., the above-named debtor, was at and before the filing of its petition for an arrangement under Chapter XI of the Bankruptcy Act, and still is, justly and truly indebted or liable to the United States of America in the sum of Twenty-seven Thousand Two Hundred Nineteen Dollars and Two Cents ($27,219.02).

3. That the undersigned is informed and believes that the consideration of this debt or liability is as follows:

> On May [illegible], 1953, the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration (now the Office of Minerals Exploration) entered into an exploration project contract pursuant to the Defense Production Act of 1950, as amended (50 U.S.C.A. App. [illegible]) and the regulations issued pursuant thereto (32A C.F.R. Chapt. XII) with Vanadium Queen Uranium Corporation, a predecessor in interest to the debtor.
>
> Under the terms of the contract the United States of America agreed to contribute 75% of certain allowable costs, but not to exceed $[illegible], in a program for indicated or undeveloped deposits of uranium in four designated lode mining claims (the Vanadium Queen No. [illegible], the Vanadium Queen No. [illegible], the Vanadium Queen No. [illegible], and the Vanadium Queen No. [illegible]) situate in the County of San Juan, State of Utah, owned by Vanadium Queen Uranium Corporation. The total allowable costs under the contract amounted to $[illegible], with the Government's contribution of a [illegible] share of $[illegible].
>
> The contract provided that Vanadium Queen Uranium Corporation could, as provided if it was the producer, or as curator if it was not the producer, pay to the United States a specified percentage royalty on all uranium mined or produced from the four designated lode mining claims.
>
> Pursuant to the contract the United States made a certification of discovery or development which resulted in the royalty condition for a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest was fully repaid.

The contract further provided in part as follows:

> "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."

By a quitclaim deed dated April 20, 1[illegible], and recorded June 1[illegible], the Queen Corporation (formerly named Vanadium Queen Uranium Corporation) conveyed to Allied-Mission Oil, Inc., a Delaware corporation, all of its right, title, and interest in 1[illegible] unpatented lode mining claims, including the four unpatented lode mining claims which were the subject of the exploration project contract.

4. That the undersigned is informed and so believes that no part of the debt or the liability has been paid, except (a) $14[illegible] paid in royalty by Vanadium Queen Uranium Corporation (or the Queen Corporation), and (b) $[illegible],214.[illegible] paid in royalty by Allied-Mission Oil, Inc.

5. That the undersigned is not aware of any set-offs or counterclaims to the debt or liability.

6. That the undersigned is informed and so believes that the United States of America does not hold, and has not, nor has any person by its order, or for its use, had or received, any security or securities for the debt or liability, except for the provision in the exploration project contract relating to a lien.

7. That an executed copy of the exploration project contract is attached hereto together with an executed copy of an agreement dated December 4, 1[illegible], terminating the exploration project contract but expressly preserving all rights of the United States of America with respect to the percentage royalty and lien to secure payment thereof.

8. That the undersigned believes and so asserts that the claim of the United States of America is entitled to priority under Section 4(a)(5) of the Bankruptcy Act.

Dated at Denver, Colorado, this _____ day of _____, 1[illegible].

_____

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
RECEIVED AUG 20 1962

DATE	INITIALS	CODE
8/20		800
8/20		100
		500
8/21		110
8/22	Murphy	
		220

August 17, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

I spent from 9:00 a.m. this morning until 3:00 p.m. this afternoon in Bankruptcy Court with our Solicitor, Robert Mesch, and a new Attorney from the U. S. Attorney's Office, Mr. Robert Knouss.

Mr. Anthony Mastrovitch, General Manager of the Climax Uranium Corporation, was on the stand until noon. Mr. Charles Wray was on the stand this afternoon.

The creditors in Classes III, IV, and V voted about three to one for acceptance of the Climax proposal. A former representative from the U. S. Attorney's Office who was supposed to be representing us and Internal Revenue had previously voted "no" on the proposal.

Enclosed are (1) The Climax Agreement (2) a copy of our Proof of Priority Claim by Robert Mesch and (3) Stipulation by Robert Mesch.

Mr. Mesch, within the next ten days, will write me a letter and a letter to the U. S. Attorney, copies of which I will forward you.

Hugh M. Connors

Hugh M. Connors

Attachments

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO - IN BANKRUPTCY

In the Matter of:	)	
	)	
ALLIED-MINERAL OIL, INC.	)	In Proceedings for an Arrangement
	)	
Debtor.	)	No. [illegible]

PROOF OF PRIORITY CLAIM

_____, of

_____, in the County of _____, the

State of _____, says:

1. That he is the Attorney for the United States of America, that the undersigned is duly authorized by the United States of America to make this proof of claim in its behalf.

2. That the undersigned is informed and believes that Allied-Mineral Oil, Inc., the above-named debtor, was at and before the filing by it of the petition for an Arrangement under Chapter XI of the Bankruptcy Act, and still is, justly and truly indebted or liable to the United States of America in the sum of Twenty-Seven Thousand Two Hundred Ninety-Three Dollars and Two Cents ($27,293.02).

3. That the undersigned is informed and believes that the consideration of this debt or liability is as follows:

On May 29, 1955, the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration (now the Office of Minerals Exploration) entered into an exploration project contract pursuant to the Defense Production Act of 1950, as amended (50 U.S.C.A. App. 2071, 2093) and the regulations issued pursuant thereto (32A C.F.R. Chapt. XII) with Vanadium Queen Uranium Corporation, a predecessor in interest to the debtor.

Under the terms of the contract the United States of America agreed to contribute 75% of certain allowable costs, but not to exceed [illegible], in a general fund initiated or underwritten deposits of uranium in four unpatented lode mining claims (the Vanadium Queen No. [illegible], the Vanadium Queen No. [illegible], the Vanadium Queen No. [illegible], and the Vanadium Queen No. [illegible]) situate in the County of San Juan, State of Utah, owned by Vanadium Queen Uranium Corporation. The total allowable costs under the contract amounted to $44,[illegible], with the Government's contribution of $[illegible] (the United States).

The contract provided that Vanadium Queen Uranium Corporation could, as principal if it was the producer, or as surety if it was not the producer, pay to the United States a specified percentage royalty on all ores in mineral or product from the four unpatented lode mining claims.

Pursuant to the contract the United States made a certification of discovery or development which resulted in the execution of a period of ten years from the date of the contract, or until the total net amount contributed by the Government plus interest was fully repaid.

The contract further provided in part as follows:

> "To secure the payment of the 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."

By a quitclaim deed dated April 30, 1955, and recorded June 1[illegible], 1955, the [illegible] Corporation (formerly named Vanadium [illegible] Uranium Corporation) conveyed to Allied-Mission Oil, Inc., a Delaware corporation, all of its right, title, and interest in 12 unpatented lode mining claims, including the four unpatented lode mining claims which were the subject of the exploration project contract.

4. That the undersigned is informed and so believes that no part of the debt or liability has been paid, except (a) $146.[illegible] paid in royalty by Vanadium [illegible] Uranium Corporation (or the [illegible] Corporation) and (b) $[illegible] paid in royalty by Allied-Mission Oil, Inc.

5. That the undersigned is not aware of any set-offs or counterclaims to the debt or liability.

6. That the undersigned is informed and so believes that the United States of America does not hold, and has not, nor has any person by its order, or for its use, had or received, any security or securities for the debt or liability, except for the provision in the exploration project contract relating to a lien.

7. That an executed copy of the exploration project contract is attached hereto together with an executed copy of an agreement dated December 4, 1957, terminating the exploration project contract but expressly preserving all rights of the United States of America with respect to the percentage royalty and lien to secure payment thereof.

8. That the undersigned believes and so asserts that the claim of the United States of America is entitled to priority under section 4(a)(3) of the Bankruptcy Act.

Dated at Denver, Colorado, this _____ day of _____, 1[illegible].

_____

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE DISTRICT OF COLORADO

In the Matter of	)	In BANKRUPTCY No. [illegible]
	)	
ALLIED-MISSION OIL, INC.,	)	IN PROCEEDINGS FOR
	)	AN ARRANGEMENT
Debtor.	)	

STIPULATION

ALLIED-MISSION OIL, INC., the above-named debtor, herein called the debtor, and the United States of America, herein called the United States, hereby stipulate:

1. By Instrument dated May [illegible], 1957, Docket No. DMEA [illegible], the United States, acting through the Department of the Interior, Defense Minerals Exploration Administration (now the Office of Minerals Exploration) entered into an EXPLORATION PROJECT CONTRACT with the Vanadium Queen Uranium Corporation, predecessor in interest to the debtor, relating to the exploration and development of four unpatented lode mining claims (the Vanadium Queen No. 3, the Vanadium Queen No. 7, the Vanadium Queen No. [illegible], and the Vanadium Queen No. 10) in San Juan County, Utah. This document is referred to herein as the exploration contract.

2. Pursuant to Article [illegible] of the exploration contract, the United States through the Defense Minerals Exploration Administration (now the Office of Minerals Exploration) contributed $[illegible] as the 75% share of allowable costs.

3. A certification of Discovery or Development under Article [illegible] of the exploration contract was issued on December 13, 1957, as a result of which a royalty in percentages according to Article 5(e) is payable on all minerals mined or produced from the land covered by the exploration contract (i. e. the land included within the Vanadium Queen No. 3, the Vanadium Queen No. 7, the Vanadium Queen No. [illegible], and the Vanadium Queen No. 10 unpatented lode mining claims) for a period of ten years from the date of the exploration contract or until the total net amount contributed by the United States is repaid without interest, whichever occurs first.

4. Under date of December [illegible], 1957, the United States acting through the Defense Minerals Exploration Administration (now the Office of Minerals Exploration) entered into a termination agreement with Vanadium Queen Uranium

Corporation, by the terms of which the exploration contract was terminated.

9. Paragraph 4 of the termination agreement, however, specifically preserved the rights of the government respecting certification of discovery or development, percentage royalty and liens to secure payment thereof.

10. Article 8(g) of the exploration contract granted to the government to secure the payment of its percentage royalty a lien upon the land covered by the exploration contract or the operator's interest in the land and upon any production of minerals therefrom until the royalty is extinguished by lapse of time or is fully paid.

11. Article 8(d) of the exploration contract provided that the operator would 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.

12. The exploration contract has never been filed or recorded in the office of the county recorder of San Juan County, Utah, and hence with respect to the proceedings in Chapter XI the claim of the United States is not a secured claim.

13. Royalties in the amount of $[illegible],363.58 have been paid under the exploration contract, and a balance presently due of $[illegible] exists. The total balance repayable as of the date hereof is $27,[illegible]5.0[illegible].

14. The exploration contract provided that the royalty payable under the contract would be payable only from the production of minerals in a certain area known as the "[illegible] Area" (which area covers the land included in the Vanadium Queen No. [illegible], Vanadium Queen No. [illegible], Vanadium Queen No. [illegible], and the Vanadium Queen No. 10, unpatented lode mining claims located in San Juan County, Utah).

15. It is agreed that the aforesaid balance of $27,[illegible] is a debt which has priority under the provisions of 11 U. S. C. § 104a(4), commonly known as 104(4) of the Bankruptcy Act.

16. It is agreed that except for the $[illegible] presently due, which upon filing of the government's claim will be paid in full as a priority debt by

the debtor, the obligation represented by the unpaid balance of contingent [illegible] liability, depend [illegible] under the exploration contract, upon a [illegible] conducted upon the [illegible] area, and on a [illegible] royalty [illegible] to the United States [illegible] possible.

13. The debtor agrees, when and if operations are conducted upon the [illegible] area during the period of the debtor's ownership of the [illegible] area, to the extent production is obtained from the [illegible] area to pay, to the United States its full royalty, in accordance with the exploration contract.

14. The debtor further agrees that it will not transfer, convey, or surrender the land covered by the exploration contract nor any right, title, or interest therein, 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 payment thereof.

15. The parties agree that since the exploration contract has been terminated by the termination agreement of December [illegible], the debtor's scheduling of the exploration contract as an executory contract in bankruptcy in its petition in these proceedings was erroneous.

This stipulation is executed effective as of August 1, 1972.

SILLIKO-MIDLAND OIL, INC.
Debtor

BY:

EDGAR H. MAST
[illegible], [illegible] & OWEN
L. M. [illegible]

Attorneys for Debtor

THE UNITED STATES OF AMERICA

By_____

A G R E E M E N T

THIS AGREEMENT Made and entered into by and between CLIMAX URANIUM COMPANY, A Unit of American Metal Climax, Inc., a New York corporation authorized to conduct business in the States of Colorado and Utah, with offices at 125 N. 8th Street, Grand Junction, Colorado, hereinafter referred to as "Climax", and ALLIED-MISSION OIL, INC., a Delaware corporation authorized to conduct business in the States of Utah and Colorado, with offices at 165 Broadway, New York 6, New York, hereinafter referred to as "AMO";

WITNESSETH:

I RECITALS

1.1 On May 18, 1962, AMO filed a Petition in Proceedings Under Chapter XI of the Bankruptcy Act, in the District Court of the United States for the District of Colorado. Under Chapter XI AMO is submitting a Proposed Arrangement, which Arrangement, among other things, will provide for the continued operation of AMO's mining properties, hereinafter described.

1.2 AMO represents that it has title to and possession of the following described unpatented mining claims (hereinafter called "mining property") situate in the La Sal Creek Mining District (unorganized), San Juan County, Utah, to-wit:

> Vanadium Queen Lode Mining Claims Nos. 1 through 12 inclusive.

1.3 A uranium-vanadium mine known as the Vanadium Queen Mine is located on said mining property.

1.4 AMO believes, but does not warrant, that it owns the structures, mining equipment, machinery, supplies and other personal property listed on Exhibit "1" attached hereto and by this reference made a part hereof.

1.5 By its Petition Under Chapter XI and its Proposed Arrangement dated July 11, 1962, AMO has rejected all its executory contracts affecting said mining property. AMO has scheduled the following executory contracts:

a. Employment contracts between AMO and Ray K. Church dated August 20, 1960, and September 19, 1961.

b. A Purchase and Sale Agreement dated June 26, 1953, between Abe Day and Ethel Mae Day, as sellers, and Don Danvers, as buyer, wherein Don Danvers, a predecessor in interest to AMO, agreed to purchase said mining property; and a certain Agreement dated November 5, 1954, between Abe Day and Vanadium Queen Account, a limited partnership, wherein Vanadium Queen Account, a predecessor in interest to AMO, entered into a Hauling Agreement with Abe Day relating to the haulage of ores mined from said mining property.

c. An Assignment dated June 27, 1953, between Don Danvers, assignor, and Strategic Minerals Exploration Company, a partnership, assignee, wherein said assignor assigned "... a 3% royalty in and to all net proceeds derived from the sale of ores produced upon said claims ..." to said assignee.

d. A Mining Contract between William Stotesberry and AMO dated during January, 1962, relating to "clean-up" of an area of the Vanadium Queen Mine.

e. Ore Purchase Agreement entered into as of the 1st day of April, 1962, between Climax and AMO relating to the purchase and sale of ore produced from the mining property.

1.6 The Proposed Arrangement has not as yet been accepted or confirmed, and no determination has yet been made as to the rejection of the foregoing and other scheduled executory contracts.

1.7 A portion of the mining property (claims Nos. 3, 7, 9 and 10) is subject to a DMEA loan agreement, which loan agreement provides, among other things, that 5% of the gross proceeds derived from said claims is payable to the United States of America, until such time as the amount loaned under said DMEA loan agreement has been repaid in accordance with the terms thereof.

1.8 Certain mechanics' and materialmen's liens have been filed against the mining claims, in an amount estimated to be approximately $16,100.00, the amount of certain of said claims being disputed by AMO in the initial petition filed in the Bankruptcy Court.

1.9 AMO is required to deposit with the Bankruptcy Court a sum of money sufficient to satisfy certain priority debts which have not been waived. It is estimated that approximately $35,000.00 will be required for this purpose.

1.10 Climax' engineers and geologists have examined the mining property and Vanadium Queen Mine and have reported that only a small amount of minable ore is now showing in the workings and faces of the mine. Said engineers and geologists are of the opinion, based upon the geology of the mining property and the past history of the mine that the property has a favorable future potential.

1.11 Climax estimates that between $10,000.00 and $15,000.00 in surface and underground drilling and development drifting must be performed before the profitable extraction of ore from the mine can be expected, presuming such drilling and development drifting disclose ore which can be mined and processed at a profit.

1.12 The AEC has allocated to said mining property the right to produce therefrom U_3O_8 in or during each fiscal year or portion thereof as follows:

Year	Maximum annual pounds of U_3O_8 in ore
July 1, 1962, to June 30, 1963, inclusive	24,089
July 1, 1963, to June 30, 1964, inclusive	24,089
July 1, 1964, to June 30, 1965, inclusive	24,089
July 1, 1965, to June 30, 1966, inclusive	24,089
July 1, 1966, to December 31, 1966, inclusive	5,072

1.13 Both parties recognize that the mine is presently limited by said allocation.

1.14 In order to provide funds to enable the payment of creditors pursuant to AMO's Proposed Arrangement Under Chapter XI, AMO desires to borrow approximately $35,000.00 to be used by it to make the deposit referred to in Paragraph 1.9 and to have Climax operate the mining property and Vanadium Queen Mine; and

1.15 Climax is willing to lend AMO the sum of $35,000.00 without interest and to operate said mining property and mine upon the terms and conditions hereinafter set forth.

1.16 NOW THEREFORE, for and in consideration of these premises and of the covenants, conditions and agreements hereinafter contained the parties agree as follows:

II CONDITIONS PRECEDENT

It is understood and agreed that this agreement is specifically subject to the following conditions precedent:

2.1 That AMO's Proposed Arrangement Under Chapter XI be accepted by the creditors and confirmed by the Bankruptcy Court.

2.2 That, as of the effective date of this agreement, as hereinafter set forth, the mining property in the opinion of Climax be free and clear of any and all claims, liens or encumbrances or that arrangements or understandings acceptable to Climax shall have been made by AMO with any and all persons claiming to hold any lien, encumbrance or claim against or affecting said property.

2.3 AMO's rejection of all agreements or documents described in Paragraph 1.5, EXCEPT the Ore Purchase Agreement dated as of April 1, 1962, with Climax, be permitted by the Bankruptcy Court.

2.4 That AMO specifically recognize the validity of said Ore Purchase Agreement with Climax, the same to be amended as hereinafter set forth.

III CLIMAX AGREES AS FOLLOWS:

3.1 Loan Commitment. To loan AMO $35,000.00 for the payment of taxes and other priority debts.

3.2 That said Ore Purchase Agreement between AMO and Climax dated as of the 1st day of April, 1962, is in full force and effect and that it will purchase all uranium and vanadium ores mined and produced from said mining property until December 31, 1966, in accordance with the terms and conditions of said Ore Purchase Agreement, as it now exists or as it may hereafter be amended. That it will contemporaneously with the execution of this agreement execute an Amendment No. 1 to Ore Purchase Agreement in the form of Exhibit "2" attached hereto and by this reference made a part hereof.

3.3 To enter upon the mining property within ten days from the effective date hereof and with all due and reasonable diligence to commence mining operations thereon, including the mining of uranium-vanadium ores, and to perform such underground and surface drilling and development work as Climax in its sole discretion deems necessary, all of which is hereby referred to as the "work". The work shall be performed in accordance with good mining practice and in compliance with health and safety regulations and all other requirements of Federal, state and local governments, including but not by way of limitation, all necessary timbering and work to place and maintain the mine in safe operating condition, maintenance of first-aid equipment at the mine which meets the approval of the State Mine Inspector, and keeping the ore clean of injurious materials. The term "development work" herein used refers to surface and underground drilling and to primary excavations that are required to expose ore, including but not limited to incline, raise, and drift excavations.

3.4 Subject to Paragraphs 4.4 and 4.6, to provide at its expense all mining machinery, equipment, tools and supplies necessary to perform the work and other operations to be performed by it.

3.5 To cause notices to be posted at the mine so as to hold AMO free and clear of any liability arising from Climax' operations; and to indemnify and save harmless AMO against any and all claims and demands whatsoever arising out of Climax' operations hereunder, including, but not limited to, death and injuries to any person and damage to property.

3.6 To properly maintain all structures, machinery and equipment furnished to Climax by AMO as hereinafter provided and to return the same to AMO forthwith upon the termination or expiration of this agreement in the same condition as when received, reasonable wear and tear excepted.

3.7 To supervise, direct and control such employees as it may require to properly perform this agreement and to pay them on its own account.

3.8 To comply with all applicable statutes with respect to labor employed on the Work, including, but not limited to, The Fair Labor Standards Act and the Walsh-Healey Act, and to protect and indemnify AMO against any payroll taxes or contributions imposed with respect to any employees of Climax by any applicable law dealing with old-age benefits, unemployment compensation, accident compensation, health insurance, and related subjects.

3.9 To insure or cause to be insured each and every workman employed in, about or on the work the compensation provided for in and by each and every statute applicable thereto with respect to Workmen's Compensation or Employer's liability; to pay and discharge

or otherwise dispose of any claims, suits, actions and demands of any nature whatsoever, for injury to persons including death resulting therefrom, and loss of, or damage to, property caused by or in connection with the performance of the work hereunder; and to procure and maintain or cause to be procured and maintained during this contract public liability insurance with the following limitations:

Bodily injury $100,000.00 for each person
$300,000.00 for each accident
Property damage $50,000.00 for each accident.

3.10 To permit AMO or its authorized representatives full and free access to the mine for the purpose of such inspection as is necessary to determine compliance with this agreement and with the usual health and safety regulations.

3.11 To advance while this agreement is in effect all direct and indirect costs and expense of the work, to be recovered in accordance with Paragraph 4.4. To indemnify and save harmless AMO from laborers', mechanics' or materialmen's liens and all other liens and charges upon work or upon the premises upon which the work is located or upon AMO's machinery and equipment being used by Climax, arising out of the operations to be performed and materials furnished by Climax under this agreement, providing Climax has received all amounts due and payable to it under this agreement.

3.12 That it will keep accurate records of all exploration, drilling and development and will maintain progress maps showing the progress of mining operations and that the same will be available for the examination of AMO or its representatives at all reasonable times.

3.13 That it will keep accurate books and accounts in accordance with good and accepted accounting practice and maintain

all records necessary to accurately reflect the costs referred to in Exhibit "3" and that it will prepare and furnish AMO monthly statements and schedules of the costs of its operations hereunder.

3.14 That it will, subject to the approval of the Bankruptcy Court, distribute any and all proceeds available for distribution to the creditors in accordance with the Chapter XI Arrangement as finally approved by the creditors and confirmed by the Bankruptcy Court, and will furnish AMO and the Bankruptcy Court such reports in connection therewith as the Court may order.

3.15 Subject to the approval of the Court, it will prepare on behalf of AMO the State of Utah Statement for Valuation of Mine and Statement of Occupation Tax of Mines forms and after approval by AMO file the same.

IV AMO AGREES AS FOLLOWS:

4.1 To give Climax and its employees or subcontractors engaged in the work access to the premises.

4.2 That Climax shall have the right to recover the $35,000.00 to be loaned AMO as hereinabove set forth from, and only from, the proceeds from ores mined and sold from the mining property. AMO agrees that Climax may retain any and all amounts due AMO after Climax has first recovered out of the proceeds from ores mined and sold from said mining property the direct and indirect costs as set forth in Exhibit "3", attached hereto and by this reference made a part hereof, until such time as said $35,000.00 has been paid Climax in full.

4.3 That said Ore Purchase Agreement dated as of the 1st day of April, 1962, is in full force and effect and that it will sell to Climax all uranium and vanadium ores mined and produced from said

mining property until December 31, 1966, in accordance with the terms and conditions of said Ore Purchase Agreement as it now exists or may hereafter be amended. That it will contemporaneously with the execution of this agreement execute Amendment No. 1 to Ore Purchase Agreement, in the form of Exhibit "2" hereto.

4.4 To pay Climax the direct and indirect costs of performing the work as set forth in said Exhibit "3". It is agreed that Climax shall deduct and pay or reimburse itself all such costs from any and all proceeds due AMO from ore purchased by Climax from said mining property.

4.5 That Climax shall have and is hereby given full, complete and exclusive direction and control of all mining, drilling and development work and it is understood and agreed that Climax shall have the right to perform such development drifting, long hole drilling, raising, surface drilling and mining as it in its discretion deems necessary to the proper mining and development of the mining property.

4.6 That any and all mining installations shall remain fixed to the mine and may be utilized by Climax in operating the mining property as it deems fit; that Climax shall have and is hereby given the right to use the structures, machinery and equipment and to use or expend in operating the mining property the supplies described in Exhibit "1", without cost to Climax, subject only to Paragraph 3.6.

V BOTH PARTIES AGREE:

5.1 This agreement shall become effective as of the date the Proposed Chapter XI Arrangement of AMO is approved by the Referee in Bankruptcy and shall continue until December 31, 1966; provided however, that Climax shall have the right to terminate this agreement

at any time upon thirty days' written notice to AMO after Climax has expended not less than $10,000.00 in surface and underground drilling and development work. It is understood and agreed that such drilling and development work is a cost under the terms of Exhibit "3".

5.2 In the event Climax fails to comply with the terms herein set forth or any of them AMO shall notify Climax of its default or failure and, if Climax should fail to correct said default or failure within fifteen days after service of such notice AMO may then forthwith terminate this agreement without further notice.

5.3 Climax shall at all times during the term of this agreement have and exercise full and complete direction and control of the work.

5.4 This agreement shall be binding upon and inure to the benefits of the successors and assigns of the parties hereto.

IN WITNESS WHEREOF the parties hereto have executed this agreement this _____ day of _____, 1962.

CLIMAX URANIUM COMPANY, A Unit of
American Metal Climax, Inc.

By_____
General Manager

ALLIED-MISSION OIL, INC.

By_____
Vice President

EXHIBIT "1"
to
Agreement between Climax Uranium Company, A Unit of American Metal Climax, Inc., and Allied-Mission Oil, Inc.

LIST OF STRUCTURES, MACHINERY, EQUIPMENT, MISCELLANEOUS TOOLS AND SUPPLIES

Structures

1 Compressor and Warehouse Building - 34½' x 14' x 8' - Tin

1 Office Building - About 20' x 14' x 8'

1 Storz-All Suburban Model 72 Metal Building-7'2" square-7'5" tall

Mucking Machine
Eimco 12B No. 7913 - poor condition

Mine Cars
Seven approx. 1½ ton capacity ea.

Air Receivers
One 350 gal. capacity
One 500 gal. capacity
One 750 gal. capacity

Pressure Tanks, Water
Two 150 gal. capacity

Air Compressor
I.R. Mod. 125B, Serial No. 44755
with electric motor US 44 volt, 125 hp.

Slushers
G.D. HEE Serial No. 1795387
G.D. HEE Serial No. 415461
I.R. 10 hp. Serial No. 4086

Drill Hammers & Leg
Cleveland H 10 AL No. 5876
Cleveland H 10 AL No. 3045
Swede H 10 AL No. 554805

Drifter for Long Holes
G.D. Mod. D99-10 C-533

Water Pumps
Layton Mod. DDV-2 Serial No. 901
Layton Mod. DDV-2 Serial No. 1083

Air Blowers
American Blower Type EL8 No. 400-2
with Century 15 HP. electric motor No. GA74348
(location underground)

Northern Blower, Exhaust Type
Size 50-20W-37D No. 1084
with GE 20 hp. electric motor No. 5508890
(located on surface)

Transformers
Three 50 KVA (located at mine portal)
Two sets of 2 ea. approx. 10 KVA
(located on hill above mine portal)

Hoist
Clyde Iron Work Serial No. 8143
with LeRoi motor Mod. D-201 Serial No. 144533
Electric Generator Koehler
Mod. 2RN21 Serial No. 21966

Wagon Drill
G.D. on Ford F6

Miscellaneous Equipment Items

1 Atlas Heavy Duty Grinder 60J3430721
Bench Grinder Serial TH
½ HP Model 2771
17 Chicago Pneumatic S58-7-13 Hammer
1 General CP 5 Fire Ext. Co.
1 General Fire Ext. Model 5R
1 Portable Space Heater KNIPCO Model F125, Serial FGMA-8706
1 Homelite Chain Saw (Gas) Serial 978735
1 Shopmate 7" Clutch Saw, Ser. No. 165 or 163
1 Wheat Charger 6 Lamp Model 1556
1 Stove Gas Heating Autocrat
1 Crimping Machine
1 Geiger DCP 150A Urinco
1 Short Hole Probe Slant Box
1 Long Hone Probe
1 Urinco #700MM Ser 163 Geiger with Load Probe
7 Battery Chargers (individual)
15 Mine Lamps
1 Galvanometer
1 Probe Standard Model EUT.42
1 3" Brass Swing Check Valve (New)

Miscellaneous Items

1 Fence 42" tall with Gate
216 ft. 1" Black Plastic Pipe Crown Line #2
20# 3/8" x 3½" Spikes
20# 3/8" x 2" Bolts and Nuts
6 1" Plastic Couplings
3 1" Hose to Pipe Adapter
5 1" Dixon 1¼" I.P.T. Couplings
2 2" Boss Collars
1 1¼" Dixon Boss Air Valve V-77
1 3½" Victaulic Coupling
3 2" Victaulic Coupling Alum Iron
9 2" Victaulic Coupling
7 4" Victaulic Gaskets
11 2" x 2" x 4 long Victaulic to Pipe (Norris)

2	3" x 4" Bell Reducer
3	2" Gate Valve (Hammond)
1	Coil Spring for Eimco Loader
5	4"-2" Victaulic Reducer
1	4" Union
1	4" T
2	4" - 4" x 6" Victaulic to pipe
16	Dixon DL12B Nose Fitting
6	Dixon Aml Nose Fitting
1	2" x 1" Victaulic to thread adapter
9	2" coupling
1	12A57 Chain
2	4 Victaulic T
6	4 Victaulic L 90°
12	1¼ Coromant 1" x 6" coupling steel
9	4' x 1¼ Rope Thread Swen #11 steel
1	3/4" Union
6	1 x 1½ Bushing
10	1½ x 2 Bushing
6	1/2 x 3/4 Bushing
8	2 x 2½ Bushing
3	2 x 3/4 Bushing
12	3/4 x 1¼ Bushing
7	1½ x close Nipples
5	2 x close Nipples
3	1 x close Nipples
3	3/4 x close Nipples
1	3/4 x 2 Bell Reducer
1	3" x 8" Nipple
1	3" x 2" Bell Reducer
8	Cupe and Cone Timpken 2788
4	Card Axle housing 2304
1	General Model 10R CO_2 Extinguisher
1	18" Ridgid Pipe Wrench (New)
4	Cables for Eimco Loader
3	Deutz Filter RO5H4115K
3	Deutz Filter PO8H4120
2	Mann Filter P811
	Pipe Taps #1539 tapered 3/8", 1/2", 3/4", 1", 1¼", 1½", 2"
100'	(approximately) Tenso #3 S. No. 3822 American Chain Division Probe Wire
6	Fan Belt Dayton DX 120
8	AC P117 Filter
9	AC P132 Filter
1	Used Christie Battery Charger Model C6124 - 6 & 12 volt
1	M216-16 Ratchet
1	MW10-18B Rifle Nut
4	AC TP 522 Filter
1	Fram C1175PL Filter
1	Fram C1174 Filter
5	Cat 9F6700 Filter
20	3/8" x 6 Wire Tightener
1	#32 Layton Air Intake Housing for filter from S&M Supply
1	McCoy Caterpillar Precleaner 8H2023
1	15 Tooth TLB 1015 Dodge Taper Lock Sprocket
25	5/8 x 2 Machine Bolts

4 7/8 Carbide Bits Slip On
2 18" Ridgid Hook Jaws for pipe wrench
4 10" Ridgid Hook Jaws for pipe wrench
3 18" Ridgid Heel Jaws for pipe wrench
2 10" Ridgid Heel Jaws for pipe wrench
1 24" Ridgid Hook Jaws for pipe wrench
11 4" Victaulic Couplings
1 Timpkin Cone #11162
1 Timpkin Cup #11300
1 Trumbull Enclosed Safety Switch Cat. No. 72366 -3 Pole -600V
GE Starting Compensator No. CR 1034 G 1004 A8 - 380-440 Volt

Used Equipment

Used Geiger Counter Box - No Counter
Used Reel Probe
1 Walker #1109 Muffler
1 Victaulic Aluminum Coupling 4" x 9"
1 Victaulic Aluminum Coupling 4" x 21"
1 Gustin Bacon Roll-a-grove Tool - Model 101
Vise #434½ Chas. Parke Co.
4 New Card Wheels #2-3/4 T 1715 - 60 14"
300 ft. 1" 75# Crown Plastic Pipe
1 First Aid Kit Pacific #6
1 5 Gal. Water Cooler
Christensen Diamond Products Co. EX BW Core Bits Type 1352
1 EX 306-5HF EX-DT Rigid Core Barrel 5 ft. H.F. used
From S&M Supply 4-27-62 Packing List No. G-5186
1 12A24 Bushing
12B21 Clutch Shaft

Exhibit "2"

AMENDMENT NO. 1
to
ORE PURCHASE AGREEMENT

THIS AMENDMENT Made and entered into this _____ day of _____, 1962, by and between CLIMAX URANIUM COMPANY, A Unit of American Metal Climax, Inc., a New York corporation, with offices at 125 N. 8th Street, Grand Junction, Colorado, sometimes hereinafter referred to as "Buyer" and ALLIED-MISSION OIL, INC., sometimes hereinafter referred to as "Seller";

WITNESSETH:

The parties entered into an Ore Purchase Agreement as of the 1st day of April, 1962, whereby, among other things, Buyer agreed to purchase and Seller agreed to sell in accordance with the terms of said Agreement, all the uranium and vanadium ore produced from the Vanadium Queen mining properties more fully described in Schedule "A" of said Ore Purchase Agreement.

Paragraph 2.2 of said Agreement sets forth the AEC limitations on production from said properties of ore containing U_3O_8 by fiscal year.

By letter dated June 29, 1962, the AEC notified Buyer that the allocation of Seller for the fiscal years ending June 30, 1963, 1964, 1965 and 1966 and the period July 1, 1966, through December 31, 1966, had been modified.

Buyer is entering into an agreement with Seller relative to the mining of the above described properties and in consideration thereof Seller has agreed to reduce the ore haulage allowance provided in Schedule "D" to said Ore Purchase Agreement from $9.72 per wet ton of ore to $7.00 per ton.

Accordingly, the parties desire to amend said Ore Purchase Agreement to reflect the change in allocation and said haulage allowance.

NOW, THEREFORE, for and in consideration of these premises and of the Buyer's agreement to purchase and the Seller's agreement to sell the allotment as modified by the AEC and in consideration of Buyer's entering into said agreement relative to the mining of the above described properties said Ore Purchase Agreement is amended in the following respects:

1. Paragraph 2.2 is hereby amended to read as follows:

> 2.2 Seller warrants that the AEC has allocated to the property a production of ore containing U_3O_8 at a rate not to exceed the following pounds of U_3O_8 per year, to-wit:

Year	Maximum annual pounds of U_3O_8 in ore
July 1, 1962, to June 30, 1963, inclusive	24,089
July 1, 1963, to June 30, 1964, inclusive	24,089
July 1, 1964, to June 30, 1965, inclusive	24,089
July 1, 1965, to June 30, 1966, inclusive	24,089
July 1, 1966, to December 31, 1966, inclusive	5,072

> (As used in this agreement "per year" means per fiscal year commencing July 1 and ending the following June 30, and where reference is made to per year it is understood that the same shall include portions of a year which shall be treated on a prorata basis for all purposes.)

2. Paragraph 4 of Schedule "D" to said Ore Purchase Agreement is amended to read as follows:

> 4. All acceptable ore produced by Seller for sale to Buyer under the terms of this agreement shall be delivered:
>
> a. By Seller to Buyer's Mill at Grand Junction, Colorado. Buyer will pay a haulage allowance of Seven Dollars ($7.00) per wet ton of ore.

Except as above amended all terms and provisions of said Ore Purchase Agreement remain the same.

This Agreement shall be binding upon and inure to the benefits of the successors and duly authorized assigns of the parties hereto.

WITNESS their names.

CLIMAX URANIUM COMPANY, A Unit of
American Metal Climax, Inc.

By_____
General Manager Buyer

ALLIED-MISSION OIL, INC.

By_____
Seller

EXHIBIT "3"
to
Agreement between Climax Uranium Company, A Unit of American Metal Climax, Inc., and Allied-Mission Oil, Inc.

DIRECT AND INDIRECT COSTS

Following shall constitute the direct and indirect costs under the foregoing agreement:

1. Direct Mining Costs and Underground Development Work.

   a. Direct Mining Costs. The direct mining costs will be the amount actually paid to an independent mining contractor to be obtained by Climax to mine the ore from the mining property. (See note below.)

   b. Underground Development Work. In addition to said payment for mining the ore the mining contractor will from time to time be directed by Climax, at its discretion, to perform development work, including development drifting, raising, long hole drilling and the like, and said mining contractor shall be paid therefor at going competitive rates.

2. Surface Drilling. The cost of surface drilling is to be the amount actually paid therefor to an independent contractor obtained by Climax or, in the event Climax performs such drilling as a company operation it shall be Climax' actual cost. It is understood that Climax shall have the election whether or not to obtain services of an independent contractor or to perform the drilling as a company operation. Cost of drilling includes:

   a. Direct drilling costs.
   b. Cost of drillsite preparation, roads and the like.
   c. Direct cost of field geologist.
   d. Direct cost of field and office survey work.

3. Cost of mining installations such as pipe, rail, ties, vent pipe, etc.

4. Direct charges for technical services. This includes surveying and geological expenses including transportation.

5. Any current taxes applicable to the mining operations other than income taxes. This shall include all future taxes accruing to the State of Utah from the possession and operation of said mining properties.

6. Administrative costs (supervisory personnel and accounting). Administrative costs shall be a fixed fee of $800.00 per month.

7. Actual cost of hauling the ore.

8. Any royalties.

Note: Climax states that its present plan and intention is to enter into a contract for the mining of said property under the terms of which the mining contractor will be paid an amount not in excess of 45% of the gross amount payable by Climax for ore produced from the mining property, excluding any haulage allowance. It is understood and agreed between the parties that such initial contract so granted by Climax to a mining contractor will be in effect for a period of six months unless the same be terminated by violation of the contract by the mining contractor or voluntarily surrendered as may be permitted by the contract. In the event of the termination of such mining contract, it is understood between the parties that Climax of necessity will have to secure a new or different mining contractor; in such event, Climax agrees to use its best efforts to secure a mining contractor on terms and conditions which Climax, in the exercise of its sole discretion, shall deem to be the most advantageous as can reasonably be obtained under the circumstances then prevailing; which terms may include either an increase or decrease in the amount to be paid the mining contractor. It is also understood between the parties that as mining and development take place and mining conditions change, certain changes in the contract may have to be made including an increase or decrease in the amount to be paid a mining contractor; and in such event Climax shall have the right, in its sole discretion, to make such changes as it deems reasonable and most advantageous under the circumstances then prevailing.

Re: DMEA-4631

I would appreciate an explanation as to what "claim" and in what amount we hold on Allied Mission Oil.

To my knowledge the most we should be doing is attempting to enforce our "lien" on the land and future production.

Talbot
8/6/62

Connors should re read our letter of instruction, July 18/62

Jerry.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
AUG 13

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME Region III

Subject: DMEA 4222 (Uranium)
Contract Idm-E1033
Radium King Mines, Inc.
(Bi Joe Claim)
San Juan County, Utah

4631

Attached are copies of two letters I received from the Marvel Mining Company.

I plan to inspect this property during September 1962. On the same trip I will also inspect DMEA 4623 Contract E[illegible] Uranium King Corporation and DMEA 4031 Contract E[illegible] Queen Uranium Corporation.

Hugh M. Connors

Attachments

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED AUG 6 1962

DATE		
8/6		800
"		110
8-9		100
"	Grosvold	500
	Murphy	
		220

August 3, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

The entire file on this contract is in the hands of the Solicitor, Robert Mesch, but from memory I will try to bring you up-to-date on the progress we have made in protecting the Government's interest in the bankruptcy proceedings. Mr. Mesch and I went to Bankruptcy Court the afternoon of July 27, 1962 and we were accompanied by a Mr. Mullhall from the U. S. Attorney's Office.

Mr. Wray, the Chairman of the Board of the Allied Mission Oil Company, was on the witness stand all afternoon and was questioned by many lawyers representing the various creditors. It developed that the Vanadium Corporation of America was not interested in operating the mine under the conditions that were offered but Climax Uranium Company is interested and will submit their proposal to the Court on August 17, 1962.

Mr. Mesch and I went through the records filed in the Bankruptcy Court and we noted that DMEA is listed with eight other creditors in a category which would pay 40¢ on the dollar. To this I objected and Mr. Mesch made an appointment with Mr. E. M. Heppenstall, an attorney with the law firm who represents Allied Mission Oil Company, for Monday morning, July 30, 1962. Mr. Mullhall, the U. S. Attorney, was also supposed to accompany us to the meeting in Mr. Heppenstall's office but failed to be present.

Mr. Heppenstall argued that DMEA does not have a secured claim because the Government's lien on production was not recorded in San Juan County, Utah. However, he believes that DMEA has a priority claim. As I understand it, either a secured claim or a priority claim would get us out of the 40 percent category and into the 100 percent category.

Mr. Robert Mesch is doing a superior job for us in this case and I will advise you the outcome of the next meeting in the Bankruptcy Court on August 17, 1962.

Hugh M. Connors

Hugh M. Connors

Regional Solicitor
Department of the Interior
Building 53, Room 21
Denver Federal Center
Denver 25, Colorado

OME
DEPARTMENT OF THE INTERIOR

OFFICIAL FILE COPY
O. M. E.
REGION III
DENVER, COLORADO
RECEIVED JUL 30 1962

DATE	INITIALS	CODE
7/30	[illegible]	800
		170
7/31	[illegible]	500
7/31	[illegible]	500
		200

United States Attorney
Department of Justice
Denver, Colorado

Dear Sir: Docket 9631

Subject: In the United States District Court for the District of Colorado--In bankruptcy--In the matter of Allied-Mission Oil, Inc., Debtor--No. 31514

This is to request your assistance in protecting the interests of the United States in the above bankruptcy proceedings.

A review of the files maintained by Region III, Office of Minerals Exploration, Department of the Interior, reveals the following pertinent facts:

On May 29, 1957, the United States, acting through the Department of the Interior, Defense Exploration Administration (now the Office of Minerals Exploration) entered into an exploration project contract pursuant to the Defense Production Act of 1950, as amended (50 U.S.C.A. App. 2092, 2093) and the regulations issued pursuant thereto (32A C.F.R. Chapt. XII) with Vanadium Queen Uranium Corporation, a Nevada corporation.

Under the terms of the contract the United States agreed to contribute 75% of certain allowable costs, but not to exceed $40,404.00, in a search for indicated or undeveloped deposits of uranium in four unpatented lode mining claims (the Vanadium Queen No. 3, the Vanadium No. 7, the Vanadium Queen No. 9 and the Vanadium No. 10) situate in the County of San Juan, State of Utah, and owned by Vanadium Queen Uranium Corporation. The total allowable costs under the contract amounted to $44,875.45 with the Government's contribution on a 75% basis being $33,656.60.

The contract provided that Vanadium Queen Uranium Corporation would, as principal if it was the producer, or as surety if it was not the producer, pay to the United States a specified percentage royalty on all minerals mined or produced from the unpatented mining claims.

OME
DEPARTMENT OF THE INTERIOR
JUL 25 1962
REGION III
DENVER, COLORADO

Pursuant to the contract the United States made a certification of discovery or development which resulted in the royalty continuing for a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest was fully repaid.

The contract further provided in part as follows:

> "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."

We understand that pursuant to the policy of the Defense Minerals Exploration Administration the contract or other evidence of the Government's lien was not placed of record in the local Clerk and Recorder's Office.

By a quitclaim deed dated April 20, 1959, and recorded June 15, 1959, the Queen Corporation (formerly named Vanadium Queen Uranium Corporation) conveyed to Allied-Mission Oil, Inc., a Delaware corporation, all of its right, title, and interest in 12 unpatented lode mining claims, including the four which were the subject of the exploration project contract. Although the exploration project contract provided that Vanadium Queen Uranium Corporation "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", the deed to Allied-Mission Oil, Inc. was silent as to Government's royalty.

Of the $13,656.50 advanced by the United States under the contract $148.77 was paid in royalty by Vanadium Queen Uranium Corporation (or the Queen Corporation) with $5.13 remaining unpaid from production prior to the conveyance to Allied-Mission Oil, Inc. For some reason, which is not apparent from the files, Allied-Mission Oil, Inc. paid $6,214.81 in royalty to the United States and as a consequence has recognized the Government's right to a percentage royalty on production. ?

It appears that all production from the mining claims has been reported and proper royalty paid under the contract, with the exception of the $5.13 noted above (although these conclusions "are subject to revision in the event of future audit by the Government of the producer's mining

records and sales accounts or future examination of the stoped areas"). It further appears there has been no production from the subject property since January of 1962.

A notice has been received that the initial meeting of creditors in bankruptcy proceedings filed by Allied-Mission Oil, Inc. will be held on July 27, 1962, at 1:30 P.M. in the Bankruptcy Court Room, Post Office Building, Denver, Colorado. While we have not had an opportunity to check the bankruptcy records, we understand that there is a "proposed arrangement" which includes a contemplated lease of the subject mining claims to Vanadium Corporation of America which makes no mention of the Government's royalty rights.

Both this office and Region III, Office of Minerals Exploration, will be pleased to give your office any assistance that you might wish in protecting the interests of the United States in the above bankruptcy

We are enclosing a photo copy of the exploration project contract and a photo copy of a "Report of Royalty Review" which contains a fairly comprehensive summary of this matter.

Sincerely yours,

Palmer King

Palmer King
Regional Solicitor

Enclosures

cc:
Region III, Office of Minerals Exploration, Denver, Colorado
Associate Solicitor, Division of Mineral Resources

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DEPARTMENT OF THE INTERIOR
JUL 25 1962
REGION III
DENVER, COLORADO

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
7/25	Murphy	500
	Grunwald	500
7/25	Talbot	800
7/25	[illegible]	130
"	Johnson	110
7/26	Turnell	100
		220

AIRMAIL

Memorandum JUL 2 5 1962

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

In accordance with your telephone conversation of today with Mr. Johnson, enclosed is one copy of the Quit Claim Deed by the subject Operator to Allied Mission Oil, Inc., also, the Notice of Adjourned Initial Meeting of Creditors and other papers forwarded with your memorandum of July 16, 1962.

When the enclosures have served their purpose, kindly return them to this office.

George C. Selfridge

(GCS)

Enclosures

FMMurphy/gla
7-25-62
cc to: Director's Reading File
Review Committee
Docket
Code 500

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
7/25	GCS	120
		110
		100
		225

AIR MAIL

JUL 25 1962

Memorandum

To: Acting Field Officer, OME Region III

From: Chief, Division of Field Operations

Subject: Howard W. Baisley, et al., Plaintiffs
vs
Union Carbide & Carbon Corporation, Vanadium Corporation of America, et al., Defendants
No. C-59-58
Notice to Members of Class of Proposed Settlement of Class Action.

We concur in your opinion that DMEA is not affected by the "Notice to Vanadium and Uranium Miners."

George C. Selfridge (HB)

GCSelfridge/hb
7/25/62
cc to: Mail & Records
Director's Reading File
G. C. Selfridge

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

Official
~~EXTRA~~ COPY
O. M. E
RECEIVED JUL 25 1962

DATE		
7/25	[illegible]	800
		~~+20~~
		500

July 23, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: Howard W. Balsley, et al., Plaintiffs
vs
Union Carbide & Carbon Corporation, Vanadium Corporation of America, et al., Defendants
No. C-59-58
Notice to Members of Class of Proposed Settlement of Class Action.

Attached is a "Notice to Vanadium and Uranium Miners" received from the Master in the subject case.

If I understand this settlement it pertains only to ore purchased by the defendants during the period from October 10, 1938, to March 31, 1948. There were no DMEA contracts during that period so it appears to me that DMEA is not affected.

Will you please advise.

Hugh M. Connors
Hugh M. Connors
Acting Field Officer, OME
Region III

Attachments

OME
DEPARTMENT OF THE INTERIOR
JUL 23 1962
REGION III
DENVER, COLORADO

NOTICE TO VANADIUM AND URANIUM MINERS

TO ALL PERSONS WHO FROM OCTOBER 10, 1938 to MARCH 31, 1948, MINED AND SOLD, EITHER AS MINERS LESSORS OR LESSEES, VANADIUM-URANIUM ORE TO UNION CARBIDE AND CARBON CORPORATION, (UNION CARBIDE CORPORATION) UNITED STATES VANADIUM CORPORATION OF AMERICA, OR VANADIUM CORPORATION OF AMERICA:

You are hereby notified that on June 20, 1962, the Honorable Judge Willis W. Ritter, United States District Judge, Salt Lake City, Utah, entered an Order in the matter entitled, "Howard W. Balsley, et al, (a Class Action), plaintiffs, vs. Union Carbide and Carbon Corporation, Vanadium Corporation of America, et al, defendants, Civil Action No. C-39-58" which order:

(1) Approved the plan of settlement set forth in the Agreement of Settlement, dated June 6, 1962, and filed with the Court.

(2) Held that the sum of $900,000.00 is a fair, equitable and reasonable amount to be paid to the class members for their interest in ore purchased by the defendants during the period of October 10, 1938 to March 31, 1948, from which necessary legal expenses and administrative costs in the amount to be determined by the Court will be deducted.

(3) Provided that the $900,000.00 be deposited into Court for the benefit of the class.

(4) Settled the fees for the attorneys for the class for having commenced and prosecuted the litigation on behalf of said class at $135,000.00.

(5) Appointed Calvin W. Rawlings, 530 Judge Building, Salt Lake City 11, Utah, as Master under the Order of the Court dated December 18, 1959, and appointed Joseph L. Alioto, attorney for the said Master.

(6) Provided that December 31, 1962, is the final date on which the members of the class shall be permitted to file their claims herein with the said Master.

YOU ARE HEREBY FURTHER NOTIFIED TO FILE YOUR CLAIM WITH THE UNDERSIGNED, CALVIN W. RAWLINGS, MASTER, 530 JUDGE BUILDING, SALT LAKE CITY 11, UTAH, in ACCORDANCE WITH THE ABOVE-ENTITLED ORDER OF THE COURT, PROVIDING YOU MINED AND SOLD, EITHER AS MINERS, LESSORS OR LESSEES, VANADIUM-URANIUM ORE TO THE ABOVE-NAMED DEFENDANTS DURING THE PERIOD OF OCTOBER 10, 1938, TO MARCH 31, 1948.

Your claims must be filed on or before December 31, 1962, and should designate to which company the ore was sold, (between October 10, 1938 and March 31, 1948); whether it was sold by you as a miner, lessor or lessee; the quantity sold and the vanadium and uranium content thereof and the price paid for the ore sold. Your claim should be properly verified before a notary public. You should also submit settlement sheets with the company and any other records which you may have.

If you have no records to substantiate your sales to those companies, simply file a short, informal statement with the undersigned to the effect that you sold ore to one of the companies in the period from October 10, 1938, to March 31, 1948; thereafter, we shall attempt to secure substantiating records from the defendants or other sources. Sales to United States Vanadium Company as agent for Metals Reserve Company are to be included in your claim.

DATED June 30, 1962.

CALVIN W. RAWLINGS
MASTER
530 JUDGE BUILDING
SALT LAKE CITY 11, UTAH

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED JUL 23 1962

DATE		
7/24	Recovered 500	
7/24	Murphy	
		220

July 20, 1962

The Queen Corporation
525 Hilam Building
San Antonio, Texas

Re: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Gentlemen:

Enclosed is a copy of the Report of Royalty Review on the subject contract dated June 1, 1962 covering the period May 29, 1957, through May 15, 1962.

Please note that the balance due the Government according to this Report of Royalty Review is $5.13. Your prompt payment of $5.13 to this office will be appreciated.

Yours very truly,

Original signed by

Hugh M. Cosmore
Acting Field Officer, OME
Region III

Enclosures

cc Mr. John E. McNulty, Trustee
Allied Mission Oil, Inc.
209 North Sixth Street
Grand Junction, Colorado

Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Royalty Corres Idm-E1092
Chron

Building 20 - Federal Center
Denver 25, Colorado

July 29, 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-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Attached is the original Report of Royalty Review on the subject contract dated June 1, 1962 covering the period May 29, 1957, through May 15, 1962.

Original signed by

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-E1092
Chron

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
	Murphy	
	Dwarsel	
7/18	Talbert	
7/18	Selfridge	
"	Johnson	
7-18	Fumich	

AIRMAIL

JUL 18 1962

Mr. John E. McMulty, Trustee
Allied Mission Oil, Inc.
200 North Sixth Street
Grand Junction, Colorado

Re: IMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Dear Mr. McMulty:

We have received a copy of the Proposed Arrangement between your corporation and Vanadium Corporation of America, in which certain monies advanced by Vanadium Corporation will be repaid by purchase or ore from the subject property.

The referenced contract provides that neither the land nor any right, title, or interest therein shall be transferred, conveyed, or surrendered without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for preservation of the Government's right to a percentage royalty on production and the lien for payment thereof.

We note that no provision has been made in the Proposed Arrangement to outline the Government rights. It is suggested that if an agreement is reached between the two corporations, the Government's royalty rights, mentioned above, be set forth in the instrument agreed upon.

Sincerely yours,

George Fumich, Jr.

(pk)

Director

FMMurphy-EDTalbert/gla
7-18-62
cc to: Director's Reading File
Review Committee
Contract Division
Docket
Region III (2)
Code 500

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
7/17	Murphy	500
	Gruenwald	500
7/18	Talbut	800
7/18	Selbridge	130
7/"	Johnson	110
		100
		220

JUL 18 1962

AIRMAIL

Vanadium Corporation of America
420 Lexington Avenue
New York 17, New York

Re: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

Gentlemen:

Enclosed for your information is a copy of a self-explanatory letter of today to Allied Mission Oil, Inc.

Sincerely yours,

George Fumich, Jr.

Director

Enclosure

FMMurphy/gla
7-18-62
cc to: Director's Reading File
Region III (2)
Contract Division
Docket
Code 500

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
7/17	Murphy	500
	Brooks	500
7/18	Talbert	800
7/18	[illegible]	130
7/18	[illegible]	110
7-18	Turnock	100
		220

AIRMAIL

Memorandum JUL 18 1962

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

This is in response to your memorandum of July 16, 1962.

The files indicate that the original and three copies of the Report of Review originally were forwarded to you by the Contract Administration and Audit Division's June 1 memorandum. You returned the original and two copies with your June 8 memorandum. The original again was forwarded to you with my June 14 memorandum. I am now enclosing two copies in order that distribution may be made as requested in the June 1 memorandum.

The indebtedness of $5.13 was incurred by the Operator, now known as The Queen Corporation, prior to acquisition of the property by Allied-Mission Oil, Inc. Furthermore, the size of the indebtedness will not justify the expense of collecting through the courts. Accordingly, collection efforts should be limited to a demand for payment in your letter transmitting a copy of the Report of Review to The Queen Corporation.

With regard to the bankruptcy case, you should be present at the hearings, with legal counsel. The matter should be taken up at once with the office of the Regional Solicitor at Denver to protect our future royalty rights. Please see Field Team Memorandum No. 34, October 30, 1956.

George C. Selfridge

(ph)

Enclosure

FMMurphy-EDTalbert-GCSelfridge/gla 7-17-62
cc to: Director's Reading File
Review Committee
Docket
Contract Division
Code 500

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 17 1962

DATE	INITIALS	CODE
7/17	[illegible]	800
		120
"	Brownwell	500
	Murphy	
		220

July 16, 1962

AIRMAIL

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

I contacted George Spillman, former mine superintendent, on July 12 and examined all of the shipping tickets for ore hauled from the subject property from September through December 1961. The attached copy is the only ticket marked "DMEA" and this load became liquidation No. 5046 on which we have received royalty. This has been a sloppy operation from the beginning and I do not like the system they used in marking the ore shipping tickets. Under the heading "Mining Claim" I found many marked "Special", others marked "Regular", one marked "DMEA" copy of which is attached, and most were left blank.

I must again remind you, as I did in my letter of March 5, 1962, that it would be to our advantage to have the name of the mining claim where the ore originated to be on each ore shipping ticket.

George Spillman believes that liquidations No 4876, 5922, 4937, 4971, and 5005 did not contain any DMEA ore and I am inclined to go along with his statement. The mine has been closed for more than a month and will stay closed pending the results of the bankruptcy proceedings.

Attached is a "Notice" and a "Proposed Arrangement" received from the Federal District Court. Since we have only $5.13 to claim, will you please advise your wishes in the matter.

Encl - [illegible]

It is noted in the attached Exhibit B, which is a proposed lease on the property to V.C.A., that no mention is made of DMEA rights to royalty. If we do not object to this in the Bankruptcy Court will our future royalty rights be protected?

I am saving the original of the Report of Royalty Review dated June 1, 1962 with the thought that I may need it to support our claim for $5.13 on July 27, 1962.

Will you please advise in detail how you wish me to proceed in this bankruptcy case as I may need to obtain legal aid from the Solicitor here at the Federal Center.

Hugh M. Connors

Hugh M. Connors

Attachment

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO - IN BANKRUPTCY.

In the Matter of	)	
	)	
ALLIED-MISSION OIL, INC.	)	In Proceedings for an Arrangement
	)	
Debtor.)		No. 31514

NOTICE OF ADJOURNED INITIAL MEETING OF CREDITORS; FOR HEARING UNDER SECTION 326; NAMING TIME FOR FILING APPLICATION TO CONFIRM AND FOR CONFIRMATION HEARING; AND OF HEARINGS ON ADJUDICATION OR DISMISSAL.

To the Creditors of the Debtor above named, to said Debtor, and to all others in interest herein:

NOTICE is hereby given that the initial meeting of creditors in this proceeding has been adjourned to and will be held on July 27, 1962, at 1:30 P. M., in the Bankruptcy Court Room, Post Office Bldg., Denver, Colorado, at which time and place the creditors may attend, prove their claims, nominate a trustee, appoint a committee of creditors, examine the officers of the debtor, examine witnesses on any matter relevant to the proceeding, present written acceptances of the proposed arrangement and transact such other business as may properly come before the meeting.

NOTICE is also hereby given that at said time and place a hearing will be had under the provisions of Section 326 of the Bankruptcy Act to determine whether the debtor shall be required to file a bond or undertaking to indemnify the estate against subsequent loss or diminution.

NOTICE is also hereby given that the application to confirm said arrangement shall be filed with this Court on or before August 27, 1962, and that the hearing on the confirmation of the arrangement and objections, if any, to confirmation, will be held in the Bankruptcy Court Room, Post Office Bldg., Denver, Colorado, on September 7, 1962, at 1:30 P. M.

NOTICE is also hereby given that on September 10, 1962, at 1:30 P. M., in the Bankruptcy Court Room, Post Office Bldg., Denver, Colorado, hearings will be had, if appropriate and in the event the debtor shall be ordered to give bond or undertaking under Section 326 and shall fail to do so, or in the event the arrangement is withdrawn or abandoned prior to its acceptance, or in the event the arrangement is not accepted at the meeting of creditors, under the provisions of Sections 327 and 376(2) of the Bankruptcy Act, to determine whether the debtor shall be adjudged a bankrupt and bankruptcy be proceeded with, or this proceeding under Chapter XI of said Act be dismissed.

NOTICE is also hereby given that on September 14, 1962, at 1:30 P. M., in the Bankruptcy Court Room, Post Office Bldg., Denver, Colorado, hearing will be had under Section 376(2) of said Act in the event the money or other consideration required to be deposited is not deposited, or the application for confirmation is not filed within the time fixed by the Court, or if confirmation of the arrangement is refused, and in any of such events an order will then or thereafter entered without further notice, adjudging the debtor a bankrupt and directing that bankruptcy be proceeded with or dismissing this proceeding under Chapter XI, whichever in the opinion of the Court may be in the interest of the creditors.

Accompanying this notice is a copy of said proposed arrangement. A summary of the assets and liabilities of the debtor, as reflected by its schedules filed herein, accompanied the notice of the initial meeting and reference is made thereto.

Dated at Denver, July 12, 1962.

Holme, Roberts, More & Owen
1700 Broadway, Denver 2, Colorado
Attorneys for the Debtor
jf

Benjamin C. Hilliard, Jr.
Chief Referee in Bankruptcy
463 Post Office Bldg.,
Denver 2, Colorado
KEystone 4-4151, Ext. 379

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE DISTRICT OF COLORADO

In the Matter of ALLIED-MISSION OIL, INC., Debtor.	IN BANKRUPTCY NO. 31514 IN PROCEEDINGS FOR AN ARRANGEMENT

PROPOSED ARRANGEMENT

ALLIED-MISSION OIL, INC., the above named debtor proposes the following arrangement with its unsecured creditors:

ARTICLE I

SOURCE OF FUNDS

The source of funds to provide the payments proposed in this arrangement to priority creditors is a certain contract between the debtor and Vanadium Corporation of America, an outline of the basic provisions of which is set forth in Exhibit B to this proposed arrangement. By the terms of this contract Vanadium Corporation of America is to advance $35,000 for the payment of tax and other priority debts, which shall be repaid by its purchase of ore from the debtor's mine at La Sal, Utah. The binding effect of this contract is contingent upon the prior timely acceptance and confirmation of this proposed arrangement.

ARTICLE II

DIVISION OF CREDITORS INTO CLASSES

The unsecured debts of the debtor are divided into the following classes:

Class 1: Taxes, costs and expenses of this proceeding, and all debts which have priority under Section 64a(1), 64a(4) and 64a(5) of the Act of Congress relating to bankruptcy.

Class 2: The debt owed to Vanadium Corporation of America as a result of its providing the cash deposit necessary for the payment of priority creditors.

Class 3: All debts and liabilities, including debts owing to priority creditors who shall have waived their priority and claims arising from the rejection of executory contracts, except debts owing to the persons named in Class 4.

Class 4: All debts due under and by virtue of the debtor's six per cent five year convertible notes due December 31, 1963, and of the debtor's six per cent ten year sinking fund convertible debentures due March 1, 1968.

Class 5: All salaries and commissions owed to the following officers and directors of the debtor: Charles G. Wray, William C. Elliott, J. Milton Street, Michael B. Wray, James A. Joy, and Paul W. Havener.

ARTICLE III

PROVISIONS MODIFYING OR ALTERING THE RIGHTS OF UNSECURED CREDITORS

1. All debts included in Class 1 are to be paid in cash in full within 30 days after confirmation, except disputed claims, which shall be paid in full within 30 days after settlement, allowance and approval by the Court, and except insofar as priority creditors shall have waived their priority.

2. The debt comprising Class 2 shall be paid by the giving of credit to Vanadium Corporation of America on the basis of the amounts payable by it by virtue of its purchase of the ore from the debtor's mine at La Sal, Utah, under its contract with the debtor. Vanadium Corporation of America shall receive credit for amounts purchased until recovery by it in full of the $35,000, without interest, to be paid by it for use as a deposit in this proceeding. Such credit shall be given on the basis of and in accordance with monthly settlement sheets to be filed with the Court in this proceeding, commencing one month from the date of confirmation hereof. Such settlement sheets shall show the amount and grade of ore purchased, the amount of credit toward repayment of the $35,000, and the method by which such credit was computed. The debt comprising Class 2 shall have priority as to payment in full after payment of the debts in Class 1.

3. After payment in full of the debt in Class 2, all debts included in Class 3, except debts owing to priority creditors who shall have waived their priority, in the amounts allowed and proved, shall be settled and satisfied by the payment

to the holders thereof forty per cent of the amount of their respective claims. The foregoing amounts shall be payable in each case by checks payable to the order of each of the respective creditors, and shall be made by a series of partial payments as follows:

A. Time for Payments. The first such payment shall be made on or before six months from the date of confirmation of this plan, and payments subsequent to the first payment shall occur in each case on or before the expiration of four months from the date of the last prior payment, until forty per cent of each debt in Class 3, except debts owing to priority creditors who shall have waived their priority, shall have been paid in full, provided: Since such payments depend wholly upon and are to be made wholly out of income from the sale of the debtor's uranium ore, pursuant to an agreement for the operation of the debtor's mining property, as approved by the Court, any event which shall suspend any payment provided for in this Article III may, but only if the Court shall so order, extend for the period of such suspension the time for making any such partial payment.

B. Amount of Payment. The amounts of the partial payments may vary as fluctuations occur in income from ore shipments providing the source for such payments. Out of the funds available for distribution on each payment date the payments shall be made as follows: Twenty per cent of such funds shall be paid to satisfy the interim costs and expenses of this proceeding and the debts owing to such priority creditors, if any, who shall have waived their priority, in each case as allowed by the Court on application of the person designated by the Court to make distribution. In the event that on any payment date the amounts of such costs and expenses and claims of priority creditors who shall have waived their priority shall exceed the amount represented by such twenty per cent of such funds, the distribution shall be made as follows: First, costs and expenses, if any, shall be paid in full; second, out of

the balance remaining the claims of priority creditors who shall have waived their claims shall be paid in proportion to the ratio of the amount of each such amount to the balance remaining. Eighty per cent of such funds shall be paid in reduction of the unpaid balance of the claims, as reduced, of the creditors in this Class 3 other than priority creditors. If on any payment date the amount of costs and expenses of this proceeding and debts owing to priority creditors who shall have waived their priority is less than twenty per cent of the funds available for distribution, the excess shall be added to the eighty per cent payable to creditors other than priority creditors. Payments shall be made in this proportion and in this manner until all of the debts in Class 3 shall be paid, forty per cent to all creditors in Class 3 except priority creditors, if any, who shall have waived their priority, and one hundred per cent of all costs and expenses of administration and of the claims of such priority creditors.

C. Retention of Jurisdiction. The Court shall retain jurisdiction herein until all of the debts in Class 3 are paid as set forth in Article III hereof.

D. Priority. After payment of the debts in Class 1 and Class 2 above, debts in Class 3 shall have priority as to payment, and shall be paid as set forth in Article III hereof before any other debts.

4. The payment of interest and principal as to all debts included in Classes 4 and 5, in the amounts allowed, shall be deferred until after entry of the final decree herein and closing of the estate.

ARTICLE IV

PROVISIONS FOR THE REJECTION OF EXECUTORY CONTRACTS

Each and every executory contract of the debtor, including each executory contract listed in Exhibit I to the petition herein as amended, is hereby rejected. The debtor prays that the Court adjudge whether, and the extent to which, it may be liable under all such executory contracts.

ARTICLE V

PROVISIONS FOR SPECIFIC UNDERTAKINGS OF DEBTOR

1. The debtor undertakes to prepare and furnish to the Court statements containing detailed reports as to receipts and disbursements of the debtor. Such statements shall be furnished semi-annually commencing six months after confirmation, and continue so long as the Court retains jurisdiction.

2. The debtor shall prepare and submit annual profit and loss statements on a calendar year basis, the first such statement to cover the portion of the calendar year commencing with the date of confirmation hereof and ending December 31, 1962.

3. All bonds, oaths and other specific requirements of the debtor under the Bankruptcy Act shall promptly be deposited, made and provided for during the term of this arrangement.

ARTICLE VI

PROVISIONS FOR TERMINATION OF EXTENSION PERIOD

1. The happening of any of the following events shall constitute a default under this Article VI:

A. The failure of the debtor to perform any specific undertaking required under Article V of this arrangement.

B. The failure of the debtor timely to make any partial payment provided for in Article III, paragraphs 3.A.

and 3.B., except during suspension of payments as ordered by the Court under Article III, paragraph 3.A.

2. Upon the occurrence of any of the foregoing events of default, any interested party may petition the Court for termination of the arrangement, unless such default is cured within ten days after its occurrence, and the Court may, upon application and motion, enter the appropriate order under Section 377 of the Bankruptcy Act.

ARTICLE VII

PROVISIONS FOR CONTINUATION OF DEBTOR'S BUSINESS

1. The debtor shall remain in possession and continue the operation of the business of the debtor, under the management of its officers and directors, and of its Vice President and Chairman of the Board, Mr. Charles G. Wray, or his successor as designated or elected by the board of directors of the debtor.

2. The debtor's mine at La Sal, Utah, shall be operated by Vanadium Corporation of America, under a proposed contract, as approved by the Court, on terms and provisions substantially as set forth in Exhibit B hereto.

3. So long as this Court retains jurisdiction, all salary and expense payments to the debtor's officers, agents, attorneys and employees shall be allowed and made only after written application and approval by this Court.

4. The debtor shall not contract any obligation in excess of the sum of $200.00 other than for the purchase

of merchandise, without the prior written approval of this Court.

5. The debtor shall keep and maintain on a current basis all of its books of account, and shall prepare and furnish the statements required under Article V, paragraphs 1 and 2, hereof.

6. The initial depository of the debtor's funds shall be the First National Bank, Grand Junction, Colorado. Such successor depository may be designated as this Court may approve by written order. The debtor asks that Mr. John E. McNulty, whose address is 200 North Sixth Street, Grand Junction, be designated and appointed by this Court as agent for the receipt and distribution of the deposit and of the debtor's funds during the term hereof. Said agent for disbursements shall have sole authority to execute and deliver the debtor's checks, shall give bond with surety to be approved by this Court, and shall be compensated as this Court shall direct.

ARTICLE VIII

PROVISIONS FOR RETENTION OF JURISDICTION BY THE COURT

The Court shall retain jurisdiction during the term hereof under the provisions hereof and Sections 368, 369 and 372 of the Bankruptcy Act.

ARTICLE IX

ACCEPTANCE OF THIS ARRANGEMENT

This arrangement shall be effective only after acceptance by a majority in number and amount of creditors in each class affected hereby whose claims have been proved and

allowed and after confirmation by the Court. Creditors' acceptances shall be in writing, may be on the form attached as Exhibit A, and shall be filed with:

Referees in Bankruptcy
Room 463, Post Office Building
Denver 2, Colorado

Dated at Denver, Colorado, July 11, 1962.

ALLIED-MISSION OIL, INC.

By _____
Vice President and
Chairman of the Board

EUGENE MAST
First National Bank Building
Grand Junction, Colorado

HOLME, ROBERTS, MORE & OWEN
1700 Broadway
Denver 2, Colorado

Attorneys for Debtor

C M Heppenstall

EXHIBIT A

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE DISTRICT OF COLORADO

In the Matter of ALLIED-MISSION OIL, INC., Debtor.	IN BANKRUPTCY NO. 31514 IN PROCEEDINGS FOR AN ARRANGEMENT

ACCEPTANCE OF ARRANGEMENT

The undersigned creditor of the above named Debtor hereby accepts the arrangement proposed by the Debtor in the above proceeding.

Dated _____, 1962.

_____
(Name of Creditor)

By_____
Title_____

Amount of Claim

$_____.

Mail t :

Referees in Bankruptcy
Room 463, Post Office Building
Denver 2, Colorado

EXHIBIT B

TO PROPOSED ARRANGEMENT

OF ALLIED-MISSION OIL, INC.

The following is an outline of the basic provisions of a contract, in the form of a MINING LEASE, which the debtor proposes to enter into with Vanadium Corporation of America (VCA), a Delaware corporation:

1. Term. The lease shall run from a date shortly after confirmation by the Court pursuant to the proceedings under Chapter XI until after the repayment to VCA of its $35,000.00 advance, and possibly through 1966.

2. Leased Property. The leased property covers and includes all of the debtor's right, title and interest in and to the unpatented mining claims which are commonly known as the Vanadium Queen Mine, San Juan County, Utah.

3. Lessee's Rights. During the term of the lease VCA, as lessee, has the right to explore for, mine and market all uranium, vanadium and associated minerals.

4. Payments by Lessee. On the basis of monthly settlement sheets VCA shall pay (or, as to the $35,000.00 advance, give credit) a price based upon the amount and value of ores mined and shipped from the property. The debtor, as lessor, has a right at certain times to elect between a percentage return after deduction of certain costs and a percentage of the gross value of ore, determined generally in accordance with AEC prices. An alternative simple royalty payment may follow after entry of the final decree in these Chapter XI proceedings.

5. Lessee's Agreements. VCA, as lessee, promises to perform required minimum assessment work and to conduct all operations in accordance with good and economic mining practices. VCA also promises to pay claims for work and services done and rendered, to assume full responsibility for accident to persons on the property, and to hold harmless the debtor from claims, costs and damages resulting from or in connection with such work, services,

and accidents. It also agrees to keep accurate current records of all operations, available for inspection by the debtor. It undertakes timely to pay all taxes attributable to its operations and during its occupancy, with provisions for reimbursement by the debtor by adjustments in payments from the purchase of ore.

6. Rights of cancellation. For any violation of the covenants of the lease the debtor has the option to cancel the lease, after notice and an opportunity to remedy the default. Lessee has the right to surrender the lease by the giving of advance notice, at any time during the term.

7. Right of Purchase. VCA, as lessee, is given the first option to purchase the property in the event of a contemplated sale, after 30 days' notice, at a price not less than that offered.

8. Conditions. The effective date of the lease is conditioned upon: (1) Acceptance of the proposed arrangement by the requisite number and amount of creditors and claims, and prior confirmation by the Court in the Chapter XI proceedings; (2) VCA's being furnished with a copy of the debtor's Petition and Schedules under Chapter XI; (3) Limitation of VCA's portion of the debtor's initial deposit to $35,000.00; (4) The timely rejection pursuant to Chapter XI procedures of all contracts affecting the mining, delivery, hauling and purchase of ore in effect at the time of the filing of the Petition; (5) A minimum AEC allocation as of July 1, 1962 of 22,000 pounds of U_3O_8 per fiscal year and cancellation of acceleration; and (6) Prior approval of the mining lease by the debtor's board of directors.

9. Assignment and Subleasing. VCA may not assign the lease without the written consent of the debtor as lessor, but may sublease or contract for mining, without however being relieved of its obligations under the lease.

(Note: Any interested party may procure a draft of the proposed lease between VCA and the debtor by application to Holme, Roberts, More & Owen, attn. E. M. Heppenstall, 1700 Broadway, Suite 1010, Denver 2, Colorado, at any time after July 20, 1962.)

AME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/25	Talbert	800
6/26	Murphy	500
	[illegible]	500
6/26	[illegible]	130
"	Johnson	110
6-[illegible]	Finnell	100
		220

JUN 2 6 1962

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

In your June 21 memorandum regarding royalty payable under the subject contract request is made for a copy of Climax Uranium Company's reply to the Director's December 19, 1961, letter. No reply was received; Climax, however, continued to make the royalty deductions until the indebtedness was liquidated.

The statement in the first paragraph of Allied Mission's January 29 letter that "we corroborate the information furnished you by Climax Uranium Company" was interpreted by this office as referring to the information shown on the settlement sheets. The second paragraph of the letter gives the specific confirmation.

Your decision to withhold release of the Report of Royalty Review, pending a visit to the property during July, has the concurrence of this office. However, as pointed out in my June 14 memorandum, the penultimate paragraph of the report contains a "saving" clause.

Your action in having OME listed as a "possible" creditor in the pending bankruptcy proceedings is appreciated.

George C. Selfridge

(GCS)

EDTalbert/ama 6-25-62

cc:
Docket
Director's Reading File
CA & A Division
Review Committee

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

June 21, 1962

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUN 25 1962

DATE	INITIALS	CODE
6/25	[illegible]	800
		120
	Murphy	500

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Thank you for the copies of the letter to Mr. Fumich dated January 29, 1962 from the Allied Mission Oil, Inc. It appears from the letter that Climax Uranium Company furnished you some information which might have been in answer to Mr. Fumich's letter to Climax Uranium Company dated December 19, 1961. If Climax replied to this letter, may I have a copy. A complete file is helpful in a case like this one.

It is unfortunate, indeed, that there has been so much misunderstanding in the royalty administration of this contract. Please refer to my confidential blue envelope letter dated January 16, 1960 in which I divulged the information I had received on the personnel of this company.

On May 10, 1962 I visited the subject property and talked to George Spillman, mine foreman, and it was my understanding that ore taken from the property prior to January 19, 1962 came from DMEA land and that no ore had since been produced from the DMEA claims. George Spillman is the only man connected with this project that I have any faith in.

I plan to make a field examination of OME-6238 Lone Butte Mining Company, San Juan County, Utah, on July 11, 1962. I will visit George Spillman on July 10, 1962 and settle the question, in my own mind, where liquidations No. 4876, 4922, 4937, 4971, and 5005 originated. If I find that the above shipments of ore were not from DMEA land, I will be greatly surprised and upon my return from the

field I will immediately forward the Report of Royalty Review as per your request.

Charles G. Wray and his attorney were in Denver yesterday and filed a Chapter XI Arrangement in the Federal Bankruptcy Court. This is an arrangement whereby the debtor arranges his affairs. About 30 creditors came to the meeting. John McNulty did not attend the meeting. I listed OME as a possible creditor in order to get us on the mailing list of creditors. We have six months from May 31, 1962 to file our claim, if we have one. It is my understanding in bankruptcy cases that all creditors, including the Government, must be on the list in order to participate.

I will keep you advised and will greatly appreciate receiving copies for our file of any correspondence you receive.

Hugh M. Connors

Hugh M. Connors

HMC/lm

Form 7
)-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/13	Talbot	800
	Murphy	500
	[illegible]	500
6/14	[illegible]	130
6/14	Fermich	100
		220

JUN 1 4 1962

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idu-C1092

By memorandum dated June 8 you have returned the original and two copies of a recent Report of Royalty Review on the subject contract. As an original and three copies were forwarded to you by the Contract Administration and Audit Division's June 1 memorandum, I assume that one copy has been retained in your files.

In the preparation of this Report of Royalty Review, consideration was given to your May 15 memorandum reporting on your May 10 visit to the property. Nothing in that memorandum gave any indication that Allied Mission Oil, Inc., had not paid all royalty due the Government. Furthermore, in a January 29 reply to the Director's January 19 letter, Allied Mission Oil specifically stated that settlement sheets nos. 4876, 4922, 4937, 4971, and 5005 covered sales of ore produced from claims other than those subject to the contract. On the premise that your files may not have copies of this letter, thermofax copies are enclosed.

Four of the five referenced settlement sheets are inscribed "Reg." or "Regular" which has been interpreted to mean non-DMEA, because settlements on which royalty was paid are marked "DMEA". One sheet, no. 5005, carries neither indication, but has been considered non-DMEA because it covers December 1961 shipments, for which settlement no. 5046 was submitted as covering the DMEA portion.

The statement in the last paragraph of your memorandum that this royalty account has been in "much worse" shape since the March 6, 1961, conference is not understood. That conference was for the purpose of arranging payment of delinquent royalty and was the result of your referral of the matter to the Washington office. As far as we know the delinquency has been eliminated. At least,

43683

at this time, we have no evidence of further delinquency and, until an examination is made of the stoned areas and the production records, we have no basis of claim against Allied Mission Oil, Inc.

The original of the Report of Royalty Review is returned for consideration on the basis of being "for record purposes only" with no copy being furnished either the Operator or Allied Mission Oil, Inc. If you concur please submit this original to the Department's Fiscal Section, with copy of your transmittal memorandum to the Contract Administration and Audit Division as evidence of your concurrence. In this connection, please note that the penultimate paragraph of the Report of Royalty Review contains a "saving" clause.

George C. Selfridge

(242)

Enclosures

EDTalbert/ama 6-13-62

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED JUN 9 1962

DATE	INITIALS	CODE
6/13		800
		500

June 8, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: DMEA-4631 (Uranium)
Contract Idm-E1092
Vanadium Queen Uranium Corporation
(Vanadium Queen Claims)
San Juan County, Utah

Returned herewith is a Report of Royalty Review on the subject property showing a balance of royalty due of $5.13 in which I do not concur.

I have settlement sheets for liquidation nos. 4876, 4922, 4937, 4971, and 5005 representing ore which I believe came from DMEA land shipped prior to January 1962. George Spillman, mine foreman, informed me that production ceased from DMEA land during January 1962. Please see my memorandum to you dated May 15, 1962.

Our experience to date in the administration of this contract indicates that we should never give this outfit the benefit of the doubt. The Director's letter dated January 19, 1962 to the Operator stated

> "It is assumed that these settlement sheets, nos. 4876, 4922, 4937, 4971, and 5005, covered sales of production from Vanadium Queen Claims other than nos. 3, 7, 9, and 10."

This statement could cost us $6,023.64 in royalty which I believe is due the Government.

This royalty account has always been in bad shape but it has been much worse since your conference with the Operator on March 6, 1961.

Hugh M. Connors

Hugh M. Connors

Attachment

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

JUN 1 1962

OME
DEPARTMENT OF THE INTERIOR
JUN 4 1962
REGION III
DENVER, COLORADO

Memorandum

To: Acting Field Officer, Region III

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

Subject: DMEA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

The original and three copies 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.;
(b) One copy to the Operator, The Queen Corporation;
(c) One copy to the Trustee, Allied-Mission Oil, Inc.; and
(d) One copy for your files.

As evidence of your concurrence, a copy of your letter transmitting the Operator's copy should be furnished this Division. If for any reason you do not concur, all copies of the report should be returned to this Division with your comments.

Enclosures

.E FORM 6 REFERENCE SLIP
REV. 2-59 OFFICE OF MINERALS EXPL TION

TO:	DATE	INITIALS
1. Mr. Selfridge		
2.		
3.		
4.		
5.		
FROM: Talbert 6/14/62		

FOR: Check items for action desired

____ Action ____ Reply for signature of ____
____ Approval ____ Investigate ____ Surname
____ Comment ____ Recommendations ____ Signature
____ Conference ____ Rewrite ____ File
____ Instructions ____ Your information

REMARKS: What now Solomon?
Pls. note:
(a) Penultimate par., page 3, of my Rpt. of Roy. Rec.
(b) Connors memo 5/15/62 doesn't mention royalty due.
(c) Settlement (marked with clips) with one exception, state Regular (Non-Dm 60)
(d) Mission Orls 1/29/62 reply to 1/18/62 ltr.

INT.-DOP.-SEC., WASH., D.C. M56300-59

E Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

Memorandum

JUN 1 1962

To: Acting Field Officer, Region III

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

Subject: DMMA-4631 (Uranium)
Vanadium Queen Uranium Corporation
Vanadium Queen Claims
San Juan County, Utah
Contract Idm-E1092

The original and three copies 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.;
(b) One copy to the Operator, The Queen Corporation;
(c) One copy to the Trustee, Allied-Mission Oil, Inc.; and
(d) One copy for your files.

As evidence of your concurrence, a copy of your letter transmitting the Operator's copy should be furnished this Division. If for any reason you do not concur, all copies of the report should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 6-1-62

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

43683