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DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Western Resources, Inc.
Continental Bank Building
Salt Lake City, Utah.

pertaining to Exploration Project Contract No. Idm-E1081, DMEA No. 4653, and Termination Agreement dated January 31, 1958, for the months of August to November, 1957, inclusive, covering a project for the exploration of Copper-Lead-Zinc on property known as Sunbeam Mine located in Juab County, Utah.

My review included an examination of the Monthly Reports (Form MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, verification of work performed by reference to Field Team reports and correspondence, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the reasons given on the attachment to this report.

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

Total cost as billed by Contractor		$12,184.87
Exceptions:		
Prior to this review	$0.00	
Herewith	0.00	0.00
Total Accepted Cost		$12,184.87

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Six thousand, ninety-two and 44/100ths Dollars is valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount payable to Operator	$6,092.44
Amount reimbursed	5,592.44
Balance due Operator	$ 500.00

March 13, 1958

T. H. Brading, Auditor

REASONS FOR REPORT OF REVIEW IN LIEU OF FINAL AUDIT

WESTERN RESOURCES, INC.

CONTRACT NO. Idm-E1081 DOCKET NO. DMEA 4653

(a) The Monthly Reports were supported by documentary proof of that portion ($10,844.00) of the costs which covered work performed at unit rates under independent contracts (per summary attached.)

(b) The balance ($1,340.87) of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs of work actually performed; and

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

SUMMARY OF DOCUMENTED COSTS

WESTERN RESOURCES, INC.

Contract No. Idm-E1081 | Docket No. DMEA 4653

Independent Contracts

Drilling:

Non-core	881 feet at $ 6.00 per foot	$5,286.00
Core 0 - 500	119 feet at $ 8.50 per foot	1,011.50
Core 500 - 700	353 feet at $10.50 per foot	3,706.50
Lost Casing	20 feet at $2.25 per foot	45.00
Cementing	13 hours at $15.00 per hour	195.00
Mobilization and demobilization of well equipment and crew		600.00
Total Independent Contracts		$10,844.00

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

Re: DMEA-4653, P-1081
Western Resources, Inc.

Dear Mr. Breding:

Your report of review covering the above-cited project is acceptable. You are authorized to make normal distribution.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

AMAlley/ama
March 17, 1958

Copy to: Docket
Admr. Reading File
Mr. Chambers

EXTRA COPY
DMEA
RECEIVED MAR 12 1958

DATE	INITIALS	CODE
		800

224 New Customhouse
Denver 2, Colorado
March 7, 1958

Memorandum

To: T. H. Brading, DMEA Auditor

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA ~~4664~~ 4653 (Lead-Copper-Zinc), Contract No. Idm-E1081, Western Resources, Inc. (Sunbeam mine), Juab County, Utah

The subject contract was terminated before completion of all the work provided for, by a TERMINATION AGREEMENT dated January 31, 1958, which was made effective December 2, 1957. A copy of the Termination Agreement is enclosed for your records.

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

Acceptable units of work or service completed on a Fixed Unit Cost basis consist of 13-1/2 hours of bulldozer time, incidental allowance on 1,352 feet of drilling, the purchase of 48 core boxes, and analysis of 12 samples for copper-lead-zinc content.

The sum of $500.00 was withheld from reimbursement to the Operator in processing its final accounting report, which was for the month of November, 1957.

Original signed by
W. H. KING
W. H. King

Enclosure

JWT:prl

cc: Chmn. Op. Comm. (2)
Harshman
Townsend
Corres. file
Chron.

224 New Customhouse
Denver 2, Colorado
March 24, 1958

Memorandum

To: T. A. Christensen

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

Subject: Docket No. DMEA 4653 (Copper-Lead-Zinc) Contract IGm-E1081, Western Resources, Inc., (Sunbeam mine) Juab County, Utah - FINAL PAYMENT

Reference is made to our memorandum of January 24, 1958, whereby we transmitted the final Form MF-104, Operator's Monthly Report and Voucher, for the month of November 1957, and requested that you withhold the amount of $500.00, from reimbursement to the Operator, pending resolution of matters prerequisite to closing the account.

The Operator's final report has been received, therefore, we recommend that final payment be made to the Operator on the following basis, which is in conformance with the Report of Review of the reported project costs by the Contract Administration and Audit Division, dated March 13, 1958.

Basis for Final Payment

Total accepted cost	$12,184.87
Government participation at 50 percent	6,092.44
Total prior payments	5,592.44
Balance due the Operator	$ 500.00

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

JEC:bmb

cc: Chem. Op. Comm. (2) ✓
DMEA/S.C
Harshman (2)
Townsend
MF-104 file, Reg. III
Course file, Reg. III
Chron

$500.00
3/26/58
DMA 58-102

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

U. S. BUREAU OF MINES
RECEIVED (C)
DEC 18 1957
SALT LAKE CITY, UTAH

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of November, 1957 Docket No. DMEA 4653 Contract No. Idn. # 1081

Operator's Name Western Resources, Inc. Minerals Copper, Lead, Zinc

Address c/o D.H. Moffat, Continental Bk. Bldg. Salt Lake City, Ut.

Contract Amount, $ 33,268.00 Government Participation: 50 % Amount, $ 16,634.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts: Bulldozing	50.00	150.00	200.00			
~~Drilling~~ Non Core	2,706.00	2,580.00	5,286.00			
~~Bulldozing~~ Core 0-500	416.50	595.00	1,011.50			
Crosscutting Core 500-750	2,761.50	945.00	3,706.50			
Drifting Cementing	--	195.00	195.00			
Mobilization	300.00	300.00	600.00			
Lost Casing	45.00	--	45.00			
(2) Labor and Supervision:						
~~Labor~~						
~~Supervision~~ Incl. All.	602.77	466.10	1,068.87			
Technical Services Assays	--	12.00	12.00			
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Core Boxes	40.00	20.00	60.00			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	6,921.77	5,263.10	12,184.87	6,921.77	5,263.10	12,184.87

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

Date 12/12/57 *Payee Western Resources, Inc.

Per James Murphy Title President

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

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

(Instructions on reverse)

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

$ 2960.89

Signature
(Authorized Certifying Officer)

Date 1/28/58 Voucher No. DMA 58-83

(See other side)

Note: Withheld 500.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 1081 in accordance with the terms of the contract.

Signature M. H. Howes Title Mining Engineer Date 1/9/58

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. S. Kung Title Executive Officer Date JAN 24 1958

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1962)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November 1957 Docket No. DMEA 4653 Contract No. Idm E 1081

Operator's Name Western Resources, Inc. Minerals Copper, Lead, Zinc

Address c/o D. H. Moffat, Continental Bk. Bldg. Salt Lake City, Uth.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
~~Raising~~ Reaming	ft.	--	--	--	--	--	600	4.50
~~Shafts~~ Cementing	hr.	--	--	195.00	13	15.00	36	15.00
~~Winzes~~ Lost Casing	ft.	45.00	20	45.00	20	2.25	144	2.25
~~Drilling: Core~~ Non-Core	ft.	2,706.00	451	5,286.00	881	6.00	2700	6.00
Churn Core 0-500	ft.	416.50	49	1,011.50	119	8.50	300	8.50
Auger 500-750	ft.	2,761.50	263	3,706.50	353	10.50	600	10.50
~~Stripping~~ Bulldozing	hr.	50.00	3-1/3	200.00	13-1/3	15.00	48	15.00
Trenching Incidental All.	ft.	602.77	763	1,068.87	1353	.79	3600	.79
~~Test Pits~~ Core Boxes	ea.	40.00	32	60.00	48	1.25	72	1.25
~~Roads and Trails~~ Assaying	det.	--	--	12.00	12	1.00	400	12.00
Mobilization	job	300.00	1/2	600.00	1	600.00	1	600.00
TOTAL DISTRIBUTED COSTS		6,921.77		12,184.87				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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

Date 12/12/57 Operator Western Resources, Inc.

Per James Quigley Title President

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

REMARKS: Hole No. 2 bottomed at 763. Cut quartz 694-716 heavy pyrite, no values. 716-760 clay alteration. 700-763 fresh monzonite. Request stop project because of lack of values in vein.

(Instructions on reverse)

(For Government use only)

M. H. Lowes, Mining Engineer 1/9/58

INSTRUCTIONS

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

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

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

GPO 872894

224 New Customhouse
Denver 2, Colorado
January 24, 1958

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4653 (Copper-Lead-Zinc) Contract Idm-E1081, Western Resources, Inc., (Sunbeam mine) Juab County, Utah - Operator's Monthly Progress Report for the month of November, 1957

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

The work is being performed partly under independent subcontract, and partly at fixed unit costs. The drilling rates are as low or lower than the rates contained in the lowest and best bid submitted with the application. Under the circumstances, the rates for the work performed under independent subcontract are considered to be reasonable.

We consider that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. Payment is recommended for 50 percent of the amount reported on Form MF-104 for November, 1957, contingent on your verification of the correctness of applicable rates and arithmetical accuracy of computations, except for the following deduction:

<u>Withhold</u> an amount of $500.00 pending resolution of matters which are prerequisite to closing the account. The Operator has requested that the contract be terminated in its present status without requiring performance of the balance of work provided for.

Remarks: Date of Report----------December 12, 1957
Date Received in Field Office----------December 18, 1957
Date Received in Region Office----------January 10, 1958
Held pending documentation, received January 23, 1958

jdc;hmh
cc: Chmn. Op. Comm. (2)
DMEA/SLC
MF-104 file, Reg. III
Harshman) w/copy of
Townsend) Engr's report
Chron

Original signed by
W. H. KING
W. H. King

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 12, UTAH

DMEA
DEPARTMENT OF THE INTERIOR
JAN 10 1958
REGION III
DENVER, COLORADO

January 9, 1958

Memorandum

To: W. H. King, Executive Officer, DMEA Field Team, Region III

From: M. H. Howes

Subject: Docket No. DMEA-4683 (Copper-lead-zinc), Contract Idm-E1061, Western Resources, Inc. (Sunbeam mine), Juab County, Utah. Progress report for November 1957

The Western Resources, Inc. property was inspected December 10, 1957. It is verified that hole No. 2 was completed in November 1957, with 451 feet of noncore drilling, 48 feet of core drilling between 0 and 500 feet, and 263 feet of core drilling between 500 and 763 feet, for a total depth of 763 feet, and that the work was performed in accordance with the contract.

Comparatively fresh, unaltered, unmineralized monzonite porphyry was encountered in hole No. 2 from 0 to 500 feet. From 500 to 695 feet fine, disseminated pyrite was disclosed in partly altered porphyry. From 695 to 715 feet a fissure, thought to be the Sunbeam vein, was encountered. It is heavily mineralized with quartz and pyrite, but no copper, lead or zinc minerals are visible. From 715 to 763 feet, the bottom of the hole, altered monzonite porphyry containing a small quantity of scattered, fine pyrite was found.

The operator's MF-104 and MF-104A forms were checked, and it is verified that all charges for services and supplies were necessary and that they do not appear to be excessive.

The operator's narrative report, map, and drill log are considered to be adequate.

It is recommended that the operator be reimbursed in the amount of $3,460.38, which is 50 percent of $6,921.77, the allowable cost for the work consisting of $48.00 for 20 feet of lost casing at $2.35 per foot, plus $2,706.00 for 451 feet of noncore drilling at $6.00 per foot, plus $416.50 for 48 feet of core drilling at $8.50 per foot, plus $2,761.50 for 263 feet of core drilling at $10.50 per foot, plus $80.00 for 3-1/2 hours of bulldozing at $15.00 per hour, plus $602.77 for incidental

allowance on 763 feet of drill hole at $0.75 per foot, plus $60.00 for 32 core boxes at $1.25 each, plus $300.00 for demobilization of drill equipment and crew, but that payment be withheld until the operator's final report and the final audit report have been submitted.

M. H. Howes

M. H. Howes

Enclosure
cc: J. E. Clemmer

FINAL DISTRIBUTION

MADE JAN 29 1958

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

Administrative Audit Difference Statement

[redacted]

Date: [redacted]
Payee's Reference: [redacted]

[redacted]

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

Amount Claimed $ [redacted]

Difference $ _____

Amount Approved $ [redacted]

The reason for the difference was due to:

[redacted]

EXTRA COPY
D M E A
RECEIVED FEB 3 1958

DATE	INITIALS	CODE
2/4	Com	100
		800

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

WESTERN RESOURCES, INC.
MONTHLY REPORT
NOVEMBER – 1957

Hole No. 2 was completed to 763 cutting a quartz vein heavily impregnated with pyrite from 694-716. The assays of this section showed only minor values. Therefore since Hole No. 1 was equally barren of metal values of interest the conclusion that the Sunbeam vein contains little or no values at depth seems evident. It is possible that ore shoots occur in the pyritized vein. Drilling blindly to pick up these ore shoots is too costly in terms of the limited tonnages that could be developed in this manner.

James Quigley, President

James Quigley

SUNBEAM LOG DDH #2

Date Started: September 28, 1957 Depth Hole 763 ft.

Date Finished: November 27, 1957

0 - 369	Plugged Bit.
369 - 373	Monzonite.
373 - 455	Plugged Bit.
455 - 501	Monzonite.
@ 501	Quartz fissure 1" - No mineralization.
501 - 599	Monzonite - Fine grained pyrite - Biotite.
@ 599	4" Quartz fissure - No mineralization.
599 - 695	Monzonite - Fine grained pyrite At 680 monzonite altered clay appearance.
695 - 705	Fissure - Quartz large crystals pyrite - No commercial mineralization.
705 - 716	Fissure - Quartz pyrite.
716 - 745	Monzonite - Altered fine grained pyrite.
745 - 763	Monzonite - Altered.

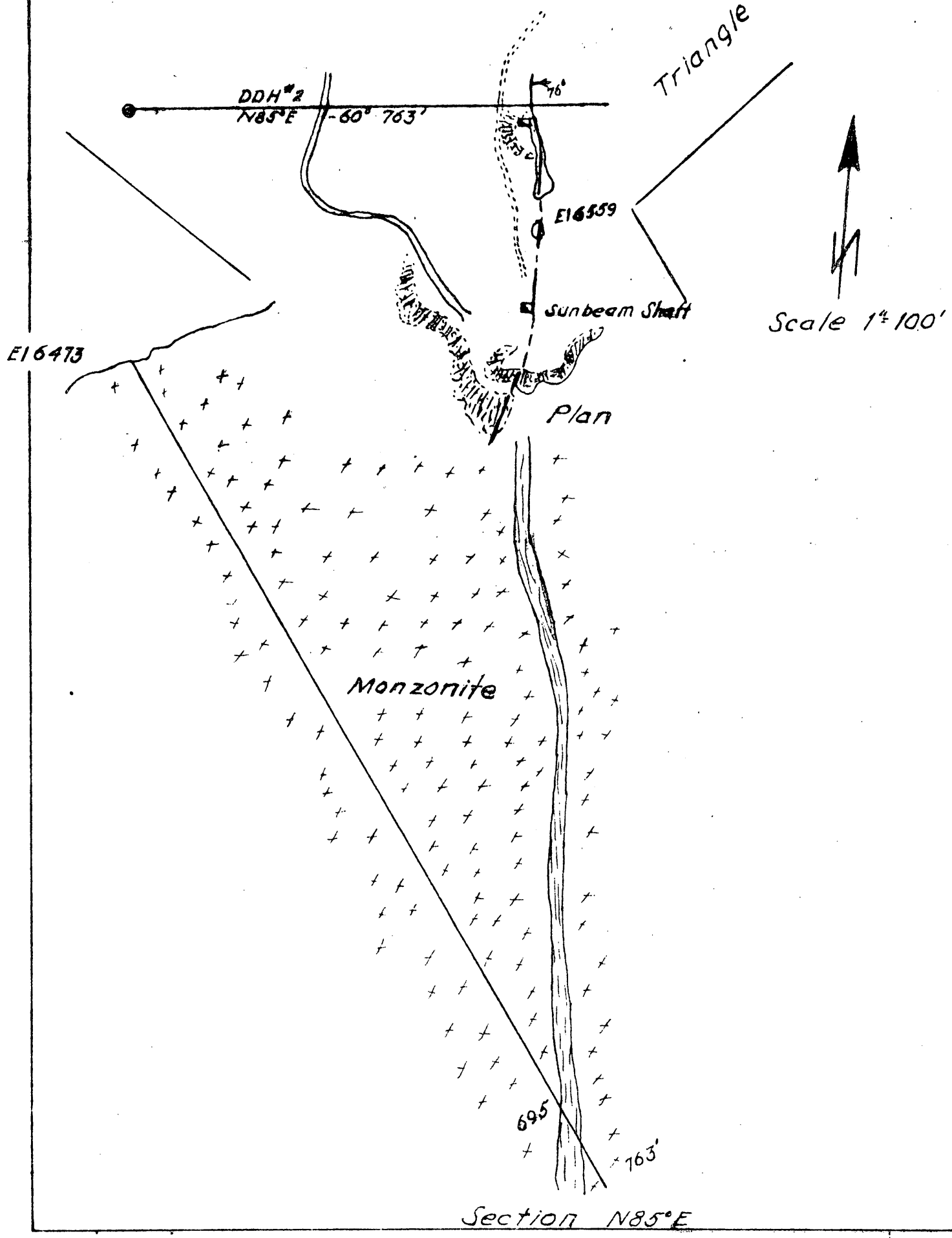
Assays (Core)

Footage	Au	Ag	Cu	Pb	Zn
625 - 629	0.01	0.50			
629 - 632	0.01	0.20			
634 - 637	Tr	Tr			
637 - 643	0.01	0.20			

Footage	Au	Ag	Cu	Pb	Zn
643 - 645	0.01	0.20			
645 - 647	0.01	0.20			
695 - 700	0.01	0.20	0.20		
700 - 705	0.01	0.30	0.20		
705 - 712	Tr	0.20	0.30		
712 - 715	Tr	0.20	0.20		
715 - 722	Tr	0.20	0.15		
		Sludge			
706 - 710	0.01	0.40	0.50		
710 - 712	0.01	0.30	0.20		
712 - 716	0.01	0.30	0.20		

WESTERN RESOURCES, INC.

DDH #2 SUNBEAM TINTIC DISTRICT, UTAH NOV. 1957



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

Budget Bureau No. 42-R1036.5

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

Month of ~~August~~ September, 1957 Docket No. DMEA 4653 Contract No. Idm-E 1081

Operator's Name Western Resources, Inc. Minerals Copper, Lead, Zinc

Address c/o D. H. Moffat, Continental Bank Bldg, Salt Lake City

Contract Amount, $ 33,268.00 Government Participation: 50 % Amount, $ 16,634.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts: Bulldozing	--	150.00	150.00			
Drilling Non-Core	2,580.00	--	2,580.00			
~~Bulldozing~~ Core 0-500	595.00	--	595.00			
~~Crosscutting~~ Core 500-750	945.00	--	945.00			
~~Drifting~~ Cementing	195.00	--	195.00			
Mobilization	300.00	--	300.00			
(2) Labor and Supervision:						
Labor						
~~Supervision~~ Incl. Allow.	466.10	—	466.10			
~~Technical Services~~ Assay	39.00	—	39.00			
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Core Boxes	20.00	—	20.00			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	5,140.10	150.00	5,290.10	5113.10	150.00	5263.10

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

Date 10/30/57 *Payee Western Resources, Inc.

Per James Quigley Title President

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

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

(Instructions on reverse)

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

$ 2556.55

Signature (Authorized Certifying Officer)

Date 12/2/57 Vou. No. 58-66

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E1081 in accordance with the terms of the contract.

Signature [illegible] Title Mining Engineer Date 11/4/57

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title Acting Executive Officer Date NOV 25 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RECEIVED BUREAU OF MINES OFFICE CITY

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

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

RECEIVED DEC 9 1957 DMEA

Month of August 1957 Docket No. DMEA 4653 Contract No. Idm-E 1081
Operator's Name Western Resources, Inc. Minerals Copper, Lead, Zinc
Address c/o D. H. Moffat, Continental Bk. Bldg, Salt Lake City, Ut.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
~~Raising~~ Reaming	ft.	--	--				600	4.50
Shafts - Cementing	hr.	195.00	13	195.00	13		36	15.00
Winzes Last Casing	ft.	--	--	--	--		144	2.25
Drilling: ~~Core~~ Non-Core	ft.	2,580.00	430	2,580.00	430	6.00	2,700	6.00
~~Churn~~ Core 0-500	ft.	595.00	70	595.00	70	8.50	300	8.50
~~Auger~~ Core 500-700 ft.		945.00	90	945.00	90	10.50	600	10.50
~~Stripping~~ Bulldozing	hr.	--	--	150.00	10	15.00	48	15.00
~~Trenching~~ Incidental Allow.	ft.	466.10	590	466.10	590	.79	3,600	.79
~~Test Pits~~ Core Boxes	ea.	20.00	16	20.00	16	1.25	72	1.25
~~Roads and Trails~~ Assaying	det.	39.00	39	39.00	39	1.00	400	1.00
Mobilization	job	300.00	1/2	300.00	1/2		1	600.00
TOTAL DISTRIBUTED COSTS		5,140.10		5,290.10				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		5,140.10		5,290.10				

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

Date 10/20/57 Per ~~Operator~~ James Quigley

Operator Per Western Resources, Inc. Title President

REMARKS: Drill hole No. 1 completed at 590 ft.-430, 590 cored BX. Mineralized zone 534-581 split and assayed. Drill moved to No. 2 drill site and hole at 180 ft. on October 17th.

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

(Instructions on reverse)

(For Government use only)

M. H. Howes, Mining Engineer, 11/4/57

INSTRUCTIONS

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

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

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

RECEIVED
BUREAU OF MINES
OCT 30 10 44 AM 1957
SALT LAKE CITY, UTAH

GPO 872894

REPORT

SUNBEAM DRILLING PROJECT, SEPTEMBER 1957

Hole No. 1 was completed at a depth of 590 ft. 530' to 590' was cored B X and the core from 534 to 581 was split and assayed. The zone 534 to 581 consists of strong clayey altered monzonite with small stringers carrying galena, sphalerite and a dark sulphide which was assumed to be enargite similar to the enargite found on the dumps. This black sulphide has been identified by the Bureau as wurtzite.

The hole was surveyed after completion and the inclination was found to have fallen off from 55 degrees to 62 degrees from the vertical. The mineralized zone plots directly under the vertical shaft on the road. It is not evident whether the zone represents an eastward dipping structure related to the north end of the vein system, or a westerly dipping structure related to the southern part of the Sunbeam vein. The most reasonable explanation is that the zone is a cymoid loop structure between the two vein projections.

As such the area between the two vein systems appears to be negative because although the structure is highly altered and carries metal the mineralization is far below ore grade.

Hole No. 2 was collared on September 28th.

Western Resources, Inc.

James Quigley

James Quigley

JQ/ce

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

FINAL DISTRIBUTION
MADE DEC 5 1957

Administrative Audit Difference Statement

Western Resources, Inc.
D. Ross Moffat, Geo. Fabian, Clendenin,
Moffat & Mabey
Continental Bank Bldg.
Salt Lake City 1, Utah

Date: Dec. 3, 1957
Payee's
Reference: Sept. 1957

Gentlemen:

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

Amount Claimed $ 5,110.10

Difference $ 27.00

Amount Approved $ 5,083.10

The reason for the difference was due to:

Disallowance

Reported 39 assays	39.00
Contract allowable 12 Assays	12.00
	27.00

EXTRA COPY
DMEA
RECEIVED DEC 9 1957

DATE		CODE
12-9		220
		100
		800

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

Very sincerely yours,

N. E. Stokes
Audit Section

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

224 New Customhouse
Denver 2, Colorado

November 25, 1957

Memorandum

To: T. A. Christensen

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

Subject: Docket DMEA-4653 (Copper-Lead-Zinc) Contract I6m-E10Ol, Western Resources, Inc. (Sunbeam mine) Juab County, Utah. Operator's Monthly Progress Report for the month of September 1957

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

The work is being performed partly under independent subcontract and partly at fixed unit costs. The drilling rates are as low or lower than the rates contained in the lowest and best bid submitted with the application. Under the circumstances, the rates for the work performed under independent subcontract are considered to be reasonable.

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

Exhibit "A" of the contract specifies that core and sludge shall be assayed for zinc, lead, copper, and silver. The Operator requests reimbursement for 39 analyses. Assay certificates indicate that only 3 samples, aggregating 12 determinations, were analyzed for all four metals; hence, we recommend the following disallowance.

<u>Disallowance, Assay</u>

Operator reported costs for 39 determinations ------	$39.00
Contract allowable, 12 determinations ----------	12.00
Disallow	$27.00

No determination was made for lead in several samples. The Operator may request reimbursement for the cost of determinations allowable by the contract when the samples have been analyzed as required.

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

Amount reported on Form MF-104 for September 1957	$5,140.10
Amount to be disallowed	27.00
Total accepted cost	$5,113.10

Government participation at 50 percent ---------- $2,556.55

REMARKS:

Date of Report ---------- October 20, 1957
Date Received in Field Office ---------- November 14, 1957
Date Received in Region Office ---------- November 23, 1957

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures

MEM:jy

cc: Chm. Op. Comm. (2)
IMEA,SLC
MF-104 file, Reg. III
Harshman (2) w/one copy of Engr's. report
Townsend w/copy of Engr's. report
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 1, UTAH

DMEA
DEPARTMENT OF THE INTERIOR
NOV 14 1957
REGION III
DENVER, COLORADO

November 8, 1957

Memorandum

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

From: M. N. Bowen

Subject: Docket No. DMEA-4853 (Copper-lead-zinc), Contract Idm-E1081, Western Resources, Inc. (Sunbeam mine), Juab County, Utah. Progress report for September 1957

The Western Resources, Inc., property was inspected November 1, 1957. It is verified that hole No. 1 was completed in September 1957, with 430 feet of noncore drilling, 70 feet of core drilling to a depth of 500 feet, and 90 feet of core drilling between 500 and 750 feet of depth, for a total length of hole of 590 feet, and that the work was performed in accordance with the contract. From 175 to 430 feet the hole was drilled with an NX bit, and from 430 to 590 feet a BX bit was used.

From 412 to 520 feet fresh monzonite porphyry and quartz monzonite porphyry, with minor amounts of disseminated pyrite and a few quartz seams, were encountered. From 520 to 536 feet a 21-percent core recovery was made, showing altered monzonite with disseminated pyrite. From 536 to 548 feet altered monzonite with pyrite was encountered. From 548 to 577 feet a few erratic spots and some disseminated specks of wurtzite, together with a sporadic dissemination of pyrite, quartz, and chalcopyrite, occur in an altered monzonite. From 577 to 590 feet, the bottom of the hole, monzonite with occasional specks of pyrite was encountered. A core recovery of 95 percent was made from 536 to 590 feet. Hole No. 1 was completed at 590 feet.

The operator's unit cost and progress report were checked, and it is verified that all charges for services and supplies were necessary and that they do not appear to be excessive, except for the charge for assays. The contract allows for a total of 400 determinations of silver, copper, lead, and zinc, to be made at a cost of $1.00 each. A total of 39 determinations are reported on the MF-104 forms. However, 11 of the determinations were made for gold, and inasmuch as gold is not permitted under terms of the contract, the cost of these determinations should be disallowed.

The operator's narrative report is considered to be adequate.

It is recommended that the operator be reimbursed by $2,964.50, which is 50 percent of $5,129.10, the allowable cost of $168.00 for 12 hours of cementing at $14.00 per hour, plus $2,125.00 for 425 feet of noncore drilling at $5.00 per foot, plus $336.00 for 70 feet of core drilling at $4.80 per foot, plus $945.00 for 90 feet of core drilling at $10.50 per foot, plus $426.10 for 580 feet of incidental allowance at $0.73 per foot, plus $80.00 for 16 core boxes at $5.00 each, plus $28.00 for 28 assay determinations at $1.00 each, plus $300.00 for one-half the cost of mobilization.

W. H. Howes

H. H. Howes

Enclosure

cc: J. E. Clemmer

EXTRA COPY DMEA RECEIVED NOV 18 1957		
DATE	INITIALS	CODE
		800

224 New Customhouse
Denver 2, Colorado
November 15, 1957

Mr. D. Howe Moffat, Secretary
Western Resources, Inc.
c/o Fabian, Clendenin, Moffat and Mabey
Continental Bank Building
Salt Lake City 1, Utah

Re: Docket DMEA 4653 (Copper, Lead, Zinc)
Contract Idm-E1081
Western Resources, Inc.
(Sunbeam mine)
Juab County, Utah

Dear Mr. Moffat:

Form MF-104, Operator's Monthly Report and Voucher, for September, 1957, has been received in this office. The report is not complete as it does not contain the necessary lithologic log, plan map, and section as required by the contract under Exhibit "A", Description of the Work.

Please submit the above required data to this office, as soon as possible in order that the September, 1957, Voucher may be processed for payment of the Government's percentage of the acceptable costs.

Yours very truly,

Original signed by
E. N. HARSHMAN
E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III

JDC:hmh

cc: Chmn. Op. Comm. (2)
Harshman (2)
DMEA, SLC
Townsend
Corres. file, Reg. III
Chron

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

Budget Bureau No. 42-R1036.5

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

RECEIVED OCT 14 1957 D.M.E.A.

Month of August, 1957 Docket No. DMEA 4653 Contract No. Idm-E 1081
Operator's Name Western Resources Inc. Minerals Copper, Lead, Zinc
Address c/o D. H. Moffat, Continental Bank Bldg. S.L.C.
Contract Amount, $ 33,268.00 Government Participation: 50 % Amount $ 16,634.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent / Short Form Contracts:						
Drilling	Hole No.	1 Uncomplete				
Bulldozing	150.00	---	150.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
~~Supervision~~ Incidental	325.48	0	325.78			
Technical Servi allowance						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	475.48		475.48	150.00		150.00

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

Date Aug 30 1957 Payee Western Resources Inc.

Per James Quigley Title President

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

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

(Instructions on reverse)

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

$ 75.00

Signature RRa
(Authorized Certifying Officer)

Date 10/10/57 Vou. No. DMA-58-45
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E1081 in accordance with the terms of the contract.

Signature W. H. Dowes Title Mining Engineer Date Oct. 1, 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Erin M. Hershman Title Acting Executive Officer Date OCT 9 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 872893

Form MT-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED OCT 14 1957 D.M.E.A.

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 1957 Docket No. DMEA 4653 Contract No. Idm-E 1081

Operator's Name Western Resources Inc. Minerals Copper, Lead, Zinc

Address c/o D. H. Moffat, Continental Bank Bldg., Salt Lake City

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
~~Raising~~ Reaming	ft.	--	--				600	$ 4.50
~~Shafts~~ Cementing	hr.	--	--				36	15.00
Winzes Lost Casing	ft.	--	--				144	2.25
Drilling: Core Non Core	ft.	--	412		412		2,700	6.00
Core Churn 0-500	ft.		0		0		300	8.50
Core Auger 500-750	ft.		0		0		600	10.50
~~Stockpiling~~ Bulldozing	hr.	150.00	10	150.00	10		48	15.00
~~Timbering~~ Incidental allow.	ft.	325.48	412	325.48	412		3,600	.79
~~Test Pits~~ Core Boxes	ea.	--	0	--	--		72	1.25
~~Roads and Trails~~ Assaying	det.	--	0	--	--		400	1.00
Mobilization	job	--	1/2	--	1/2		1	600.00
Total Distributed Costs		475.48		475.48				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		475.48		475.48				$33,268.00

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

Date 9/20/57 Operator Western Resources Inc.

Per James Dougly Title President

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

(Instructions on reverse)

Remarks: Drill sites 1 and 2 prepared Drill crews moved in July 20th, set up, drilled hole No. 1 to a depth of 412 ft. Sprague & Henwood, the drill contractors, at their own option stopped non core drilling at 120.5 because of roller bit cost and are drilling to 450 with core bits.

(For Government use only)

M. H. Hoover, Mining Engineer, 10/1/57

INSTRUCTIONS

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

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

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

GPO 872894

FINAL DISTRIBUTION
MADE OCT 11 1957

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III
224 New Custom House, Denver 2, Colorado
Administrative Audit Difference Statement

Western Resources, Inc.
Continental Bank Building
Salt Lake City 1, Utah

Date: October 10, 1957
Payee's Reference: July 15- August 31, 1957

Gentlemen:

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

Amount Claimed	$	475.48
Difference	$	325.48
Amount Approved	$	150.00

The reason for the difference was due to:

Incidental allowance for 412 feet @ $0.79 per foot disallowed pending completion of drilling in hole No. 1.

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 14 1957

DATE		CODE
10/14	C	220
	14 con	100
		800

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

Very sincerely yours,

RDC

N. D. Stokes
Audit Section

Randel D. Cooper
Fiscal Officer, Region III

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

OFFICIAL FILE COPY
DMEA
RECEIVED

224 New Customhouse
Denver 2, Colorado
October 9, 1957

Memorandum

To: T. A. Christensen

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

Subject: Docket DMEA-4653 (Copper-Lead-Zinc), Contract Idm-E1081, Western Resources, Inc., (Sunbeam mine) Juab County, Utah, Operator's Monthly Progress Report for the month of August, 1957 (Period actually covered: July 15-August 31, 1957)

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

All of the work performed during the period at fixed unit costs, therefore documentation is not required.

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

The Operator has reported incidental allowance for 412 feet of drilling in hole No. 1. As this hole has not been completed to the contract objective, the incidental allowance is disallowed as follows, but may be reported on a subsequent voucher after the hole has been completed.

<u>Disallowance, Incidental Allowance</u>

Disallow Incidental Allowance for 412 feet of drilling at $0.79 per foot----------$325.48.

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

Amount reported on Form MF-104 for August, 1957	$475.48
Amount to be disallowed	325.48
Total accepted cost	$150.00
Government participation at 50 percent	$ 75.00

Remarks:

Date of Report----------September 20, 1957
Date Received in Field Office----------October 3, 1957
Date Received in Region Office----------October 3, 1957

Original signed by
E. N. HARSHMAN

E. N. Harshman

Enclosures

JDC:hmh

cc: Chmn. Op. Comm. (2))
IMRA, SLC) w/copy of complete report
MF-104 file, Reg. III)
Harshman (2) - w/one copy of Engr's report
Townsend - w/copy of Engr's report
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

1600 EAST FIRST SOUTH STREET
SALT LAKE CITY 12, UTAH

October 2, 1957

DMEA
ARTMENT OF THE INTERIOR
OCT 3 - 1957
REGION III
DENVER, COLORADO

Memorandum

To: W. H. King, Executive Officer, DMEA Field Team, Region III

From: M. H. Howes

Subject: Docket No. DMEA-4653 (Copper, lead, zinc), Contract Idm-K1081, Western Resources, Inc., (Sunbeam mine) Juab County, Utah. Progress report for August 1957

The subject property was inspected September 17, 1957. It is verified that 10 hours of bulldozing and 412 feet of noncore drilling progress during August 1957, as reported on form MF-104a, are correct, and that the work was performed in accordance with the contract.

Bulldozer preparation of drill sites for hole No. 1 and hole No. 2 was started July 15, 1957. Drill hole No. 1 was commenced July 26, 1957. From 0 to 120.5 feet a 4-1/4 inch rotary bit was used in an altered monzonite porphyry. From 120.5 to 175 feet a 3-1/2 inch core bit drilled fresh monzonite porphyry and quartz monzonite porphyry. From 175 to 412 feet an EX bit was used to drill fresh monzonite porphyry and quartz monzonite porphyry. Minor amounts of disseminated pyrite and a few quartz seams were encountered.

The operator's narrative report is considered to be adequate.

Since hole No. 1 had not been completed, the operator did not include its cost in the August statement. It is recommended that the operator be reimbursed $237.74, which is 50 percent of $475.48, the allowable cost of $150.00 for 10 hours of bulldozing at $15.00 per hour plus $325.48 for incidental allowance for 412 feet at $0.79 per foot.

M. H. Howes
M. H. Howes

Enclosures

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RECEIVED OCT 14 1957
DATE

OPERATORS PROGRESS REPORT
WESTERN RESOURCES CONTRACT 1081
DOCKET 4653

Drill sites for hole No. 1 and hole No. 2 were prepared.

The drill was moved on the job site on July 20th, drill hole No. 1 was started on July 26th, on August 31st the bottom of the hole was 412 ft. The log follows.

0 - 120.5	4 1/4" roller bit hole. Cuttings showed surface weathered monzonite porphyry.
120.5 - 175	3 1/2" core drill bit. Cores saved. Fresh monzonite, porphyry and quartz monzonite porphyry with quartz seams up to 1/4 thick. Minor amounts of pyrite.
175 - 412	NX core drill hole. Cores saved. Fresh monzonite porphyry and quartz monzonite porphyry. Thin quartz seams, some disseminated pyrite and some pyrite coatings on joints.

Cores and sludges have been saved and are stored in Eureka for inspection by DMEA officials.

Respectfully submitted,

James Quigley

James Quigley
President, Western Resources Inc.

ORIGINAL FILE COPY
DMEA
RECEIVED
DATE

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

JUL 17 1958

Mr. James Quigley, President
Western Resources, Inc.
c/o Fabien, Clendenin,
Moffat and Mabey
Continental Bank Building
Salt Lake City 1, Utah

Re: Docket No. DMEA-4653 (Copper-Lead-Zinc)
Western Resources, Inc.
Sunbeam Mine
Juab County, Utah
Contract No. Idm-E1081

Dear Mr. Quigley:

Reference is made to your terminated exploration contract with the Government.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the proerty subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this project. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve records for the period indicated.

Your interest in the Defense Minerals Exploration Administration program and participation therein are fully appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

WPKlugescheid/er 7/15/58
Copy to: Docket
Admr R File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Region III (2)
Mr. Chambers, DMEA
Mr. J. W. Gallivan, Secretary
New United Sunbeam Mining Co.
Salt Lake City 1, Utah.
Chron.

Mr. J. W. Sullivan, Secretary
New United Sunbeam Mining Company
c/o Fabian, Clendenin, Moffat
and Mabey
Continental Bank Building
Salt Lake City 1, Utah

Re: Docket No. DMEA-1653 (Copper-Lead-Zinc)
Western Resources, Inc.
Sunbeam Mine
Juab County, Utah
Contract No. Adm-E1081

Dear Mr. Sullivan:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the above-cited contract.

This correspondence relates to the Consent to Lien and Subordination Agreement signed by you on May 22, 1957.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

W.Klugescheid/er 7/15/58
Copy to: Docket
Admr & File
Op. Committee
Mr. Bishop, USBM
Mr. Killsgaard, USGS
Region III (2)
Mr. Chambers, DMEA
Chron.

Audit copy

OVER
12 1958
800

TERMINATION AGREEMENT

It is agreed this 31st day of January, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Western Resources, Inc., hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-21081 (Docket No. DMEA-4653), dated April 25, 1957, hereinafter referred to as the "Contract," that:

1. Effective December 2, 1957, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute to allowable costs incurred prior to said effective date and shall contribute to allowable costs incurred or to be incurred beginning with said effective date in performing winding-up and settlement actions provided for in the Contract, including (a) the preservation and disposal of property to the cost of which the Government has contributed, and (b) the making and rendering of reports and accounts.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including (a) the disposal of any facilities, buildings, fixtures, equipment, or other items to the cost of which the Government has contributed; and (b) the rendering of the final report and final account.

4. All rights of the Government respecting certification of discovery or development, percentage royalty and liens to secure payment thereof, reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayment, are hereby preserved.

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

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

THE UNITED STATES OF AMERICA

By C O Mitteudorf
Administrator, Defense Minerals Exploration Administration

WESTERN RESOURCES, INC.

By James Quigley

Title President

DMEA Form 14

Contract No. Idm-E 1081

Docket No. 4653

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
April 25, 1957	III	Utah	Copper-Lead-Zinc

Name and Address of Operator: Western Resources, Inc.
F. Howe Moffat, Secretary
Fabian, Clendenin, Moffat & Mabey
Continental Bank Building
Salt Lake City 1, Utah

	Reserve	Obligation
Prior Amount	0	16,634.00
Increase	0	0
Decrease	0	10,541.56
Revised Amount	0	6,092.44

Remarks:

Allen S. Dake (Name) Chief
Operations Control and
Statistics Division

(Title)

Date delivered to Bureau of Mines, Washington 3/28/58

22845

DMEA Form 14

Contract No. Idm-E 1081

Docket No. 4653

DEPARTMENT OF THE INTERIOR

Executed contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
April 25, 1957	III	Utah	Copper-Lead-Zinc

Name and Address of Operator: Western Resources, Inc.
F. Howe Moffat, Secretary
Fabian, Clendenin, Moffat & Mabey
Continental Bank Building
Salt Lake City 1, Utah

	Reserve	Obligation
Prior Amount	16,634.00	0
Increase	0	16,634.00
Decrease	16,634.00	0
Revised Amount	0	16,634.00

Remarks:

ALLEN S. DAKAN
(Name)

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

Date Delivered to Bureau of Mines, Washington 7/29/57

16416

Audit copy

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 22 1957

DATE	INITIALS	CODE
7/22	P.K.	220
		800

MF-200
(Revised June 1954)

Docket No. DMEA 4553

Commodity Copper-Lead-Zinc

Contract No. Idm-E 1081

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 25 APR 1957 day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] WESTERN RESOURCES, INC., a Utah corporation

whose mailing address is D. Howe Moffat, Secretary, Fabian, Clendenin, Moffat & Mabey Continental Bank Building, Salt Lake City 1, Utah, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF–200), the attached Exhibit "A," Annex I, and one map (Fig. 2).

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

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

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: Interests of lessors.

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

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

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consent to Lien and Subordination Agreement of New United Sunbeam Mining Company.

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Copper, Lead, and Zinc. The work to be performed is described in Exhibit "A." The Operator on or before July 15, 1957 shall commence the work, and on or before November 30, 1957 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall [redacted] have completed the work [redacted] Exhibit A. (See Article 13)

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

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

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

ARTICLE 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $33,268.00 The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $16,634.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 23. (see Article 13.)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—(a) That part of the last sentence of Article 3 beginning with the word "either" is deleted and replaced by the words "have completed the work."

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

(c) Categories (2) through (7) of Article 6(a) are deleted.

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

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

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

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

WESTERN RESOURCES, INC.
(Operator)

By James Quigley

Title

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

D. Howe Moffat

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
WESTERN RESOURCES, INC.
DOCKET NO. DMEA-4653

ANNEX I

The land referred to in Article 2 of the contract consists of a group of patented lode mining claims, in Juab County, Utah, held pursuant to an assignment dated October 17, 1956, from Flare Mining Company of a lease agreement dated July 1, 1956, between Flare Mining Company and New United Sunbeam Mining Company. These claims are set forth below.

The land is outlined on map (Fig. 2) entitled "DMEA Docket No. 4653, Claim Map, Western Resources, Inc. (New United Sunbeam Mining Co. Property), Juab County, Utah," which is attached hereto and made a part hereof.

The New United Sunbeam Mining Company claims are:

Claim	Lot No.
Juab Lawrence Lode and mining claim (also known as Sunbeam and First Southern Extension Sunbeam Lode Consolidated)	61
First Southern Extension Lode and mining claim	64
The Kinsey, Beeman, Stubbs, and Triangle Lodes and mining claims	6090
The Woodmansee Lode (also known as Sunbeam Lode)	165
The West Sunbeam Lode and mining claim	3820
The Iron Spar Lode and mining claim	4015
The Elmer Ray Lode and mining claim	66

An agreement between the Operator and Empire Mines Company dated November 1, 1956, permits the Operator for a one-year period to locate drill rigs and to drill to the Sunbeam lode on three patented

mining claims (the Rose Hale, Garnet, and Guardian, Patent No. 3852). No mining is permitted on these three claims, and they are not a part of the land referred to in Article 2 of the contract, except for performance of work.

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Western Resources, Inc.
Docket No. DMEA-[illegible]
Contract No. Idm-E 1081
Contract Date 25 APR 1957

DMEA
DEPARTMENT OF THE INTERIOR
JUN 20 1957
REGION III
DENVER, COLORADO

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Rich, State of Utah, described as follows: 2/

The patented lode mining claims described in a lease dated July 1, 1956, between the undersigned and Flare Mining Company, as amended (said lease having been assigned to Western Resources, Inc., with the consent of the undersigned), the descriptions of said claims, as amended, being incorporated herein by reference.

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

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

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

none

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

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this 22nd day of May, 1957.

NEW UNITED SUNBEAM MINING COMPANY	[Seal]	X	[Address]
By J. W. Gallivan	[Seal]		[Address]
Title Secy.	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

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

J. W. Gallivan
[Corporate Seal]

EXPLORATION PROJECT CONTRACT
WESTERN RESOURCES, INC.
DOCKET NO. DMRA-4653

EXHIBIT "A"

Description of the Work

The purpose of the project is to explore for ores of lead, zinc, and copper by diamond drilling (plus necessary overburden drilling). The drill holes are roughly indicated on the attached map (Fig. 2), referred to in Annex I, but the actual locations, directions, inclinations, and depths of all holes are subject to prior Government approval.

The objective of the work is to investigate the ore potential of the Sunbeam vein, approximately 500 feet below the surface and below the water level and the old workings. Drill holes are expected to be approximately 600 feet in depth. Six drill holes will be required. Not more than 3,600 feet of drilling shall be performed unless the Government, in writing, approves more drilling; but in no event may the estimated total cost of all drilling set forth in this Exhibit "A" be exceeded.

All diamond drilling shall be done with AX size bits or larger. It is estimated that approximately 450 feet of each hole will be drilled with non-coring bits, to approach the calculated position of the vein; the remainder of the hole shall then be drilled with coring bits. All drill holes shall be logged, and all drill cores shall be properly labeled, stored, and made available to the Government for examination. All significantly mineralized core, in lengths not to exceed five feet, shall be split and one half thereof shall be properly sampled and the sample assayed for zinc, lead, copper, and silver.

Sludges corresponding to the cores, with intervals not to exceed five feet, shall be retained (if possible) when drilling in significantly mineralized ground and, in the event that core recovery does not exceed 70 per cent, both core and sludge samples shall be taken. Both core and sludge shall be split, and one half thereof properly sampled and the samples assayed for zinc, lead, copper, and silver.

The remaining half of all significantly mineralized core samples, and sludge samples where taken, shall be furnished to the Government upon request.

Categories (2) through (7)	None	

Fixed Unit Costs (See Article 13 of the contract)

Bulldozing (drill site preparation) 48 hours @ $15.00/hr.	$ 720.00	
Incidental allowance[2] for each foot of drilling completed 3,600 feet @ $0.79/ft.	2,844.00	
Core boxes - 72 @ $1.25/each	90.00	
Assaying - 400 determinations @ $1.00/each	400.00	$ 4,054.00
Estimated Total Cost of the Project		$33,268.00
Government Participation @ 50%		$16,634.00

1/ Neither the cost nor the value of casing left in drill holes at the option of the Operator will be accepted as a charge to the contract.

2/ Includes all costs that might otherwise be allowable costs of the project under Categories (1) through (7) of Article 6(a), except as otherwise scheduled in Exhibit "A".

All assays shall be reported monthly to the Government, together with drill logs and proper plan maps and sections showing the progress of the work and sample locations.

All work of drilling and sample preparation shall be properly supervised by competent engineers and geologists.

Drill holes shall be reamed and cased or cemented and redrilled as necessary.

Bulldozing shall be done with a D-8 or equivalent size unit.

Estimated Costs of the Project

Actual Costs

Category (1) Independent Contracts

Overburden drilling and diamond drilling to 500-foot depth, non-coring bits, approximately 2,700 feet @ $6.00/ft.	$16,200.00	
Diamond drilling to 500-foot depth, coring bits, approximately 500 feet @ $5.50/ft.	2,550.00	
Diamond drilling from 500-foot to 750-foot depth, coring bits, approximately 600 feet @ $10.50/ft.	6,300.00	
Reaming and casing, 600 feet @ $4.50/ft.	2,700.00	
Cementing and redrilling, 36 hours @ $15.00/hr.	540.00	
Casing lost,[1/] 144 feet @ $2.25/ft.	324.00	
Mobilization and demobilization of drill equipment and crew	600.00	$29,214.00

The drilling rates include charges for water supply, changes of locations, and all other charges which may be incurred by the drill contractor.

22-57

Old New Customhouse
Denver 2, Colorado

July 18, 1957

CERTIFIED MAIL

Mr. D. Rowe Moffat, Secretary
Fabian, Clendenin, Moffat and Mabey
Continental Bank Building
Salt Lake City 1, Utah

Re: Docket DMRA-4653 (Copper-Lead-Zinc)
Contract No. 14m-21081
Wasatch Resources, Inc.
(Sunbeam mine) Juab County, Utah

Dear Mr. Moffat:

Enclosed herewith is the "Operator's Copy" of Exploration Project Contract No. 14m-21081, Docket No. DMRA-4653.

Also enclosed are six copies of Form MF-104, "Operator's Monthly Report and Voucher," and six copies of Form MF-104A, "Operator's Unit Cost and Progress Report." At the end of the first calendar month after work is commenced, and monthly thereafter, you are required to submit the original and four copies of each form to the

Defense Minerals Exploration Administration
1600 East First South Street
Salt Lake City 1, Utah

The extra copy is for your records.

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

For your information, and in reply to many questions that have been asked, after Forms MF-104 and MF-104A are received, an engineer will check progress on the project and review your accounts, after which the report forms will be forwarded to this office for administrative examination and vouchering. If the report is in order, a check will be issued by the Treasury

Department for the Government's portion of the approved costs. If you have any difficulty in completing these forms and the reports, please call on this office for assistance.

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

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

In the event you desire to perform the work under Category (1) on company account instead of subcontracting it, as provided in the contract, it will be necessary that you request and obtain an appropriate amendment to the contract before reimbursement can be made to you for the Government's portion of the allowable incurred costs.

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

The locations of the holes to be drilled are indicated as approximate on the map, "Fig. 2," attached to the contract. In that regard, your attention is specifically directed to the first paragraph of Exhibit "A", captioned "Description of the Work," which stipulates therein that the actual locations, directions, inclinations, and depths of all holes are subject to prior Government approval. The DMMA representative in Salt Lake City has been instructed to visit the project in conjunction with the aforementioned required prior Government approval of the work.

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

It is a regulation that reimbursement for the cost of work accomplished prior to the date of the contract will not be allowed. It is a requirement and imperative that you notify this office in writing the date work actually commences under the contract, with a copy of your letter to the Defense Minerals Exploration Administration, 1600 East First South St., Salt Lake City 1, Utah.

Very truly yours,

Original signed by
W. H. KING

W. H. King
Executive Officer, DMEA
Field Team, Region III

Encls.

P.S. - Also enclosed are two blank copies of an exploration project contract, form MF-200, as requested in your letter of July 16, 1957.

JWT:bh
cc-Chairman, Op. Comm. (3)
Finance Office, Reg. III
Amendment File, Reg. III
Harshman (2)
DMEA/SLC
Townsend
Corres. File E-1081
Chron.

HAROLD P. FADIAN
BEVERLY S. CLENDENIN
D. HOWE MOFFAT
RENDELL N. MABEY
PETER W. DILLINGS
SANFORD M. STODDARD
ALBERT J. COLTON
O. WEBSTER ADAMS, JR.
K. JAY HOLDSWORTH
RICHARD H. MOFFAT

FABIAN, CLENDENIN, MOFFAT & MABEY
ATTORNEYS AND COUNSELORS AT LAW
CONTINENTAL BANK BUILDING
SALT LAKE CITY 1, UTAH

June 18, 1957

DMEA
DEPARTMENT OF THE INTERIOR
JUN 20 1957
REGION III
DENVER, COLORADO

United States Department of the Interior
Defense Minerals Exploration Administration
224 New Customhouse
Denver 2, Colorado

Attention: E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III

Re: Docket No. DMEA-4404 (Copper-Lead-Zinc)
Flare Mining Company
Sunbeam Mine
Juab County, Utah

Gentlemen:

We are enclosing herewith original and four copies of Consent To Lien and Subordination Agreement executed by New United Sunbeam Mining Company. Relative to the description in the lease wherein one of the claims is described as the West Elmer Ray Claim Lot 66, I have procured from J. W. Gallivan, Secretary of New United Sunbeam, letter of explanation, photo copies of which are enclosed. It seems clear that the name by this letter is amended to read "Elmer Ray Claim Lot 66", and not the West Elmer Claim.

If anything further is required please advise.

Very truly yours,

D. Howe Moffat

D. Howe Moffat

DHM:abc

enclosures

EXTRA
RECEIVED
DATE

KEARNS-TRIBUNE CORPORATION
KEARNS BUILDING
SALT LAKE CITY, UTAH

June 18, 1957

DMEA
DEPARTMENT OF THE INTERIOR
JUN 20 1957
REGION III
DENVER, COLORA

Mr. D. Howe Moffat
Fabian, Clendenin, Moffat & Mabey
Continental Bank Building
Salt Lake City 1, Utah

Dear Mr. Moffat:

By unanimous approval of the Board of Directors of New United Sunbeam Mining Company, that certain Agreement between New United Sunbeam and Flare Mining Company, dated July 1, 1956, is hereby amended by striking the word "West" from the descriptions of the Elmer Ray Lode mining claim "Lode 66."

According to our records, this Agreement has been assigned to Western Resources.

Sincerely yours,

NEW UNITED SUNBEAM MINING CO.

By J. W. Gallivan
Secretary

Contract No. Idm-E 1081

Docket No. 4653

DEPARTMENT OF THE INTERIOR

Approved contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Date of Contract	Region	State	Commodity
April 25, 1957	III	Utah	Copper-Lead-Zinc

Name and Address of Operator: Western Resources, Inc.
F. Howe Moffat, Secretary
Fabian, Clendenin, Moffat & Mabey
Continental Bank Building
Salt Lake City 1, Utah

	Reserve	Obligation
Prior Amount	0	0
Increase	$16,634.00	0
Decrease	0	0
Revised Amount	$16,634.00	0

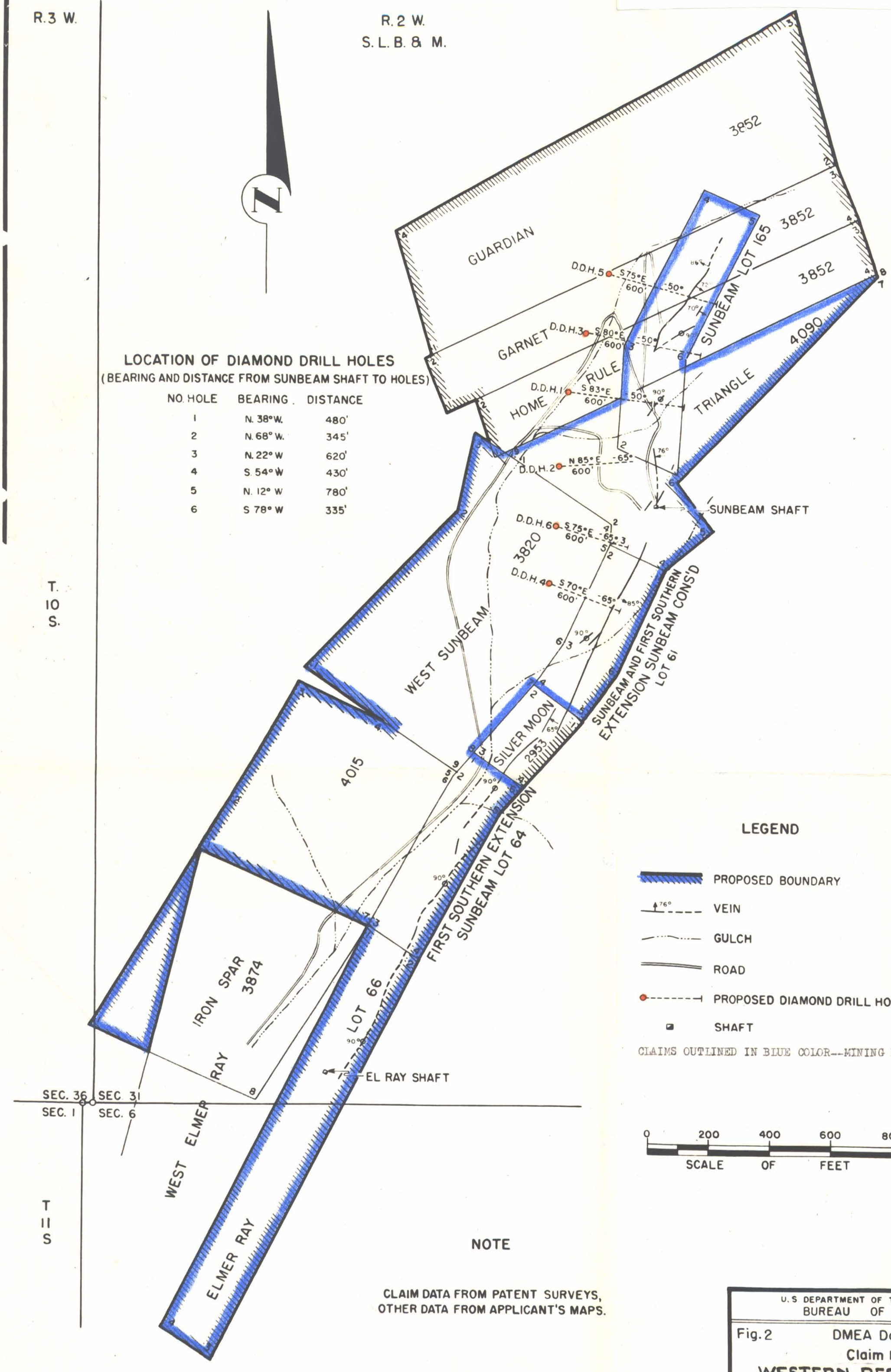
Remarks:

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

Date Delivered to Bureau of Mines, Washington 4/25/57

989

3/4-



LOCATION OF DIAMOND DRILL HOLES
(BEARING AND DISTANCE FROM SUNBEAM SHAFT TO HOLES)

NO. HOLE	BEARING	DISTANCE
1	N. 38° W.	480'
2	N. 68° W.	345'
3	N. 22° W	620'
4	S. 54° W	430'
5	N. 12° W	780'
6	S 78° W	335'

LEGEND

- PROPOSED BOUNDARY
- VEIN
- GULCH
- ROAD
- PROPOSED DIAMOND DRILL HOLE
- SHAFT

CLAIMS OUTLINED IN BLUE COLOR--MINING RIGHTS.

0 200 400 600 800
SCALE OF FEET

NOTE

CLAIM DATA FROM PATENT SURVEYS,
OTHER DATA FROM APPLICANT'S MAPS.

U.S DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Fig. 2 DMEA Docket No. 4653.

Claim Map

WESTERN RESOURCES, INC.

(NEW UNITED SUNBEAM MINING CO. PROPERTY)

JUAB COUNTY, UTAH

ENGINEER: *M. H. HOWES*	DATE: JAN. 14, 1957
TRACED: JAN., 1957; BY: A.P.T.S.	1500-1184-D
CHECKED:	

3/4 size