UNITED STATES
DEPARTMENT OF THE INTERIOR

OFFICE OF THE SOLICITOR

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

INTERIOR DEPT.
OCT 30 1964
SOLICITOR

B-63-2074/12A

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.

Palmer King
Palmer King
Regional Solicitor

Enclosures

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

RECEIVED
OCT 30 1964
ASSOC. SOLICITOR
MINERAL RESOURCES

United States Department of Justice

IN REPLY REFER TO

MRK:vm

10694 - Bankruptcy
No. 31514

UNITED STATES ATTORNEY
DISTRICT OF COLORADO
348 POST OFFICE BUILDING
DENVER 1, COLORADO

MAILING ADDRESS
P. O. Box 1776
TELEPHONE KE 4-4151
EXT. 541
(AREA CODE 303)

SEP 10 1962

REG. SOL.	
LANDS-MNRLS.	1
WATER-POWER	
CONTRACT ADM.	
PARKS-IND-WL	
ADM. OFFICER	
ADM. ASST.	
FILE	

September 7, 1962

U. S. Department of the Interior
Office of the Solicitor
Room 21, Building 53
Denver Federal Center
Denver 25, Colorado

Att: Mr. Bryan L. Kepford

RE: Allied-Mission Oil, Inc.

Gentlemen:

Enclosed are copies of a letter from E. M. Heppenstall, stipulation, proof of claim, and letter to Climax Uranium Company.

The proof of claim and stipulation were filed in Bankruptcy Court on September 6, 1962.

Very truly yours,

LAWRENCE M. HENRY
United States Attorney

By: Merle R. Knous
MERLE R. KNOUS
Assistant United States
Attorney

Enclosures:
As stated

MRK:vm

10694 - Bankruptcy
No. 31514

September 7, 1962

U. S. Department of the Interior
Office of the Solicitor
Room 21, Building 53
Denver Federal Center
Denver 25, Colorado

Att: Mr. Bryan L. Kepford

RE: Allied-Mission Oil, Inc.

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The proof of claim and stipulation were filed in Bankruptcy Court on September 6, 1962.

Very truly yours,

LAWRENCE M. HENRY
United States Attorney

By: _____
MERLE R. KNOUS
Assistant United States
Attorney

Enclosures:
As stated

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

PAUL D. HOLLEMAN
JOSEPH W. MORRISEY, JR.
SAMUEL L. McCLAREN
EDWARD M. HEPPENSTALL
RICHARD E. YOUNG
ROGER C. COHEN
DONALD R. BAIN

1700 BROADWAY-DENVER 2, COLORADO

TABOR 5-7231

MRK:vm

10694 - Bankruptcy
No. 31514

September 6, 1962

Climax Uranium Company
125 N. 8th Street
Grand Junction, 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

Gentlemen:

Enclosed is an executed duplicate of a stipulation which reaffirms the exploration contract between the United States and Vanadium Queen Uranium Corporation, dated May 29, 1957.

In accordance with the terms of exploration contract, the United States has a royalty payable from production with balance due of $27,293.03 less $5.13.

If you have any questions, please write us or Eugene H. Nast, Grand Junction, Colorado, or Edward N. Heppenstall, 1700 Broadway, Denver, Colorado.

Very truly yours,

LAWRENCE M. HENRY
United States Attorney

By: _____
MERLE R. KNOUS
Assistant United States Attorney

Enclosure:
As stated

August 23, 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

mwpd
8-23-62

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

RWMesch:mv 8-23-62

HOLME, ROBERTS, MORE & OWEN

J. CHURCHILL OWEN
PETER H. HOLME, JR.
JOHN M. DICKSON
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TABOR 5-7231

AUG 16 1962

REG. SOL.	
LANDS-MNRLS.	
WATER-POWER	
CONTRACT ADM.	
PARKS-IND-WL	
ADM. OFFICER	
ADM. ASST.	
FILE	

August 15, 1962

Robert Mesch, Esq.
Office of Solicitor,
Department of the Interior
Room 20, Building 53
Denver Federal Center
Denver 25, Colorado

Re: Exploration Project Contract
Docket No. DMEA 4631
Contract No. Idm-E 1092

Dear Bob:

As agreed during our conference, I have prepared and enclose the original and three copies of a proposed stipulation setting forth the status of the captioned contract in the Chapter XI proceedings now pending in the Bankruptcy Court in Denver.

As I told you, I have tried to cover the entire matter. If you have suggested revisions, don't hesitate to telephone me. Otherwise, I shall assume that this is to be placed in the government's approval tape.

Yours sincerely,

EMHeppenstall

E. M. Heppenstall

EMH
ajc

enclosures

IN THE BANKRUPTCY COURT OF THE UNITED STATES

FOR THE DISTRICT OF [illegible]

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

STIPULATION

ALLIED-[illegible] 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 document dated May 29, 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 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. 9, 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 2 of the exploration contract, the United States through the Defense Minerals Exploration Administration (now the Office of Minerals Exploration) contributed ($[illegible].00 or 16.7%) share of allowable costs.

3. A certification of discovery or development under Article 8 of the exploration contract was issued on December 13, 1957, as a result of which a royalty in percentages according to Article 8(c) 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. 9, 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 4, 1957, the United States acting through the Defense Minerals Exploration Administration (now the Office of Minerals Exploration) entered into a [illegible] agreement with Vanadium Queen Uranium

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 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.

7. 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.

8. 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.

9. Royalties in the amount of $6,368.38 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 $27,295.62.

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 "[illegible] 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 $27,295.62 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

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

the debtor, the obligation represented by the unpaid balance is contingent in nature, depending, under the exploration contract, upon the operations conducted upon the [illegible] Area, out of which the royalty of the United States is payable.

13. The debtor agrees, then 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 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.

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 1 to its petition in these proceedings was erroneous.

This stipulation is executed effective as of August 15, 1960.

[illegible] OIL, INC.
Debtor

By:

[illegible]
[illegible], [illegible], [illegible] & [illegible]
[illegible]

[signature]
[illegible]

THE [illegible] OF [illegible]

By [illegible]

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

PROOF OF PRIORITY CLAIM

NEILE R. KNOUS, Assistant United States Attorney for the District of Colorado, in the County of Denver, State of Colorado, says:

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

PROOF OF PRIORITY CLAIM

MERLE R. KNOUS, Assistant United States Attorney for the District of Colorado, 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 in its behalf.

2. That the undersigned is informed and so believes that Allied-Mission 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 five dollars and thirteen cents.

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

On May 29, 1957, 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. 2092, 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 $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 Queen No. 7, the Vanadium Queen No. 9, and the Vanadium Queen No. 10) 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 $44,875.45 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 four unpatented lode mining claims.

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."

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 unpatented lode mining claims which were the subject of the exploration project contract.

4. That Royalties in the amount of $6,363.58 have been paid under the exploration contract, and a balance presently due of $5.13 exists.

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 64(a)(5) of the Bankruptcy Act.

Dated at Denver, Colorado, this_____day of _____, 1962.

_____

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

STIPULATION

ALLIED-MISSION OIL, INC., the above-named debtor, herein called the debtor, and the Office of Minerals Exploration, Department of the Interior, herein called the OME, hereby stipulate:

1. By document dated May 29, 1957, Docket No. DMEA 4631, the OME (formerly the DMEA) 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 the Vanadium Queen unpatented mining claims, in San Juan County, Utah. This document is referred to herein as the exploration contract.

2. Pursuant to Article 5 of the exploration contract, the OME (then known as the Defense Minerals Exploration Administration) contributed $33,656.60 as its 75% share of allowable costs.

3. A certification of discovery or development under Article 8 of the exploration contract was issued on December 13, 1957, as a result of which a royalty in percentages according to Article 8(e) is payable for a period of ten years from the date of the exploration contract or until the total net amount contributed by the OME is repaid without interest, whichever occurs first.

4. Under date of December 4, 1957, the Defense Minerals Exploration Administration entered into a termination agreement with Vanadium Queen Uranium 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 8(g) of the exploration contract grants to the government a lien upon the operator's interest in the land covered by the exploration contract, to secure the payment of its percentage royalty.

7. 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 OME is not a secured claim.

11 ~~8~~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 ~~9~~. The exploration contract provided, ~~in a map attached to it~~, that the royalty payable under the contract would be payable only from ~~ores mined~~ in a certain area ~~of the mining claims~~ known as the "DMEA Area".

11 ~~10~~. 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 ~~11~~. 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 ~~OME's royalty is payable~~.

13. ~~12~~. 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 ~~OME~~ U.S. its full royalty, in accordance with the exploration contract.

13. The parties agree that since the exploration contract had been terminated by the termination agreement of December 4, 1957, the debtor's scheduling of the exploration contract as an

executory contract in Exhibit 1 to its petition in these proceedings was erroneous.

This stipulation is executed effective as of August 15, 1962.

ALLIED-MISSION OIL, INC.
Debtor

By:

EUGENE H. MAST
HOLME, ROBERTS, MORE & OWEN
E. M. HEPPENSTALL

E M Heppenstall
Attorneys for Debtor

THE UNITED STATES OF AMERICA

By_____

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

SOURCESOF 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; ~~and~~ (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

3. The debt comprising Class 2 shall be paid by the giving of credit to Climax against the amounts payable by it by virtue 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 5 (Purchase Agreement dated as of April 1, 1962 with Climax) which the debtor affirmatively assumes and adopts; and (b) 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 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.

Debts

527,448.91

Assets

363,672.04

Real Property 472,350.00

Petition filed May 18, 68

over 35000 due in taxes

There is a contract of purchase between Debtor & Penn Corp. - which does not say about any royalty -

Mr. Neely, trustee, under an order dated 11-13-68 assigned proceeds from sale of one for benefit of creditors

some other unpaid mining claims - guaranty deposits & interests in oil & gas leases - & patented claims

total value of $83,206.83

amounts to living down to about figures -

Petition

" your petitioner is both insolvent and unable to pay its debts "

some necessary contracts to determine amount involved, after had read our arms -

---

Initial meeting

Examine of history

condition to aug 17 at 10:0.a.m.

① purpose of meeting Doing

② filing acceptance of arrangement

③ further examn & consider of debtors offer

10:00 Tuesday - ~~Deferred~~

when file claim -

when get ruling no know how to vote -

second claim - hire - recording -

11 USCA 110 - Title to Property -

Trustee has all the rights, remedies, powers of a creditor holding a lien -

11 USCA 107 - Liens & fraudulent transfers -

11 USCA 104 - Dollar which bears priority -

11 USCA 96 - Preferred creditors -

31 U.S.C. 191, establishes a general priority for debts due to the United States. Section 64 of the Bankruptcy Act, as amended, 11 U.S.C. 104, provides that in bankruptcy cases the priority so established should come fifth in the order of preferred creditors.

Small Business Administration v. McClellan, 364 U.S. 446, 5 L.Ed. 2d 200 (1960).

The Small Business Administration, an agency created to lend the money of the United States, is entitled to all the priority that must be accorded to the United States when the time comes to collect that money. "Section 3466 declares in unequivocal language that the United States is entitled to priority 'whenever any person indebted to the United States is insolvent,' and Section 64 recognizes that priority in bankruptcy proceedings. The purpose of these sections is simply to protect the interest of the Government in collecting money due to it."

United States v. Press Wireless, 187 F.2d 294 (1951) (2nd Cir.) In proceedings to reorganize a corporate debtor under Chapter XI, where the corporate debtor's assets were not insufficient to pay all his debts, the debtor was not "insolvent" and the court held that the United States was not entitled to priority in the payment of its claim by reason of 31 U.S.C. 191. The court in reliance on United States v. Oklahoma, 261 U.S. 253, 67 L.Ed. 638, stated "we think that the decision means that insolvency always demands an insufficiency of assets; and that is the reading which three Courts of Appeals have put on the opinion."

United States v. Gotwals, 165 F.2d 692 (1946) (10th Cir.) "The statute does not create a lien in the government. It merely entitles it to priority in the payment of its claim when the conditions of the statute have been brought about. Whether the preferential status of the government was brought into focus under the statute in question depends upon whether House was insolvent, and if he was, whether the assignment was a voluntary assignment within the meaning of the Act, and if it was not, whether the assignment constituted an act of bankruptcy as contemplated by the statute.

"The mere inability of a debtor to discharge his debts in the ordinary course of business does not constitute insolvency under the statute. A debtor is insolvent within the meaning of the statute if, not having sufficient property to pay all his debts, he either makes a voluntary assignment thereof or commits an act of bankruptcy. . ."

. . . . . .

"It is clear from what has been said that if a bankruptcy proceeding had been instituted against House or if a general assignment had been made of all of his property to one charged with the payment of his debts, the government would have been entitled to the satisfaction of its claim in preference to the claim of Gotwals. But it is urged that the government may establish its right of priority only in such proceedings, and may not assert it in the manner attempted herein. . ."

. . . . . .

"The purpose of the statute is to give priority of payment to the government over all other creditors in situations covered by the act. It has been held without exception that the act is to be liberally construed to effectuate that purpose."

United States v. Oklahoma, 67 L. Ed. 638 (1923) "The meaning of the word 'insolvent,' used in the act, and of the insolvency therein referred to, is limited by the language to cases where 'a debtor not having sufficient property to pay all his debts shall make a voluntary assignment,' etc. Mere inability of the debtor to pay all his debts in ordinary course of business is not insolvency within the meaning of the act, but it must be manifested in one of the modes pointed out in the latter part of the statute, which defines or explains the meaning of insolvency referred to in the earlier part. . . . . Where the debtor is devested of his property in one of the modes specified in the act, the person who becomes invested with the title is made trustee for the United States, and bound first to pay its debt out of the debtor's property."

United States v. Emory, 86 L. Ed 315 (1941) "The applicability of § 3466 to this case is clear. The section applies in terms to cases '/1/ in which a debtor, not having sufficient property to pay all his debts, makes a voluntary assignment thereof, or /2/ in which the estate and effects of an absconding, concealed, or absent debtor are attached by process of law, . . . or /3/ in which an act of bankruptcy is committed.' This case falls within the third category. It is agreed that the St. James Distillery was insolvent 'on or before August 1936' and that in response to a creditor's petition a receiver was appointed to liquidate the corporate assets. The appointment of a receiver under such circumstances is among the most common examples of an 'act of bankruptcy.' Cf. § 3(a) (4) of the Bankruptcy Act, 11 USCA § 21 (a) (4).

"Just such proceedings as this, therefore, are governed by the plain command of § 3466 that 'debts due to the United States shall be first satisfied.' The purpose of this section is 'to secure adequate public revenues to sustain the public burden' (United States v. State Bank, 6 Pet (US) 29, 35, 8 L ed 308, 310), and it is to be construed liberally in order to effectuate that purpose (Bramwell v. United States Fidelity & G. Co. 269 US 483, 487, 70 L ed 368, 371, 46 S Ct 176)."

Bergin v. Waterson, 279 F. 2d 193 (U.S.C.A. 10th, 1960). "Section 70, sub. c, of the Bankruptcy Act, 11 U.S.C.A. § 110, sub. c. puts the trustee in a bankruptcy proceeding in the position occupied under federal or state law by a creditor holding a lien, or one who could have obtained a lien by legal or equitable proceedings at the date of bankruptcy whether or not such creditor actually exists; and section 70, sub. e, gives the trustee whatever rights any creditor of the bankrupt with a provable claim has under state or federal law to attack a transaction which is fraudulent and voidable for any other reason. Bussert v. Quinlan, supra. These provisions fix the status of the trustee as a litigant. They do not vest in him any better position than that of any other litigant in such categories. The last sentence of section 70, sub. c., is effective to permit the trustee to attack deeds, mortgages, conditional sales contracts, and chattel mortgages, not filed or recorded at the time of the filing of the petition in bankruptcy as required by applicable local law for validity as against creditors. In other words, the status of the trustee under the section as a mythical creditor with a lien obtained by legal proceedings will suffice to permit him to upset an unrecorded chattel mortgage where, under applicable state law, it is inoperative as against creditors without notice until recorded; and it has not been recorded at the time of the filing of the petition in bankruptcy. 3 Remington on Bankruptcy, § 1604. . . "

11 U.S.C. 1 provides in part as follows:

> "(15) a person shall be deemed insolvent within the provisions of this title whenever the aggregate of his property, exclusive of any property which he may have conveyed, transferred, concealed, or removed, or permitted to be concealed or removed, with intent to defraud, hinder, or delay his creditors, shall not, at a fair valuation, be sufficient in amount to pay his debts;"

11 U.S.C. 21 provides in part as follows:

> "(a) Acts of bankruptcy by a person shall consist of his having . . . or (5) while insolvent or unable to pay his debts as they mature, procured, permitted, or suffered voluntarily or involuntarily the appointment of a receiver or trustee to take charge of his property; or (6) admitted in writing his inability to pay his debts and his willingness to be adjudged a bankrupt."

Volume 8 - Collier on Bankruptcy - 14th Edition

". . . priority is not important in Chapter XI proceedings where an arrangement is confirmed, since the debtor must deposit the money necessary to pay all debts which have priority, unless the priority creditors waive their claims or the deposit, or consent in writing to any provision of the arrangement for otherwise dealing with such claims." (page 29)

". . . 64a(5) is applicable to Chapter XI proceedings, and the debts therein specified therefore have priority in Chapter XI cases, and the debtor must deposit the money necessary to pay them." (Page 538)

Executory contracts "embrace contracts dealing with any such matter, as long as some future performance is required of the debtor." (page 63)

"In case an executory contract is rejected . . . any person injured by such rejection is deemed a creditor for the purposes of the arrangement, its acceptance and confirmation, and of Chapter XI." (page 64)

Section 326 providing for an indemnity bond "is confined by its terms to Chapter XI cases commenced by the filing of an original petition for relief under Section 322." (Page 355)

"an 'arrangement' is defined in Section 306(1) to 'mean any plan of a debtor for the settlement, satisfaction, or extension of the time of payment of his unsecured debts, upon any terms." (page 519)

". . . an arrangement may provide for the settlement, satisfaction, or extension of unexecuted debts, but cannot deal with secured debts." (page 521)

"Moreover, it has been held that a creditor whose security is invalid as against creditors though valid as against the debtor may be dealt with as an unsecured creditor." (page 1066)

"But since Section 369(3) permits the filing of the claim after confirmation, it is obvious that without more the creditor is under no obligation to file is claim before that time in order to participate under the arrangement." (page 526)

"it is therefore necessary . . . that the claim of a creditor affected by the arrangement be proved, filed, and allowed before the conclusion of the meeting in order that his claim be considered in determining whether the debtor has obtained the requisite majority." (page 958)

". . . a creditor provided for also participates if his claim arises from the rejection of executory contract by the debtor, and if proved and filed even subsequent to confirmation but within such time as the court may direct and is thereafter allowed." (page 959)

"Except as otherwise proved in this act, creditors holding claims which are secured or have priority shall not in respect to such claims be entitled to vote at creditor's meetings, nor shall such claims be counted in computing the number of creditors or the amount of their claims. . ." Section 56b

"But where an arrangement provides for the rejection of an executory contract, the rejection itself is not effective unless and until the arrangement is confirmed . . . Such a person, however, if he will be injured by the rejection proposed in the arrangement, is deemed a creditor for the purposes of Chapter XI . . ." (page 600)

T.P.S. [illegible] 3 - Sanjeevan Country [illegible]
[illegible]

[illegible] 7.30 [illegible]
[illegible] 9.00 [illegible] " 9.1.[illegible]

---

any contract or agreement [illegible]
[illegible] in work.

paid vouchers - during 3300/-
[illegible] 6000/-

E.M. Deposit fall - [illegible]
[illegible]

See M a(1), M a(4) and a(3) of [illegible] of Comp.

Dec 7 - 10:00 a.m. - First meeting of Cadets continued
if needed meet then meeting to confirm
at 1:00 p.m. that afternoon -

Date Petition was filed --

Filed as an original Petition under Chapter 11 --

Date of First Meeting of Creditors --

How are we scheduled in Debtor's Petition --

In view of 11 USC 767(3) do we have to file a proof of claim and have it allowed prior to the confirmation

If so, can we file it without prejudice to the assertion of a secured claim -

England v. Lynn, 261 Fed 303 affirming 167 Supp 940

"First meeting of creditors" of Sec. 93 (a) was intended to be the first meeting following the order to prove with bankruptcy, and not the first meeting held pursuant to the petition for arrangement.

Persons creditors who, because their claims were paid, liquidated, undisputed and scheduled, and not have filed as all in the arrangement proceedings, would already and admittedly be precluded from participating in the bankruptcy proceedings.

11 USC 767 (3) "The consideration exported, if any, shall be distributed and the rights provided by the arrangement shall inure to the creditors affected by the arrangement whose claims (a) have been filed prior to the date of confirmation and are allowed or (b) when or not filed have been scheduled by the debtor and are not contingent, unliquidated or disputed

Johnson v. Carson 470 P.2d 1012 (Idaho)

A judgment is not an instrument and, therefore, as between a prior unrecorded deed and a judgment, the deed prevails.

An unrecorded deed is not void as to subsequent judgments because the legislature left such provision out in speaking of subsequent purchasers for value.

Kaufchnor v. State Tax Comm 294 P.2d 790 (Utah 1956)

A judgment lien is subordinate and inferior to a deed which was dated & and even though the deed is not recorded.

Cites with approval the above Idaho case -

11 USC 93 - Claim filed within 6 months after the first date set for the first meeting of creditors -

11 USC 103 - When contingent claim has been proved and not allowed it shall not be deemed provable -

11 USC 755 - Time for filing claims when order entered to proceed with bankruptcy -

4 AWC 434 - Priority as between judgment lien and unrecorded mortgage -

57-1-1 Utah Code - Conveyance defined -

57-1-6 Utah Code - Recording necessary to impart notice -

57-3-2 Utah Code - Record imparts notice -

57-3-3 Utah Code - Effect of failure to record -

45 Am Jur p. 512 - 514 - Priority of judgment creditors and unrecorded conveyance -

6 Am Jur § 409 - Contingent obligations

6 Am Jur § 748 - Only provable debts are discharged

6 Am Jur § 255 - Status of lien on certain creditor confused on trustee.

6 Am Jur § 995 - Trustee as lien on certain creditor - Strong-arm clause

171 F Supp 650 - In re Plymouth Glass Co - applies rule law to determine rights of unrecorded lien holder -

2 A CJS § 431 - Secured Claims -

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

AMENDED 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 are: (a) a certain AGREEMENT between the debtor and Vanadium Corporation of America, a copy of which is in the file of the Referee in Bankruptcy. By the terms of this contract CLIMAX URANIUM COMPANY, a unit of AMERICAN METAL CLIMAX, INC., is to advance $35,000 for the payment of tax and other priority debts, which advance 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, 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.

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 Uranium Company as a result of its providing the cash deposit necessary for the payment of priority creditors, under Article I (a) 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. The debt comprising Class 2 shall be paid by the giving of credit to Climax Uranium Company 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. Climax Uranium Company 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 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 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 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: Since such payments depend upon and 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 20% 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 Bankruptcy 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 to the ratio of the amount of each such claim to the 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 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.

5. 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 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 Exhibit 1 to the petition herein as amended, is hereby rejected, except the Oil Purchase Agreement dated as of April 1, 1962, described in paragraph 6 of the THIRD AMENDED EXHIBIT 1, with Climax Uranium Company, which the debtor affirmatively assumes and adopts. 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, 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 Mr. John E. McNulty, whose address is 200 North Sixth Street, Grand Junction, Colorado, 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 disbursement 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, August , 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

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 Bldg.
Denver 2, Colorado)

JUL 2 4 1962

~~JUL 2 3 1962~~

United States Attorney
Department of Justice
Denver, Colorado

Dear Sir:

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.

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 $33,656.60 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
Regional Solicitor

Enclosures

cc:
Region III, Office of Minerals Exploration, Denver, Colorado
Associate Solicitor, Division of Mineral Resources

RWMesch:mv 7-23-62

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

STIPULATION

ALLIED-MISSION OIL, INC., the above-named debtor, herein called the debtor, and the ~~Office of Minerals Exploration, Department of the Interior~~ United States of America, herein called the ~~OME~~ United States of America, hereby stipulate:

1. By document dated May 29, 1957, Docket No. DMEA 4631, the ~~OME (formerly the DMEA)~~ United States of America, acting through the Defense Minerals Exploration Administration (now the Office of Minerals Exploration, Department of the Interior) 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 ~~the Vanadium Queen unpatented mining claims~~ unpatented mining claims (the Vanadium Queen No. 3, the Vanadium Queen No. 4, the Vanadium Queen No. 5 and the Vanadium Queen No. 6), in San Juan County, Utah. This document is referred to herein as the exploration contract.

2. Pursuant to Article 5 of the exploration contract, the ~~OME (then known as the Defense Minerals Exploration Administration)~~ United States of America, acting through the Defense Minerals Exploration Administration (now the Office of Minerals Exploration, Department of the Interior) contributed $33,656.60 as its 75% share of allowable costs.

3. A certification of discovery or development under Article 8 of the exploration contract was issued on December 13, 1957, as a result of which a royalty in percentages according to Article 8(e) is payable for a period of ten years from the date of the exploration contract or until the total net amount contributed by the ~~OME~~ United States of America is repaid without interest, whichever occurs first.

4. Under date of December 4, 1957, the ~~Defense Minerals Exploration Administration~~ United States of America, acting through the Defense Minerals Exploration Administration (now the Office of Minerals Exploration, Department of the Interior) entered into a termination agreement with Vanadium Queen Uranium Corporation, by the terms of which the exploration contract was terminated, subject to certain conditions.

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 8(g) of the exploration contract grants to the government a lien upon the ~~operator's interest in~~ the land covered by the exploration contract ~~to secure the payment~~ of ~~its percentage royalty~~.

7. 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 ~~OME~~ is not a secured claim.

8. 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.

9. The exploration contract provided, ~~in a map attached to it~~, that the royalty payable under the contract would be payable only from ores mined in a certain area of the mining claims known as the "DMEA Area".

10. 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.

11. 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 ~~OME's~~ royalty is payable.

12. 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 ~~OME~~ its full royalty, in accordance with the exploration contract.

13. The parties agree that since the exploration contract had been terminated by the termination agreement of December 4, 1957, the debtor's scheduling of the exploration contract as an

executory contract in Exhibit 1 to its petition in these proceedings was erroneous.

This stipulation is executed effective as of August 15, 1962.

ALLIED-MISSION OIL, INC.
Debtor

By:

EUGENE H. MAST
HOLME, ROBERTS, MORE & OWEN
E. M. HEPPENSTALL

E M Heppenstall
Attorneys for Debtor

THE UNITED STATES OF AMERICA

By_____

APR 2 1963

CROSS REFERENCE

CROSS REFERENCE

TO BANKRUPTCY FILES: SEE TRESPASS, 1959 for memo Ass't Solicitor Lands to all Reg.Solicitors: "Collection of debts by GAO, Bnakruptcy.

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE DISTRICT OF COLORADO

In the Matter of	)	IN BANKRUPTCY NO. 1918
	)	
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 document dated May 1[illegible], 1[illegible], Docket No. DMEA 4[illegible]1, 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 $33,[illegible].00 as its 75% share of allowable costs.

3. A certification of discovery or development under Article [illegible] of the exploration contract was issued on December 1[illegible], 195[illegible], as a result of which royalty in percentages according to Article 6(a) 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. 1[illegible] 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], 195[illegible], 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.

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 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.

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 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.

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]3.03.

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 "UMRA 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].03 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 $[illegible].13 presently due, which upon filing of the government's claim will be paid in full as a priority debt by

the action, the stipulation expressed by the appellants is contrary to law, regardless under the exploration contract upon the operations conducted upon the DMA Area, out of which the royalty of the United States is payable.

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 or 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 5, 1957, the debtor's assertion of the exploration contract as an executory contract in Exhibit A to its petition in these proceedings was erroneous.

This stipulation is executed effective as of August 12, 1958.

ALLIED-MINERAL OIL, INC.
Debtor

BY:

EUGENE A. MAST
KOIMS, ALBERT, MCHAN & OWEN
J. M. HUPPERTZ

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-MISSION OIL, INC.	)	In Proceedings for an Arrangement
	)	
Debtor.)		No. 31514

PROOF OF PRIORITY CLAIM

_____, of

_____, 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 in its behalf.

2. That the undersigned is informed and so believes that Allied-Mission 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 so believes that the consideration of this debt or liability is as follows:

On May 29, 1957, 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. 2092, 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 $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 Queen No. 7, the Vanadium Queen No. 9, and the Vanadium Queen No. 10) 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 $44,875.45 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 four unpatented lode mining claims.

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."

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 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) $148.77 paid in royalty by Vanadium Queen Uranium Corporation (or the Queen Corporation), and (b) $6,214.81 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 64(a)(5) of the Bankruptcy Act.

Dated at Denver, Colorado, this _____ day of _____, 1962.

_____

JUL 2 4 1962

~~JUL 2 3 1962~~

United States Attorney
Department of Justice
Denver, Colorado

Dear Sir:

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.

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 $33,656.60 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

RWMeschmv 7-23-62

JUN 19 1963

United States Attorney
District of Colorado
Post Office Box 1776
Denver 1, Colorado

Attention: James P. McGruder, Esq.
Assistant United States Attorney

Re: Jurisdiction over the Great Sand Dunes National Monument in Colorado

Dear Sir:

This supplements our letter of May 3, 1963. In that letter reference was made to a telephone conversation between us, which took place a few days prior thereto, concerning the type of jurisdiction that this Department exercises over the Great Sand Dunes National Monument and what jurisdiction would vest in a United States Commissioner to try persons for offenses committed within the boundaries of the monument.

The Great Sand Dunes National Monument was established on March 17, 1932 by the President of the United States by Proclamation No. 1994 (47 Stat. 2506), pursuant to the authority vested in him by section 2 of the act entitled "An Act for the Preservation of American Antiquities," approved June 8, 1906 (34 Stat. 225); and the lands comprising the monument consist of former state sections acquired by exchange prior to February 1, 1940, and parcels withdrawn from the public domain and set apart for use in the monument.

With respect to the sections acquired from the State of Colorado for the monument, there would seem to be no doubt about their falling within the term "acquisition" under Colorado's act of consent, which will be discussed more fully hereinafter. However, no "acquisition" occurred relative to the public lands that became a part of the monument because there was no change of ownership. Six Cos. v. DeVinney, 2 F.Supp. 693 (1933).

February 1, 1940, mentioned above, is a critical date relative to the jurisdictional powers of a State and the Federal Government. On that date, an act of Congress entitled "An Act to Amend section 355 of the Revised Statutes, as Amended, to make Permissive the Acquisition of Legislative Jurisdiction Over Land or Interests in Land Acquired by the United States" (Ch. 18, 54 Stat. 19; 40 U.S.C. 255) was enacted. The pertinent parts of the act of February 1, 1940, reads as follows:

> "Notwithstanding any other provision of law, the obtaining of exclusive jurisdiction in the United States over lands or interests therein which have been or shall hereafter be acquired by it shall not be required; but the head or other authorized officer of any department or independent establishment or agency of the Government may, in such cases and at such times as he may deem desirable, accept or secure from the State in which any lands or interests therein under his immediate jurisdiction, custody, or control are situated, consent to or cession of such jurisdiction, exclusive or partial, not theretofore obtained, over any such lands or interests as he may deem desirable and indicate acceptance of such jurisdiction on behalf of the United States by filing a notice of such acceptance with the Governor of such State or in such other manner as may be prescribed by the laws of the State where such lands are situated. Unless and until the United States has accepted jurisdiction over lands hereafter to be acquired as aforesaid, it shall be conclusively presumed that no such jurisdiction has been accepted." (The wording of this statute not only appears in 40 U.S.C. 255, but also appears in 33 U.S.C. 733 and 50 U.S.C. 175).

Inasmuch as no provision of law, prior to February 1, 1940, required a formal acceptance of jurisdiction by the United States and only a few State cession laws required such acceptance, the Supreme Court of the United States adopted the rule that acceptance of jurisdiction by the United States would be presumed in the absence of circumstances indicating dissent. Leavenworth v. Love, 114 U.S. 525 528.

As to the effect of the act of February 1, 1940, the Supreme Court of the United States has held that (1) no jurisdiction exists in the United States to enforce the criminal laws embraced in Title 18, chap. 11, unless and until a consent to accept jurisdiction over such lands is filed in behalf of the United States as the act

requires, and (2) notice of acceptance must be filed by the United States to obtain concurrent jurisdiction as well as exclusive jurisdiction. Adams v. United States, 319 U.S. 312, 87 L.ed. 1421, 63 S.C. 1122 (1943).

A State may relinquish jurisdiction to the United States by either (1) consenting to the purchase by the United States of land as contemplated by Article I, section 8, clause 17 of the United States Constitution, or (2) by an express ceding of jurisdiction to the United States by statute.

The State of Colorado consents to the purchase of lands and consents to the acquisition by the United States of exclusive jurisdiction over land acquired within its boundaries in chapter 142, Colorado Revised Statutes 1953, the pertinent parts of which read as follows:

> "142-1-1. * * * The consent of this state is hereby given to the purchase by the United States of such ground in the city of Denver, or any other city or incorporated town in this state, as its authorities may select, for the accommodation of the United States circuit and district courts, postoffices, land offices, mints, or other government offices in said cities or incorporated towns, and also to the purchase by the United States of such other lands within this state as its authorities may from time to time select for the erection of forts, magazines, arsenals, and other needful buildings. * *
>
> "142-1-3. * * * Exclusive jurisdiction in and over any land so acquired by the United States shall be and the same is hereby ceded to the United States for all purposes, except the service of all civil and criminal process of the courts of this state; but the jurisdiction so ceded shall continue no longer than the said United States shall own such land."

As we have said, a formal acceptance of jurisdiction must be executed by an officer of the United States when lands acquired since February 1, 1940 are involved. We mentioned further that the lands comprising the Great Sand Dunes National Monument consist in part of lands acquired from the State of Colorado prior to February 1, 1940.

With respect to lands acquired by the Federal Government prior to February 1, 1940, pursuant to a state consent statute, jurisdiction vested ipso facto in the United States unless the circumstances indicated dissent. Leavenworth v. Lowe, supra. In the case of the Great Sand Dunes National Monument, it seems clear that such dissent exists. The National Park Service indicates in its Law Enforcement Handbook, ch. 2, p.3, that the United States exercises only proprietary jurisdiction over the Great Sand Dunes National Monument.

Inasmuch as the United States exercises neither exclusive nor concurrent jurisdiction over the monument, the question arises: what jurisdiction would a United States commissioner have to try persons who commit offenses within the monument? Even though the United States has only proprietary jurisdiction over the monument the Congress has the power under the United States Constitution to authorize the Secretary of the Interior to promulgate rules and regulations having criminal sanctions so long as such rules and regulations are reasonably related to the protection and use of Federal property. National Recreation Areas, 68 I.D. 273.

Under the provisions of section 3 of the act of August 26, 1916, as amended (16 U.S.C. 3), the Secretary of the Interior is directed to make such rules and regulations "as he may deem necessary or proper for the use and management of the parks, monuments, and reservations under the jurisdiction of the National Park Service, and any violation of any of the rules and regulations authorized by this section * * * shall be punished by a fine of not more than $500 or imprisonment for not exceeding six months or both * *." With respect to the United States' management, government, and protection of the monument as a proprietor, the National Park Service relies on title 36, Code of Federal Regulations, Part 1.

The real and practical problem involved in the prosecution of a person charged with violating the rules and regulations applicable to the Great Sand Dunes National Monument is determining the proper judicial officer before whom the offender should be brought for trial. If the offender were brought before a general United States commissioner, what jurisdiction would he have?

United States commissioners may be broadly classified into the following categories: United States commissioner (general), United States park commissioner and United States commissioner (special).

A United States park commissioner, with respect to areas within his jurisdiction, is vested with broader authority than the United States commissioner (general). The former has "all the jurisdiction and powers of a United States commissioner and of a commissioner specially designated to try petty offenses within such national park pursuant to section 3401 of title 18 . . . is also authorized to try and determine complaints in proceedings for penalties and forfeitures prescribed by law for violations of statutes or regulations respecting such work." 28 U.S.C. 632.

An example of Congress' establishment of the office of United States commissioner (special) appears in the act of September 14, 1958 (P.L. 86-238, 73 Stat. 546) where provisions were made for the appointment of a special commissioner for the Grand Canyon National Park, Arizona. In that act, Congress vested him with the following jurisdiction:

> "The jurisdiction of the Commissioner in adjudicating cases brought before him shall be limited to the trial, and sentencing upon conviction, of persons charged with the commission of those misdemeanors classified as petty offenses (18 U.S.C. 1) relating to the violation of Federal laws or regulations applicable within the park . . ."

Under existing authority, the United States District Courts have only the authority to appoint United States commissioners (general). Even if a United States commissioner (general) were appointed by the Chief Judge of the United States District Court for the area in or around the Great Sand Dunes National Monument and were "specially designated", which would authorize him to act both as a committing and trial magistrate, his jurisdiction would be limited severely.

Such a limitation would be inherent because the jurisdiction of United States commissioners (general) "is delineated by section 3401 of title 18 of the United States Code, which provides that United

States commissioners specially designated for that purpose by the court by which they were appointed have jurisdiction to try and sentence 'persons committing petty offenses in any place over which the Congress has exclusive power to legislate or over which the United States has concurrent jurisdiction.'" Interdepartmental Committee's Study of Jurisdiction Over Federal Areas Within the States (April 1956) Part I, p. 75.

Inasmuch as the United States exercises neither exclusive nor concurrent jurisdiction over the Great Sand Dunes National Monument, a United States commissioner (general) could not give the Federal government a forum to try persons accused of violating the rules and regulations of the Secretary of the Interior promulgated for the management, government and protection of the Great Sand Dunes National Monument.

Very truly yours,

(Signed)

Thomas M. Stewart
For the Regional Solicitor

cc: Associate Solicitor, Territories, Wildlife & Parks