IMEA Form 9

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

DMEA NO. 4719

Application (Denied
(Withdrawn ✓
(After disposition, delete items not applicable)

14 NOV 1957

1151
Contract

(Terminated - not Certified
(Cancelled
(Terminated - Certified
(Royalty Agreement

This is the official contract file containing all official records of the project. The records contained in the files are checked and are arranged in this order:

Left Side

Interim Royalty Audits
Reports of Royalty Review
Certification of Discovery
Certificate of Audit (Final)
Interim Audit(s)
Report of Review
Termination Notice or Agreement
Recision Notice
Assignment of Contract
Contract Amendments (latest on top)
Contract with all exhibits and annexes
Owner's Consent to Lien
Subordination Agreement
✓ Leases and assignments of leases
✓ Application and attachments
(3) Envelope for maps

Right Side

Project summary
Work completed analysis
All other material is filed in chronological order with correspondence including the following reports as checked:

Final Field Team Report (Tab)
Operator's Final Report
(2R) Interim Reports
(2R) Operator's monthly reports and all attachments (latest on top)
✓ On-site Exam Report(s) (Tab)
(4) Settlement Sheets

When the volume of records is expected to warrant additional folders, or when convenience of reference warrants separate folders for certain records, they should be set up in this order:

Left Side

Folder No. 2: (In chron. order)
Interim Summary Reports by W. O. Engineers

Right Side

Operator's Semi-Annual Report for Certified Project, Field Team Interim Reports, Operator's Monthly Report with transmittal, narrative, maps, and Field Team review.

Folder No. 3: Maps (Use pocket folder or envelope. Fold maps with title block out and show reference to related document or correspondence.)

Folder No. 4: Settlement Sheets

Folder No. 5: Drill Logs

OPERATING AGREEMENT

THIS LEASE AND AGREEMENT entered into this 25th day of October 1956, by and between DIX URANIUM CORPORATION of Provo, Utah, a corporation organized and existing under the laws of the State of Nevada, hereinafter referred to as party of the first part, and ULA URANIUM CORPORATION, a Colorado corporation, hereinafter referred to as party of the second part, WITNESSETH:

WHEREAS, party of the first part is the owner of (subject only to the paramount title of the United States of America) and entitled to the possession of a group of unpatented lode mining claims situated in San Juan County, Utah, the names of the said claims and the location of the said claims being more particularly set forth in the attached map which is made an exhibit and incorporated in this agreement as Exhibit "A" attached;

WHEREAS, party of the first part represents that the above described unpatented lode mining claims are located, staked and validated in accordance with the laws of the State of Utah and the United States and that the location notices have been properly filed in the County Recorder's Office in San Juan County, State of Utah, and that to its best knowledge and belief, there are no unresolved claims adverse to said above described unpatented lode mining claims and that to its knowledge there are no encumbrances or liens outstanding against said claims or which in any way would effect party of the first part's right to enter into this Operating Agreement with party of the second part, except as more particularly set forth in this agreement and in the attached Exhibit "A".

NOW, THEREFORE, in consideration of the premises and of the mutual covenants hereinafter set forth, and in consideration of the mutual benefits and advantages to be gained by both and each of the parties hereto, it is hereby agreed between the parties as follows:

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DMEA
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DATE | INITIALS | CODE

1. The second party shall be an independant contractor oper-

ating the claims of the First Party upon contract as hereinafter set forth, and nothing in this contract shall be construed to make the First and Second Parties partners or joint adventurers.

2. Upon the execution of this Operating Agreement the Second Party, its agents or assigns, shall have the right to take and shall take, possession of each and all of the aforesaid mining claims, and shall have the right to retain possession thereof, so long as the Second Party shall comply with the terms and conditions of this Operating Agreement.

3. That party of the second part will immediately pay to party of the first part the sum of $5,000.00 as consideration for the execution of this agreement, with the further understanding that party of the second part will expend at least $40,000.00 on the said properties during the first year after the execution of this agreement and if no ore is discovered in commercial quantities during the first year after the execution of this agreement, party of the second part will expend an additional $40,000.00 on the second year's operation under this agreement. However, in the event ore in commercial quantities is discovered on any of the properties on which there is no conflict, then second party shall be returned its costs expended in developing the said claims prior to discovery and after the return of the development costs to the second party and second party's costs up to the point of discovery of the commercial ore, thereafter all net profits shall be divided equally on the basis of 50% to each of the parties to this agreement.

4. That for purposes of this Agreement, "net profit" shall be the gross receipts from the sale of such ores and minerals mined, less all direct costs of mining, extraction, removal, transportation and payroll expenses, except any sums paid to the persons comprising the Second Party as salaries, wages, bonuses and/or commissions or any other form of compensation shall not be included as an operating expense or a business expense and shall be excluded in calculating

"net profits", except legal fees directly connected with the property or salaries directly connected with the operation of the property and in that regard any salaries paid to any members of the corporation shall be charged as an operating expense only if it is directly in connection with the mining operation and shall be proportionate to the salary derived by that person from any other employment and proportionate to the time that person spends on the property subject to this agreement. In addition the Second Party shall not include or consider as a cost of operation, cars, homes or other equipment purchased, to be used by the members comprising the corporation, that would have a personal value or be of personal convenience to them in their non-business functions. It is further understood and agreed that on all claims or fraction of claims which may be hereinafter staked by the parties to this agreement, as more particularly set forth herein, that all claims located subsequent to this agreement contiguous to the First Party's claims or claims which may be staked as the result of the lease and operating agreement and these claims so staked shall be the joint property of the parties to this agreement and any net profits realized from the operation of these claims shall also be split on a 50-50 basis.

It is further understood and agreed that on party of the First Part's claims which are in conflict with the Sowbelly group of claims, as more particularly identified on the attached Exhibit "A", party of the First Part shall receive a royalty of 5% of the gross mill receipts or ore receipts on any ores shipped from the property in conflict, which property is in the vicinity of the Second Party's Sowbelly claims, less haulage allowance and development costs, but including bonus payments.

It is further understood and agreed that all other properties in conflict between party of the First Part's properties and party of the Second Part's claims as more particularly set out on the attached map, that should ore in commercial quantities be developed on these properties, party of the First Part will receive a royalty

payment of 5% of the gross on any ores mined on these properties, less haulage and development costs, but including bonus payments.

5. All mining in said Group of claims shall be done by Second Party who shall have the sole right to determine where and how such mining is to be done on said claims, and all ore which shall be so mined shall be marketed by Second Party, who shall keep a strict account of all costs and expenses which shall be incurred by it in the mining and marketing of said ore, including the cost of all tools, machinery, equipment and supplies which shall be provided by Second Party for use in its operations upon said property and at the end of each calendar month, or at such other intervals as may be agreed upon by the interested parties, Second Party shall furnish to First Party a report, in writing, showing the amount and character of work done in the preceding period or month as the case may be, and the tonnage and grade of ore mined and marketed and such other data as may be necessary in order to fully acquaint the first Party with the current operations on the said property, and along with such reports, the Second Party shall furnish an itemized statement in writing, showing in detail all costs and expenses incurred by it in its mining operations in the period covered by said report, including any and all mine occupations taxes, mine assessments, and any and all other State or County Taxes for the payment of which it might become liable.

6. In the event of a dispute as to the correctness of any statement furnished the parties shall attempt to settle the dispute by arbitration, each party to appoint an arbitrator who shall jointly appoint a third arbitrator who shall attempt to agree upon a solution, however, any solution shall have to be unanimous as to any two of the arbitors, and this method of arbitration shall be a condition precedent to a legal action. In the event of a unanimous decision by two of the arbitors, then the dispute will be conclusively settled between the parties and each of them shall abide by the terms.

7. It is understood and agreed that notwithstanding any of these foregoing provisions or any of the following provisions of this Operating Agreement, any statements or reports which may be furnished by Second Party may at any subsequent time be amended by Second Party with respect to labor costs if after such statement or report shall have been rendered, any retroactive wage increase should be negotiated between Second Party and the workman employed by it in its operations hereunder.

8. At any and all times throughout the life of this Operating Agreement, First Party shall have the right, through its engineers, geologists and other authorized agents to inspect any and all works which is being performed by Second Party the terms of this Operating Agreement, and shall have the further right to take samples of any and all ore which Second Party may be mining at any time and shall have the right to inspect any or all of Second Party's maps of its underground or open-pit workings in said properties and all of its assay data with respect to ore which is being developed and/or mined by it in said properties and shall have the right to make copies of such data and copies of said maps and shall have the right to, at any and all reasonable times, examine Second Party's books and records pertaining to its operation in said properties, however, it is agreed that any examination and going on the properties by First Party shall be at its own risk and there shall be no liability or responsibility to Second Party for injuries to First Party while on said properties.

9. From and after the date of this Operating Agreement, Second Party shall, at its own expense, but subject to its right to reimbursement as in the case of exploration costs, perform or cause to be performed upon or for the benefit of any and all unpatented claims in said Group, including such annual labor and/or assessment work as may be required to be performed for the year ending July 1, 1957, and shall, on or before the 30th day of June in each year there-

after, cause to be posted and recorded, proper proofs of the performance of said assessment work, and none of said unpatented claims shall be abandoned without the express written consent of the other First Party and with like right of reimbursement Second Party promptly pay when due, any and all state and county taxes which may be assessed against said properties or any part thereof. In the event that Second Party fails to perform the assessment work required the First Party, may at its option do so and shall be entitled to reimbursement out of profits.

10. Any and all machinery, equipment and supplies which may be placed or installed by Second Party in or upon said Group of Claims shall be and remain the property of Second Party. In the event that this Operating Agreement shall be terminated by surrender, forfeiture or otherwise, Second Party shall have the right to remove all of such machinery, equipment and supplies from said property or properties at any time or times within ninety (90) days from and after such termination of this Operating Agreement, provided that it is not indebted to First Party under this agreement in which event First Party shall have a lien on equipment and assets of Second Party in amount of indebtedness. It is further understood and agreed that in the event special equipment or machinery is purchased by Party of the Second Part for use upon the property which is to be charged against the gross operating expenses of the property in computing the net profit or upon which depreciation schedules will be set up, that in the event of a termination of this contract, Party of the First Part shall be entitled to an equitable interest in said property equal to 50% of the depreciated value and after said property has been fully depreciated the parties to this agreement shall own said property on fifty-fifty basis.

11. The Second Party shall carry public liability insurance upon its vehicles to such an extent as will compensate for any forseeable injury to a third party while using the Public Highway

and shall in all situations hold the First Party harmless from liability caused by the negligent or careless acts of the Second Party, its agents, employees or servants.

12. At all times throughout the life of this Operating Agreement, Second Party shall strictly comply with all State and Federal laws, rules and regulations relating to workmen's compensation, social security, unemployment compensation, hours and conditions of employment of labor, etc.

13. Any and all work which shall be performed by Second Party on or in First Party's property or properties shall be performed in a good miner-like fashion and in accordance with good mining practices.

14. At any and all times when second Party shall be in possession of said properties and performing work thereon or therein, it shall post and keep posted at one or more conspicuous places on said properties, written or printed notices to the effect that said properties are being operated by Second Party, the record owners and that it will be solely responsible for the payment of any and all debts or accounts which may be incurred by it for labor, equipment, materials and supplies in connection with its operations in or upon said properties; and Second Party agrees that it will at all times promptly pay the wages of all workmen who may be employed by it in or about the said premises and that it will promptly pay for any and all equipment or supplies which may be purchased by it or for use on said properties, and that it will in all ways fully protect said properties against any and all liens or other liabilities arising out of or in connection with any and all work which may be performed by Second Party.

15. The Second Party shall have the right at any time to surrender or withdraw from this Operating Agreement provided they are not in default hereunder upon (60) sixty days notice in writing to First Party, and after the payment of any and all debts which may

have been incurred by the Second Party in connection with its previous operations hereunder and which would, if not paid by the Second Party become liabilities of the owners of said properties; provided, however, that notwithstanding any such surrender of or withdrawal from this agreement, Second Party shall remain obligated to perform its proportionate share of the annual labor or assessment work for the balance of the then current year in and upon or for the benefit of each and every unpatented claim in said Group, or to pay the cost of performing such work.

16. If at any time or times any work or the performance of any obligation provided for under the terms of this Operating Agreement shall be delayed or interrupted by strikes, walkouts, fire, floods, or any other things whatsoever beyond the control of the party required to perform such work or such obligation, neither default hereunder nor any breach or violation of any of the terms or conditions of this Operating Agreement shall be charged by reason thereof.

17. This Operating Agreement shall remain in full force and effect and Second Party shall be entitled to continue the performance of exploration and development work and mining operations in said group so long as it shall desire to do so and so long as it shall comply with each and all of the terms and conditions of this Operating Agreement provided that in the event that Second Party shall fail to conduct regular mining operations, drilling operations, or other development work which shall be counted as annual assessment work, on the property for a period of ninety days, except as provided in paragraph 17 above the property shall revert to First Party free and clear of any obligation to Second Party.

18. In the event of any litigation involving the ownership or the right to the possession of any of the mining claims hereinbefore set forth or involving the boundary lines or any of said such litigation shall be conducted under the direction of Party of the First Part and Party of the First Part shall be responsible for any adverse claims arising out of title conflicts, boundary

disputes or any other litigation involving Party of the First Part's title to the property, however, any litigation arising out of Party of the Second Part's operation of said property shall be the sole expense and liability of Party of the Second Part.

19. Any and all taxes of whatsoever character which may be levied or assessed against the ore in any of the aforesaid ground and/or against the privilege of mining and extracting said ore and/or against the proceeds from the sale of said ore, shall be paid by First and Second Party equally on those properties on which Party of the First Part and Party of the Second Part shall have a 50-50 working agreement and on those properties where Party of the First Part shall be entitled to a royalty payment of either 5% or 5%, the taxes shall be paid from gross ore receipts before computing said royalty payments.

20. It is further understood and agreed that Party of the Second Part will immediately commence a survey of the properties held by party of the First Party and that this survey will be conducted at the sole expense of Party of the Second Part and Party of the Second Part will cause all open land including full claims and fractional claims immediately adjacent to Party of the First Part's properties in Blue Canyon to be staked and recorded jointly in the name of Party of the First Part, Party of the Second Part, and the Parties respective interest in these properties shall be on the basis of 50% of the net profits to each of the parties as above recited. And it is further understood and agreed that should any title conflict or question develope as to the ownership of any full claims or fractional claims which might hereinafter be located by the Parties to this agreement that the cost of defending any legal action or title dispute as to these claims shall be a joint expense on a fifty-fifty basis.

21. This Operating Agreement shall inure to the benefit of and be binding upon the successors and assigns of each party hereto.

22. Second Party shall take possession of said group of claims and commence active development and exploration immediately upon the

execution of this agreement.

23. It is agreed that any payments made under this contract either in the form of royalty payments or the $5,000.00 payment, receipt of which is hereby acknowledged, that in the event of a breach of this contract by Party of the Second Part that these payments shall be forfeited to Party of the First Part as liquidated damages for non-performance of the contract.

24. It is further agreed that in the event of a default under this contract that the defaulting party shall pay all costs and expenses including a reasonable attorneys fee.

IN WITNESS WHEREOF, the undersigned corporations have caused the proper officers to execute this operating agreement in pursuance of authority given them by their respective Board of Directors pursuant to resolutions duly adopted.

Dated this 25 day of October, 1956.

DIX URANIUM CORPORATION

By FLINT C. DIXON
Flint C. Dixon (SEAL)
President

By JOHN H. PETERSEN
John H. Petersen
Secretary

ULA URANIUM CORPORATION

By DARROW THOMPSON
Darrow Thompson
President

signed subject to changes aforesaid including reduction of royalty to 5%

STATE OF UTAH)
: ss
COUNTY OF SALT LAKE)

On this 15th day of September, 1956, personally appeared before me, a Notary Public in and for the said County of Salt Lake, State of Utah, Darrow Thompson, who duly acknowledged to me that he executed the above instrument pursuant to authority granted him by the Board of Directors of Ula Uranium Corporation.

ALLAN E. MECHAM
Notary Public

(SEAL)

Residing at:

My commission expires:

STATE OF UTAH)
: ss
COUNTY OF UTAH)

On this 15th day of September, 1956, personally appeared before me Flint C. Dixon and John H. Petersen, who being by me duly sworn did say, each for himself, that he, the said Flint C. Dixon, is the President, and he, the said John H. Petersen, is the Secretary of Dix Uranium Corporation, and that the within and foregoing Operating Agreement was signed on behalf of said corporation by authority of a resolution of its Board of Directors, and said Flint C. Dixon and John H. Petersen, each duly acknowledged to me that said corporation executed the same, and that the seal affixed is the seal of said corporation.

LEON M. FRAZIER
Notary Public

Residing at: Provo, Utah
My commission expires: 6-18-58

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

April 5, 1957

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DMEA
RECEIVED APR 8 1957

DATE	INITIALS	CODE
4/9	JP	BM

Memorandum

To: Secretary to the Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Application for DMEA Aid, (Uranium) Ula Uranium Inc. (P. H. Group, Teton Group, Sowbelly Group and Thunderbird Group of Claims) San Juan County, Utah

Enclosed are the original and one copy of the subject application. One copy of the application is being forwarded to the Grand Junction Office, DMEA. One copy of the application is being retained in our file.

The Applicant proposes to explore a mineralized target area by 26,700 feet of drilling at a total estimated project cost of $63,948.00.

E. N. Harshman

By E. N. Harshman
Acting Executive Officer

Enclosures

MR-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED APR 8 1957 D.M.E.A.

DMEA
DEPARTMENT OF THE INTERIOR
APR 4 - 1957
REGION III
DENVER, COLORADO

Not to be filled in by applicant
Docket No. 4719
Metal or Mineral URANIUM
Date Received 4-8-57
Estimated Cost $63,948
Participation (Government %)

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

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: Ula Uranium, Inc.
216 Luhrs Bldg.
Phoenix, Arizona

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

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

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

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

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract See attached sheet
P.H. Group, Teton Group, Sowbelly Group and Thunderbird Group. Township 36 South, 15 East, S.L.M., San Juan County, Utah.

(*b*) State any mine name by which the property is known.

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

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

(*e*) If you own the land, describe any liens or encumbrances on it
See attached sheet

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

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

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

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

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

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

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

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

(*c*) The work will start within 30 days and be completed within 4 months from the date of an exploration project contract.

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

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

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

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

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

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

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

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

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

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

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

(*b*) How do you propose to furnish your share of the costs?

[x] Money [ ] Use of equipment owned by you [ ] Other

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated March 22, 1957

Ula Uranium, Inc.
(Applicant)

By Darrow Thompson
DARROW THOMPSON, President

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

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

MF Form-103

Ula Uranium, Inc.
216 Luhrs Bldg.
Phoenix, Arizona

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DMEA
RECEIVED APR 8 1957

DATE	INITIALS	CODE

1. (a) Ula Uranium, Inc.
216 Luhrs Bldg.
Phoenix, Arizona

(b) Corporation (Colorado)

(c) Darrow Thompson, President
216 Luhrs Bldg.
Phoenix, Arizona

Henry A. Smith, Vice President
399 Western Drive
Richmond, California

Marvin Henry, Secretary-Treasurer
Luhrs Bldg. Arcade
Phoenix, Arizona

3. (a) See attached legal documents.

(b) None

(c) Sowbelly Group - Owner
Teton Group - 1/2 ownership, lease from Mid-Continent to Ula on remaining 1/2.
P.H. Group - Lease from Mid-Continent
Thunderbird Group - 1/2 ownership, balance under operating agreement to Copper State Drilling Company.

(d) See 3 c.

(e) Outstanding royalty on Sowbelly Group,
2½% Claude Bird.
2½% William Davis.

(f) See attached legal documents for book and page number.

5. (a) Uranium

(b) See attached report.

(d) Darrow Thompson, President, Ula Uranium, Inc.,
216 Luhrs Bldg., Phoenix, Arizona

5 years - Practicing law in Phoenix, Arizona
2 years - In uranium business - President of Ula Uranium, Inc., and other interests.

FORM MF-103

Ula Uranium, Inc.
21[illegible] uhrs Bldg.
Phoenix, Arizona

Mr. Frankovich- Geologist

4 years - Experience in mining and with oil companies.
3 years - Experience(AEC) - Geologic reconnaissance of foreign and domestic uranium deposits.
2 years - Private work with uranium companies.

6. Estimate of Costs

All costs are computed on the basis of the exploration project continuing for four months:

		Total Cost	Cost per ft
(a)	Independent Contracts.		
	(1) Drilling 26,700 feet	$ 44,150.00	$1.653
	(2) Bulldozer (D-7 or equivalent). 480 hours at $12/hr plus moving expense	6,060.00	0.227
(b)	Engineering and Geology		
	Engineer or Geologist, 4 mos. at $750/mo Sampler, 4 mos at $450/mo Subsistence	5,400.00	0.202
(c)	Assaying and Probing	1,085.00	0.041
(d)	Vehicle Use	960.00	0.036
(e)	None		
(f)	None		
(g)	Accounting, 4 mos. at $120/mo	480.00	0.018
(h)	Contingencies at 10%	5,813.00	0.218
	TOTAL	$63,948.00	$2.395

7. (a) Yes

(b) Money

Form MF-103

Ula Uranium, Inc.
216 Luhrs Bldg.
Phoenix, Arizona

Government Participation at 75%	$47,961.00
Ula Uranium, Inc. at 25%	$15,987.00
Total	$63,948.00

LEGAL DESCRIPTION OF CLAIMS

	BOOK	PAGE
Sowbelly No. 1	143	330
2	143	330
3	143	331
4	143	331
5	143	332
6	143	332
7	143	333
8	143	333
Thunderbird No. 13	143	309
14	143	309
15	143	310
16	143	310
17	143	311
18	143	311
19	143	312
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21	143	313
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30	143	317
39	143	322
40	143	322
41	143	323
42	143	323
43	143	324
44	143	324
Teton No. 1	127	144
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(continued - LEGAL DESCRIPTION OF CLAIMS

	BOOK	PAGE
P.H. No. 1	131	204
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ULA URANIUM INC

BID AND SCHEDULE OF UNIT PRICES FOR EXPLORATORY DRILLING

RED CANYON AREA, WHITE CANYON MINING DISTRICT

Ula Uranium Inc. owner or leasee of the P. H. group, Teton group, Sowbelly group, Thunderbird group, and Sunstroke group in Red Canyon is making application for a Defense Minerals Exploration loan. This loan, if granted would include one hundred nineteen drill holes of an average depth of 225 feet or a total of 26,700 feet of which approximately 1,500 feet would be cored.

These claim groups are in the Blue Canyon fork of Red Canyon and approximately eighty miles southwest of Blanding, Utah. Forty miles of the road from Blanding to the property is improved road, Utah No. 95 and forty miles of truck road. Camp facilities must be provided for by the drilling contractor for his own crew. Water haul will be approximately ten miles unless the existing springs within a mile can be developed. Coring by air will be permitted. Core recovery is expected to be at least 90%. Holes not completed to their estimated depth will not be paid.

NON-CORE DRILLING

From Surface to 200	$ 2.50	per foot.
200 to 400	$ 3.00	per ft.

CORE DRILLING (MINIMUM BX CORE)
ESTIMATE TOTAL 1,500 FEET.

From Surface to 200	$5.00	per ft.
200 to 400	$6.25	per ft.

DELAYS: When delays are caused by the Company, the contractor shall be paid at the rate of $15.00 per hour, per drill.

For further information, contact John I. Schumacher, Box 1648, Grand Junction, Colorado or Ula Uranium Inc. Luhrs Building, Phoenix, Arizona.

MINERALS ENGINEERING COMPANY
Drilling Company

By Edson Foster
Signature of Bidder

March 20, 1957
Date

ULA URANIUM INC

BID AND SCHEDULE OF UNIT PRICES FOR EXPLORATORY DRILLING

RED CANYON AREA, WHITE CANYON MINING DISTRICT

Ula Uranium Inc. owner or leasee of the P. H. group, Teton group, Sowbelly group, Thunderbird group, and Sunstroke group in Red Canyon is making application for a Defense Minerals Exploration loan. This loan, if granted would include one hundred nineteen drill holes of an average depth of 225 feet or a total of 26,700 feet of which approximately 1,500 feet would be cored.

OFFICIAL FILE COPY
DMEA
RECEIVED APR 8 1957
CODE

These claim groups are in the Blue Canyon fork of Red Canyon and approximately eighty miles southwest of Blanding, Utah. Forty miles of the road from Blanding to the property is improved road, Utah No. 95 and forty miles of truck road. Camp facilities must be provided for by the drilling contractor for his own crew. Water haul will be approximately ten miles unless the existing springs within a mile can be developed. Coring by air will be permitted. Core recovery is expected to be at least 90%. Holes not completed to their estimated depth will not be paid.

NON-CORE DRILLING

From Surface to 200	$ 1.50	per foot.
200 to 400	$ 1.75	per ft.

CORE DRILLING (MINIMUM BX CORE)
ESTIMATE TOTAL 1,500 FEET.

From Surface to 200	$ 3.50	per ft.
200 to 400	$ 3.85	per ft.

DELAYS: When delays are caused by the Company, the contractor shall be paid at the rate of $ 12.50 per hour, per drill.

For further information, contact John I. Schumacher, Box 1648, Grand Junction, Colorado or Ula Uranium Inc. Luhrs Building, Phoenix, Arizona.

Scott Bros. Drilling Co.	By	March 19, 57
Drilling Company	Signature of Bidder	Date

ULA URANIUM INC

BID AND SCHEDULE OF UNIT PRICES FOR EXPLORATORY DRILLING

RED CANYON AREA, WHITE CANYON MINING DISTRICT

Ula Uranium Inc. owner or leasee of the P. H. group, Teton group, Sowbelly group, Thunderbird group, and Sunstroke group in Red Canyon is making application for a Defense Minerals Exploration loan. This loan, if granted would include one hundred nineteen drill holes of an average depth of 225 feet or a total of 26,700 feet of which approximately 1,500 feet would be cored.

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NON-CORE DRILLING

From Surface to 200	$ 1.60	per foot.
200 to 400	$ 1.60	per ft.

CORE DRILLING (MINIMUM BX CORE)
ESTIMATE TOTAL 1,500 FEET.

From Surface to 200	$ 3.80	per ft.
200 to 400	$ 3.80	per ft.

DELAYS: When delays are caused by the Company, the contractor shall be paid at the rate of $ 15.00 per hour, per drill.

For further information, contact John I. Schumacher, Box 1648, Grand Junction, Colorado or Ula Uranium Inc. Luhrs Building, Phoenix, Arizona.

SPRAGUE & HENWOOD, INC.	By [signature]	3/20/57
Drilling Company	Signature of Bidder	Date

SHOP PHONE
CH 2-3260

OFFICE PHONE
CH 2-4768

EVERETT J. EDGAR

CONTRACTOR
1661 DOLORES
GRAND JUNCTION, COLORADO

3-20-57

Mr John Schumacher
Grand Jct. Co.

In Regard to work in Red Canyon area on G.M.E.A. Loan

Our Price for D7 Cat & angle Dozer is $12.00 per hr. one dollar a mile moving charge will be made unless work exceeds Two thousand dollars. For two thousand dollars or more work no moving charge will be made.

Everett J Edgar

THUNDERBIRD P.H. SOWBELLY

AND TETON GROUPS

in

The Blue Canyon Fork of Red Canyon

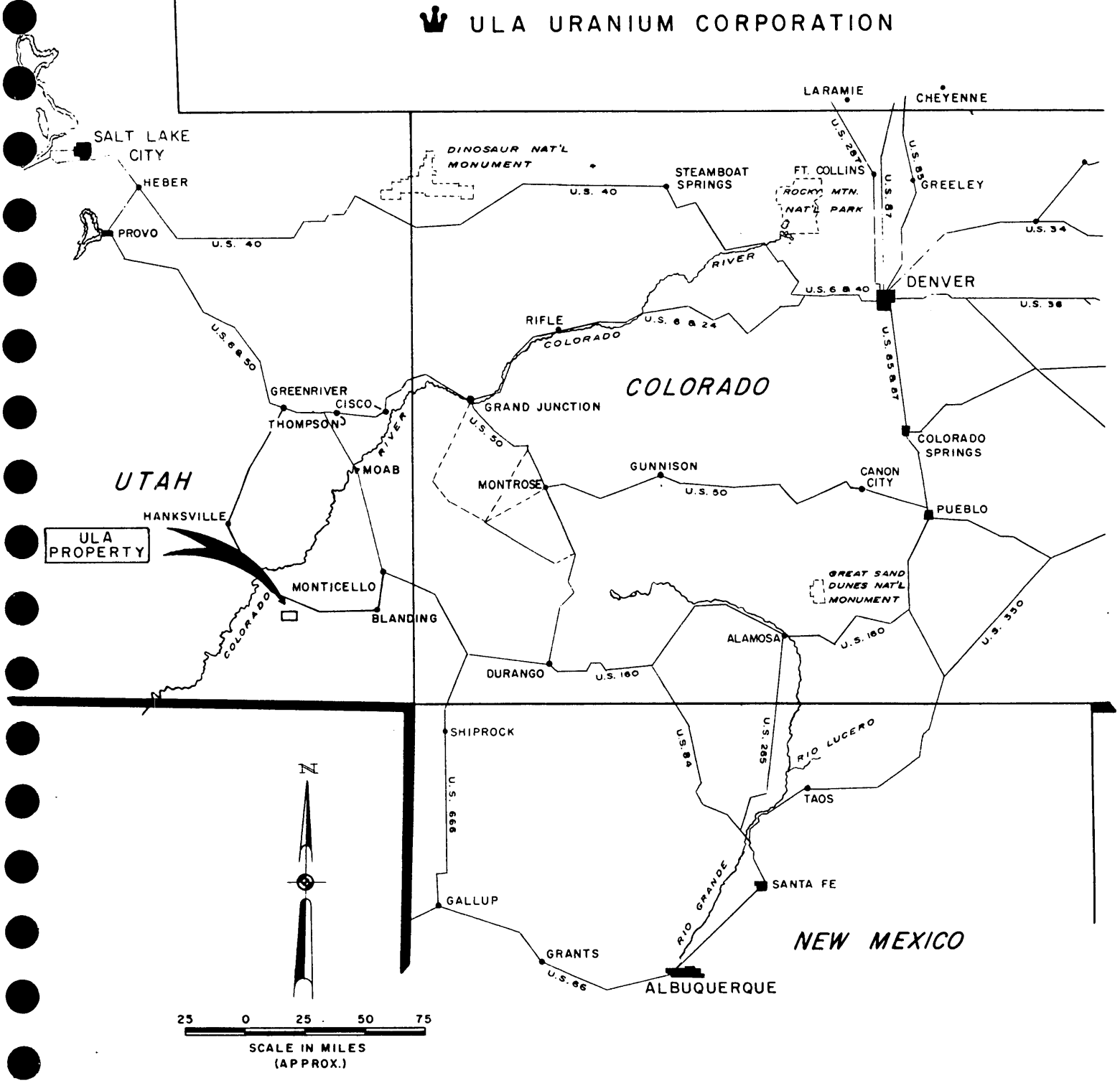
White Canyon Mining District

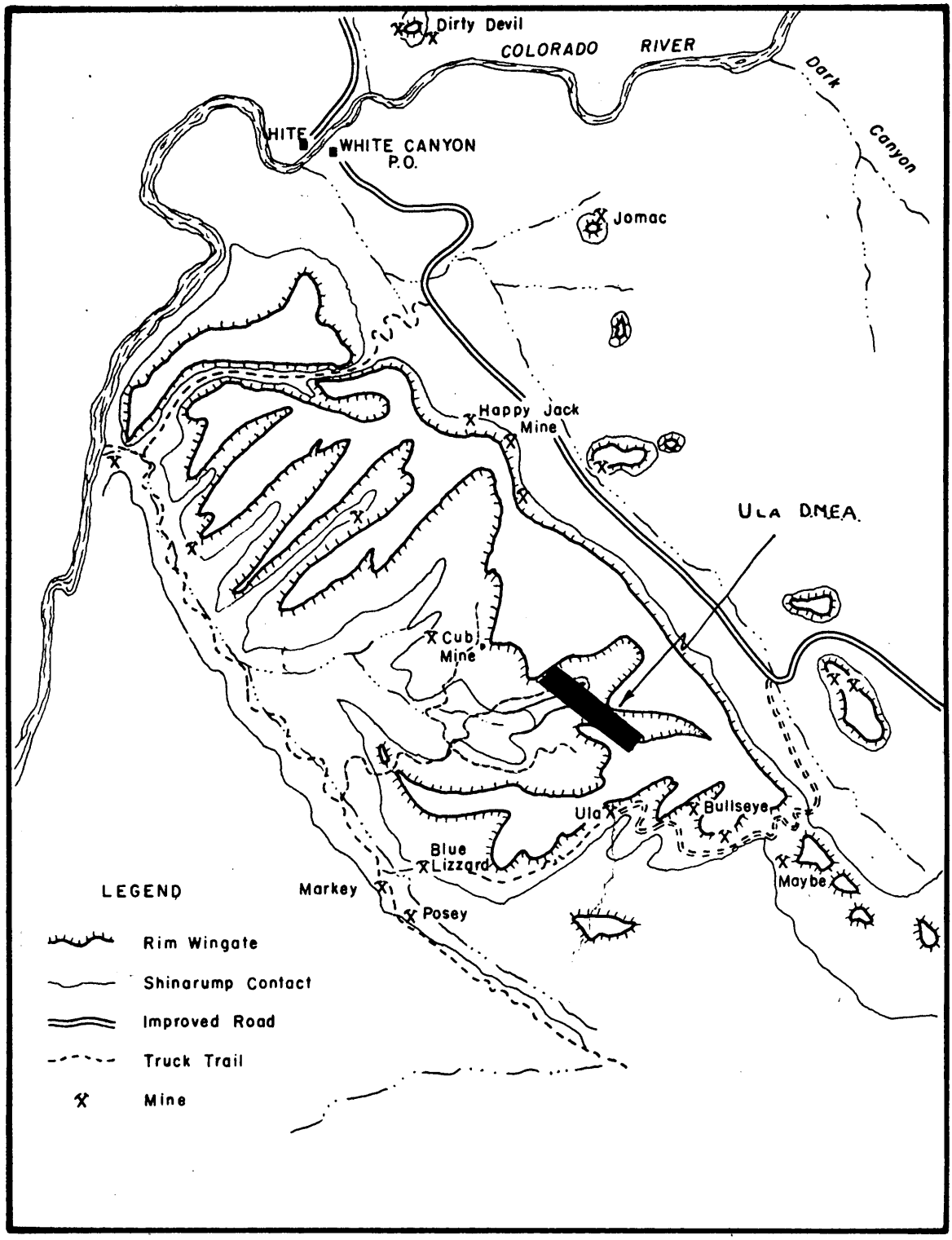
San Juan County, Utah

Ula Uranium, Inc.

JOHN I. SCHUMACHER
Registered Mining Engineer
March 22, 1957

ULA URANIUM CORPORATION





INDEX MAP RED-WHITE CANYON AREA

SAN JUAN COUNTY, UTAH

Ula Uranium, Inc.
216 Luhrs Bldg.
Phoenix, Arizona

Introduction

The property described in this report consist of 74 unpatented mining claims in the Blue Canyon Fork of Red Canyon, San Juan County, Utah. Red Canyon area is in the White Canyon Mining District. The included claims are controlled by Ula Uranium, Inc. either by ownership or lease.

Although the White Canyon Mining District has several large producing mines, the Red Canyon area and particularly the Blue Canyon Fork is relatively undeveloped due mainly to its remoteness and lack of good access roads. Practically all the exploration work and road construction in the Blue Canyon Fork has been done by Ula Uranium, Inc.

Location & Physiography

These groups of claims lie in T 36 S, R 15 E, (Sections Unsurveyed) S.L.M. Although this township has not as yet been recognized as being surveyed, field teams of the Bureau of Land Management have established the sections corners on the state owned land and it appears that these claims fall principally in Sections 21, 22, 23, 24, 26, 27 of this township.

The claims are approximately 80 miles southwest of Blanding, Utah and access to them is by 45 miles of Utah Highway 95 to Red House Springs. At the Red House Springs, the road proceeds down Red Canyon and approximately 6 miles beyond the Blue Lizard Mine, turns out of Red Canyon at the Chocolate Drop into Blue Canyon. The road beyond Red House Springs is primarily a truck trail. The newly completed access road to the Ula-Radium King mine is being improved to the Blue Lizard mine and should shorten the distance considerably to the Blue Canyon area.

Blue Canyon is typical of the terrain in the White Canyon Mining District, however, the general relief of the terrain in the drilling area is somewhat less severe in that the ore horizon more nearly conforms to a

(continued - Location & Physiography)

dip slope, and the canyons are not as deep. Although the Chinle forms small rugged canyons, the Moenkopi benches generally make a good location for access roads. The elevation of the claims vary from 5,000 to 6,000 feet and some scrub pinon and juniper grows on the upper benches. Mining supplies and equipment are available in Monticello, Utah, Moab, Utah and Grand Junction, Colorado. Monticello is approximately 107 miles; Moab 164 miles, and Grand Junction 284 miles distance.

Property Title

The four groups of claims included herein are controlled as follows by Ula Uranium, Inc.

Sowbelly Group - Owned by Ula Uranium, Inc.

P. H. Group - This group of claims is leased from Mid-Continent Uranium Corp. (Copy of lease attached).

Thunderbird Group - 1/2 interest owned by Ula Uranium, Inc. Remaining 1/2 owned by Copper State Drilling Company, 216 Lhrs Building, Phoenix, Arizona, % Mr. Darrow Thompson. Ula Uranium, Inc. has granted an operating agreement to Copper State on this group of claims. However, because of the close association it appears to be more logical for Ula to apply for the exploration work.

Teton Group - Ula Uranium, Inc. owns 1/2 interest and the remaining 1/2 is owned by Mid-Continent Uranium Corporation. Mid-Continent's interest is leased to Ula Uranium. (Copy of agreement attached).

General Geology

Blue Canyon area is on the southwest dipping slope of the monument uplift. The beds dip approximately 45 degrees southwest about 1/2 to 1½ degrees. Small structural features such as faults and minor

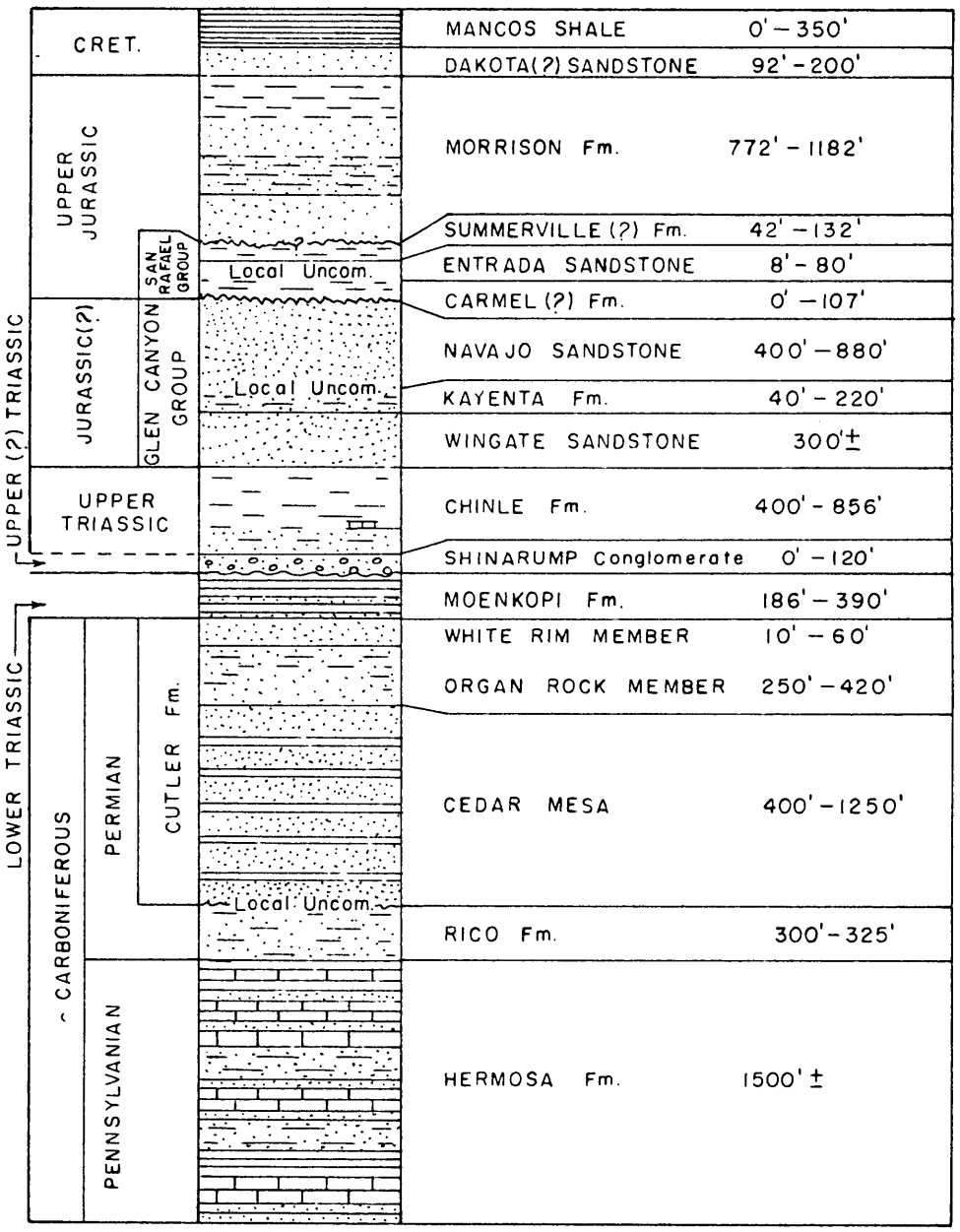
(continued - General Geology)

domal uplifts appear to have played a small part in deposition of the ore. Formations exposed (See attached sketch) range from the Mancos formation of the Cretaceous Age in the northwest part of White Canyon, to the Hermosa formation of Pennsylvania Age in the deep canyon of the Colorado River. The main ore bearing formation is the Shinarump conglomerate of upper Triassic Age which lies unconformably on the Moenkopi. The Shinarump formation consists primarily of intermittent sand lenses and fingers of mudstone and conglomerate. The conglomerate particularly predominates in the scours which have eroded into the Moenkopi. The thickness of the Shinarump varies from a thin feather edge in the southwestern part of the district up to 40 to 50 feet of thickness along the Mossback Ridge. The apparent channel pattern is to the northwest from the area around the Maybe mine through the Ula-Radium King mine and continues on to the Happy Jack mine. These scours, favorable for mineral deposition, are characterized by their coarse conglomeratic lenses, mudstones, carbon trash, secondary copper mineralization, and altered Moenkopi. The ore generally occurs along the edges of the scours particularly where the mudstone has interfingered with the conglomerate or sandstone to form small stratographic traps.

Previous Exploration

Previous to July of 1956, only reconnaissance work had been done in the area of these claims. In July of 1956, Mid-Continent Uranium Corp. drilled 55 holes on the P.H. Group; of these 55 holes, 3 were classified as mineralized on the basis of probe readings. It appeared that these holes

TAKEN FROM PRELIMINARY REPORT ON HAPPY JACK MINE



GENERALIZED GEOLOGIC SECTION OF WHITE CANYON DIST.

(continued - Previous Exploration)

had intersected several channels as shown on the accompanying map and further exploration was warranted.

November of 1956, Ula Uranium, Inc. drilled 29 holes on the Thunderbird Group of claims, one on the Teton Group, and 9 on the Sowbelly Group. The record of the above holes is attached. Several channels had also been intersected and this drilling and sections are shown on the accompanying map. Although this drilling was done primarily for geologic information, it has shown that there are several favorable mineralized channels which would warrant future exploration.

Producing Properties in Red Canyon Area

The number of producing properties in the Red Canyon area is relatively few. However, the size of the ore bodies being mined make it one of the more favorable areas for an exploration program. The most productive mines along the main northwest trend have been the Maybe mine, Spook & D, Bulls Eye, Radium-King-Ula mine and the Happy Jack mine. Although the production and reserve data is not available, these mines are generally considered to be in excess of 100,000 tons each and the actual reserves on the Radium King-Ula property are in excess of 300,000 tons. Other producing properties which are probably on branches of the main channel trend are the B & D mine, Blue Lizard and Posey mine.

Ula Uranium, Inc.
216 Luhrs Bldg.
Phoenix, Arizona

Conclusions

From the experience and knowledge that Ula has gained in its initial exploration program on the Hersey Group of claims, it is felt that the claims included herein offer similar possibilities judging from the geologic information obtained in past drilling. Lack of exploration capital and access roads have retarded the exploration and development of this area. Several geologic criteria so far indicated, warrant an exploration program of considerable size.

John I. Schumacher

JOHN I. SCHUMACHER
Registered Mining Engineer
March 22, 1957

Ila Uranium Corp.
216 Luhrs Bldg.
Phoenix, Arizona

Exploration Plans

The proposed project consists of drilling in three stages.

Stage I

A total of 59 holes are planned for Stage 1. These holes will be drilled to delineate probable extensions of favorable areas shown by private drilling. Drilling depths will vary and are expected to average about 225 feet. Holes will be drilled by means of rotary-type drills using air for sample recovery.

"Fence" drilling on approximately 200-foot centers will be done. Total footage will be 13,200 feet of non-core drilling.

Stage II

Stage II drilling will also be "fence" drilling to determine extensions of channels or favorable areas as shown by Stage I drilling. The length of the fences will be determined by the favorability outlined by Stage I and 100-foot centers will be used. An estimate of 30 holes at an average depth of 225 feet totals 6,750 feet.

Stage III

For Stage III drilling, 30 holes are estimated. As in stages I and II an average depth of 225 feet is used. Proposed holes will be offsets of ore holes located by previous drilling. Each hole will be non-

(continued - Exploration Plans)

cored to about 7.5 feet above the ore horizon and into the underlying Moenkopi. Average thickness of the ore horizon is estimated to about 35 feet for an average of 50 feet of core per hole. Total footage for Stage III will thus be 5,250 feet of non-coring and 1500 feet of coring.

Summary of Drilling

Stage		Non-Coring Footage	Coring Footage	Total
I		13,200		
II		6,750		
III		5,250	1,500	
	TOTAL	25,200	1,500	26,700

Drilling Bids:

Following is a summary of bids obtained from three drilling contractors:

Ula Uranium Corp.
[illegible]6 Luhrs Bldg.
Phoenix, Arizona

DRILL COST CALCULATIONS

Stage I	Holes	Depth	$1.50/foot Feet	$1.50/foot Cost	$1.75/foot Feet	$1.75/foot Cost	$3.50 Ft.Cost	$3.55 Ft.C.	TOTALS
Line 1	8	250	1,600	$2,400	400	$700			$3,100.00
Line 2	7	300	1,400	2,100	700	1225			3,325.00
Line 3	10	275	2,000	3,000	750	1312.50			4,312.50
Line 4	10	125	1,250	1,875					1,875.00
Line 5	9	150	1,350	2,025					2,025.00
Line 6	7	250	1,400	2,100	350	612.50			2,712.50
Line 7	8	250	1,600	2,400	400	700			3,100.00
							Subtotal		$ 20,450.00
Stage II									
	30	225	6,000	9,000	750	1312.50			$ 10,312.50
Stage III									
	30	225	5,250	7,875		750	$2,625		
							750	2887.50	13,387.50
							Grand Total		$ 44,150.00

Based on bid submitted by Scott Bros. Drilling Co.

	Minerals Eng.Co.		Scott Bros.Drill Co.		Sprague & Henwood	
Interval	Non-Core	Core	Non-Core	Core	Non-Core	Core
0 - 200	2.50	5.00	1.50	3.50	1.60	3.80
200-400	3.00	6.25	1.75	3.85	1.60	3.80

On the basis of the bid by Scott Bros. Drilling Company, cost for Stage I is $20,450, Stage II is $10,312.50, and Stage III is $13,387.50, or $44,150 grand total.

Cost of Project

On the basis of four months for this project (two drill rigs), the following costs are calculated:

(1)	Contract Drilling	
	25,200 feet of non-core and 1,500 feet of core	$ 44,150.00
(2)	Drill site preparation (D-7 Bulldozer or equivalent) 480 hrs at $12 per hour	5,760.00
	Moving expense at $150 per move	300.00
(3)	Engineering and Geology	
	Engineer or geologist full time at $750/mo	3,000.00
	Sampler full time for 4 mos for $450/mo	1,800.00
	Subsistence for 2 at $6/day for 4/mos.	600.00
(4)	Assaying and Probing	
	200 samples at $3.00	600.00
	Counter & probe rental at $100/mo	400.00
	100 core boxes at 85 cents/box	85.00
(5)	Vehicle Mileage	
	9600 miles at $0.10/mile	960.00
(6)	Accounting and office supplies	480.00
(7)	Contingencies - An estimated 10% is added to cover unforseen delays and expenses	5,813.00

Ula Uranium Corp.
2[illegible] Luhrs Bldg.
Phoenix, Arizona

Summary of Costs

Item	Total	Unit Cost per foot
Contract Drilling	$ 44,150.00	1.653
Site Preparation	6,060.00	0.227
Engineering and Geology	5,400.00	0.202
Assaying and Probing	1,085.00	0.041
Vehicle Mileage	960.00	0.036
Accounting, Office expense	480.00	0.018
Contingencies	5,813.00	0.218
Totals	$ 63,948.00	$ 2.395

Government Participation at 75%	$ 47,961.00
Ula Uranium, Inc. at 25%	15,987.00
Total	$ 63,948.00

Ula Uranium Corp.
216 Muhrs Building
Phoenix, Arizona

DRILL HOLE LOGS
THUNDERBIRD GROUP

Hole No.	From	To	Rock	Color	Grain	MS in SS	Remarks
UT # 1	0	109.0					Chinle
	109.0	113.0	SS, Sh				
	113.0	117.0	SS	Dk Gy	F		
	117.0	125.0	SS	LGy	C		
	125.0	129.0	SS, Sh	LGy			
	129.0	133.0	SS	LGy	C		
	133.0	139.0	SS, Sh	Gy			Pyritic
	139.0	141.0	MS	Gn			
	141.0	150.0	MS	R			
			Probe - Barren				
UT # 2	0	85.0					Chinle
	85.0	109.0	SS,Sh	Gy	F		
	109.0	113.0	Sh	DkGy			Cu, FeS_2
	113.0	118.0	SS	LGy	M		FeS_2
	118.0	118.5	MS	Gn			
	118.5	130.0	MS	R			
			Probe - Barren				
UT # 3	0	70.0					Chinle
	70.0	78.0	SS,Sl	Gy	F		
	78.0	99.0	SS	LGy	C		Cu, FeS_2
	99.0	101.0	MS	Gn			
	101.0	110.0	MS	R			
			Probe - Barren				
UT # 4	0	69.0					Chinle
	67.0	77.0	Sh, SS		F		
	77.0	89.5	Ss, Sh	DkGy	C		FeS_2, Cu
	89.5	90.0	MS	Gn			
	90.0	106.0	Sh	R			
			Probe - Barren				
UT # 5	0	45.0					Chinle
	45.0	57.0	Ss, Sh	LGy	F		
	57.0	66.0	Ss	DkGy	C		FeS_2, Cu
	66.0	67.0	Ms	Gn			
	67.0	74.0	Ms	R			
			Probe - Barren				

Ula Uranium Corp.
2[illegible] Luhrs Bldg.
Phoenix, Arizona

(continued - Drill Logs - Thunderbird Group)

Hole No.	From	To	Rock	Color	Grain	MS in SS	Remarks
UT # 6	0	46.0					Chinle
	46.0	55.0	SS,Sh	Gy	F		
	55.0	59.0	SS	DkGy	C		
	59.0	60.0	Ms	Gn			
	60.0	69.0	Ms	R			
			Probe - Barren				
UT # 7	0	52.0					Chinle
	52.0	57.0	SS,Sh		F		
	57.0	65.0	SS	Gy	C		
	65.0	67.0	Ms	Gn			
	67.0	79.0	Sh	R			
			Probe - Barren				
UT # 8	0	32.0					Chinle
	32.0	36.0	SS,Sh	LGy	F		
	36.0	44.0	SS	LGy, DGy	C		FeS2,Cu
	44.0	45.0	Ms	Gn			
	45.0	55.0	Sh	R			
			Probe - Barren				
UT # 9	0	17.0					Chinle
	17.0	32.0	SS,Sh	Gy	C		
	32.0	33.5	Ms	Gn			
	33.5	42.0	Sh	R			
			Probe - 22.0 to 24.0 - Weakly Radioactive				
UT # 10	0	9.0	Ovbd				
	9.0	13.0	SS		F		
	13.0	17.0	SS,Sh	DkGy			
	17.0	32.0	SS,	DGy,Yw	C,Cg		
	32.0	33.0	Ms,	Gn			
	33.0	42.0	Sh	R			
			Probe - 17.0-19.0, 27.0-28.0 -Wkly Radioactive				
UT # 11	0	27.0					Ovbd,Chinle
	27.0	33.0	SS	Lgy	F		
	33.0	34.0	Ms	Gn			
	34.0	43.0	Sh	R			
			Probe - Barren				

U[illegible] Uranium Corp.
21[illegible] Luhrs Bldg.
Phoenix, Arizona

(Continued - Drill Logs - Thunderbird Group)

Hole No.	From	To	Rock	Color	Grain	MS In SS	Remarks
UT # 12	0	13.0	ovbd				
	13.0	28.0					Chinle
	28.0	36.0	SS	Gy,Yw	C		
	36.0	38.5	Ms	Gn			
	38.5	50.0	Sh	R			
			Probe 31.0,37.0 Weakly Radioactive				
UT # 13	0	18.0					Chinle
	18.0	33.0	SS,Sh		F,C.		
	33.0	35.0	Ms	Gn			
	35.0	45.0	Sh	R			
			Probe - Barren				
UT # 14	0	9.0	Ovbd				
	9.0	29.0	Ss, Sh	Gy,Yw	F,C		FeS_2,Cu
	29.0	30.0	Ms	Gn			
	30.0	40.0	Sh	R			
			Probe - Barren				
UT # 15	0	5.0	Ovbd				
	5.0	19.5					Chinle
	19.5	36.5	Ss	Gy,Yw	M.C.		
	36.5	37.5	Ms	Gn			
	37.5	48.0		Sh	R		
			Probe 32 to 35 0.03 %				
WUT # 16	0	8.0	Ovbd				
	8.0	27.0					Chinle
	27.0	41.5	Ss	Gy,Yw	M		
	41.5	42.0	Ms	Gn			
	42.0	44.0	Sh	R			
			Probe - Barren				
WUT # 17	0	6.0	Ovbd				
	6.0	31.0					Chinle
	31.0	36.0	SS	LGy	M		
	36.0	39.0	SS	Yw	C		
	39.0	39.5	Ms	Gn			
	39.5	44.0	Sh	R			
			Probe - Slight count at 39.0				

Ula Uranium Corp.
216 Muhrs Bldg.
Phoenix, Arizona

(continued - Drill Logs - Thunderbird Group)

Hole No.	From	To	Rock	Color	Grain	MS In SS	Remarks
WUT # 18	0	19.0					Chinle
	19.0	33.0	SS	Yw,Gy	M		
	33.0	36.0	Ms	Gy			Cu
	36.0	37.0	Ms	Gn			
	37.0	42.0	Sh	R			
			Probe Slightly radioactive 36.0-37.0				
WUT # 19	0	18.0					Chinle
	18.0	20.0	St		F		
	20.0	25.5	Ss	Gy			
	25.5	26.0	Ms	Gn			
	26.0	28.0	Sh	R			
			Probe - Very weak radioactivity at 25.0				
WUT # 20	0	19.0					Chinle
	19.0	26.0	SS	LGy			
	26.0	27.0		No return			
	27.0	30.0	Sh	R			
			Probe - Barren				
WUT # 21	0	14.0					Chinle
	14.0	21.0	SS	Gy	C		
	21.0	22.0	Ms	Gn			
	22.0	26.0	Sh	R			
			Probe 16.0 to 16.5 0.03%				
WUT # 22	0	9.0					Chinle
	9.0	21.0	SS	Yw	C	Highly oxidized	
	21.0	22.0	Ms	Gn			
	22.0	24.0	Sh	R			
			Probe - Barren				
WUT # 23	0	7.0	Ovbd				
	7.0	24.0					Chinle
	24.0	30.0	SS	Gy	C		
	30.0	31.0	Ms	Gn			
	31.0	34.0	Sh	R			
			Probe - Barren				
WUT # 24	0	11.5	Ovbd				
	11.5	13.5					Chinle
	13.5	34.5	SS	LGy	C		
	34.5	35.0	Ms	Gn			
	35.0	36.0	Sh	R			
			Probe - Barren				

Ula Uranium Corp.
[illegible]6 Luhrs Building
Phoenix, Arizona

(Continued - Drill Logs - Thunderbird Group)

Hole No.	From	To	Rock	Color	Grain	MS in SS	Remarks
WUT # 25	0	7.0	Ovbd				
	7.0	29.0					Chinle
	29.0	43.0	SS	LGy	C		
	43.0	44.0	Ms	Gn			
	44.0	46.0	Sh	R			
			Probe - Barren				
WUT # 26	0	6.0	Ovbd				
	6.0	51.0					Chinle
	51.0	63.0	SS	Gy	C		
	63.0	66.0	Sh	R			
			Probe - Barren				
WUT # 27	0	52.0					Chinle
	52.0	74.5	SS	LBr	C		
	74.5	75.0	Ms	Gn			
	75.0	78.0	Sh	R			
			Probe - Barren				
WUT # 28	0	122.0					Chinle
	122.0	136.0	SS	L,DGy	F,M	A	FeS2, Cu
	136.0	150.0	SS,Sh	L,Gy			
	158.0	160.0	SS	Gy		A	FeS2, Cu
	160.0	161.0	Ms	Gn			
	161.0	166.0	Sh	R			
			Probe - Barren				
WUT # 29	0	56.0	Ovbd				
	56.0	112.0					Chinle
	112.0	146.0	SS	L,D Gy			
	146.0	147.0	Ms	Gn			
	147.0	150.0	Sh	R			

Probe 118.0 to 120.0 Min. Assay 0.14%

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Ula[illegible]ra[illegible]ium Corp.
216 [illegible]uhrs Bldg.
Phoenix, Arizona

DRILL HOLE LOGS
SOWBELLY GROUP

Hole No.	From	To	Rock	Color	Grain	Ms in SS	Remarks
SB # 1	0	39.9					Chinle
	39.9	66.4	SS	LGy	C		FeS_2,Cu
	66.4	67.8	Ms	Gn			
	67.8	72.9	Sh	R			
			Probe 50.5 and 62.0 Weakly mnlzd.				
SB # 2	0	41.7					Chinle
	41.7	67.8	SS	LGy	C	S;Gn	
	67.8	68.3	Ms	Gn			
	68.3	74.4	Sh	R			
			Probe 47.5 to 48.5 Weakly mnlzd.				
SB # 3	0	48.5					Chinle
	48.5	56.0	SS		M,F		
	56.0	74.0	Sh		R		
			Probe - Barren				
SB # 4	0	102.5					Chinle
	102.5	122.5	Sh		R		No Shinarump
			Probe - Barren				
SB # 5	0	22.0					Chinle
	113.5	118.5	Sh		R		No Shinarump
			Probe - Barren				
SB # 6	0	22.0					Chinle
	22.0	44.0	SS,Sh	Gy			
	44.0	46.0	Ms	Gn			
	46.0	48.5	Sh	R			
			Probe 38.0 to 39.5 Weakly mnlzd.				
SB # 7	0	38.0					Chinle
	38.0	61.5	SS,Sh	Gy			
	61.5	62.5	Ms	Gn			
	62.5	73.0	Sh	R			
			Probe 40.0 to 49.0 0.02to 0.04%				

U[illegible] Uranium Corp.
[illegible] Luhrs Bldg.
Phoenix, Arizona

(Continued - Drill Hole Logs - Sowbelly Group)

Hole No.	From	To	Rock	Color	Grain	Ms in SS	Remarks
SB # 8	0	43.5					Chinle
	43.5	71.5	SS, Sh	LGy			
	71.5	72.0	MS	Gn			
	72.0		Sh	R			
			Probe - Barren				
SB # 9	0	53.5					Chinle
	53.5	66.0	SS				
	66.0	66.5	Ms	Gn			
	66.5	83.5	Sh	R			
			Probe - Barren				

Ula Uranium Corp.
16 Luhrs Bldg.
Phoenix, Arizona

DRILL HOLE LOGS
PH GROUP

Hole No.	From	To	Rock	Color	Relative Collar Elev.	Remarks
PH # 1	0	5			100	Ovbd.
	5	13	Ms	Gy		
	13	22	SS	Gy		
	22	23	Ms	Gy		
	23	24	Ms	R		
			Probe - Barren			
PH # 2	0	6	SS	R		
	6	16	Ms	Gy	106	
	16	21	SS	Gy		
	21	25	Ms	Gy		
	25	27	SS	Gy		
	27	29	Ms	Gy		
	29	30	Ms	R		
			Probe - Barren			
PH # 3	0	24	Ms	Gy		
	24	28	SS	Gy	115	
	28	43	SS	Y		
	43	46	Ms	Gy		
	46	48	Ms	R		
			Probe - Barren			
PH # 4	0	27	MS	Gy		
	27	46	SS	Gy	116	
	46	47	Ms	Gy		
	47	48	Ms	R		
			Probe - Barren			
PH # 5	0	43	Ms	R, Gy, Y		
	43	69	SS	Gy	125	
	69	71	Ms	Gy		
	71	72	Ms	R		
			Probe - Barren			
PH # 6	0	52	Ms			
	52	69	SS	Gy	128	
	69	75	Ms	Gy		
	75	78	Ms	R		
			Probe Barren			

Gila Uranium Corp.
216 Luhrs Bldg.
Phoenix, Arizona

(continued - Drill Hole Logs -PH Group)

Hole No.	From	To	Rock	Color	Relative Collar Elev.	Remarks
PH # 7	0	56	Ms			
	56	74	SS	Gy	129	
	74	80	Ms	Gy, R		
			Probe - Barren			
PH # 8	0	57	Ms			
	57	80	SS	Gy	129	
	80	82	Ms	Gy		
	82	84	Ms	R		
			Probe - Barren			
PH # 9	0	76	Ms			
	76	87	SS	Gy	133	
	87	89	Ms	Gy		
	89	90	Ms	R		
			Probe - Barren			
PH # 10	0	81	Ms			
	81	90	SS	Gy	135	
	90	95	Ms	Gy		
	95	99	Ms	R		
			Probe - Barren			
PH # 11	0	68	Ms			
	68	96	SS	Gy	138	
	96	97	Ms	Gy		
	97	99	Ms	R		
			Probe - Barren			
PH # 12	0	70	Ms			
	70	99	SS	Gy	142	
	99	100	Ms	Gy		
	100	102	Ms	R		
			Probe - Barren			
PH # 13	0	72	Ms			
	72	100	SS	Gy	144	
	100	101	Ms	Gy		
	101	102	Ms	R		
			Probe - Barren			
PH # 14	0	83	Ms			
	83	115	SS	Gy	154	
	115	116	Ms	Gy		
	116	117	Ms	R		
			Probe - Barren			

U[illegible] Uranium Corp.
216 Luhrs Bldg.
Phoenix, Arizona

(continued - Drill Hole Logs - PH Group)

Hole No.	From	To	Rock	Color	Relative Collar Elev.	Remarks
PH # 15	0	97	Ms			
	97	128	SS	Gy	166	
	128	129	SS	Gy		
	129	132	Ms	R		
			Probe - Barren			
PH # 16	0	87	Ms			
	89	121	SS	Gy	162	
	121	122	Ms	Gy		
	122	123	Ms	R		
			Probe - Barren			
PH # 17	0	102	Ms			
	102	129	SS	Gy		
	129	130	Ms	Gy		
	130	132	Ms	R		
			Probe - Mineralization at 129			
PH # 18	0	80	Ms			
	80	110	SS	Gy	162	
	110	111	Ms	Gy		
	111	114	Ms	R		
			Probe - Barren			
PH # 19	0	99	Ms			
	99	119	SS	Gy	172	
	119	122	Ms	Gy		
	122	126	SS	Gy		
	126	128	Ms	Gy		
	128	129	Ms	R		
			Probe - Barren			
PH # 20	0	113	Ms			
	113	136	SS	Gy	185	
	136	141	Ms	Gy		
	141	144	Ms	R		
			Probe - Barren			
PH # 21	0	112	Ms			
	112	127	SS	Gy	185	
	127	128	Ms	Gy		
	128	129	Ms	R		
			Probe - Barren			

Ula Uranium Corp.
216 Luhrs Bldg.
Phoenix, Arizona

(continued - Drill Hole Logs - PH Group)

Hole No.	From	To	Rock	Color	Relative Collar Elev.	Remarks
PH # 22	0	132	Ms			
	132	162	SS	Gy		
	162	163	Ms	Gy		
	163	164	Ms	R		
	164	166	Ms, SS	Gy		
	166	175	Ms	Gy, R		
	175	177	Ms	R		
			Probe - Barren			
PH # 23	0	91	Ms			
	91	125	SS	Gy		
	125	126	Ms	Gy		
	126	129	Ms	R		
			Probe - Barren			
PH # 24	0	88	Ms			
	88	118	SS	Gy		
	118	121	Ms	Gy		
	121	123	Ms	R		
			Probe - Barren			
PH # 25	0	65	Ms			
	65	102	SS	Gy		
	102	103	Ms	Gy		
	103	105	Ms	R		
			Probe - Barren			
PH # 26	0	62	Ms			
	62	88	SS	Gy		
	88	90	Ms	Gy		
	90	93	Ms	R		
	93	100	SS	Gy		
	100	101	Ms	Gy		
	101	105	Ms	R		
			Probe - Barren			
PH # 27	0	62	Ms			
	62	91	SS	Gy		
	91	93	Ms	Gy, R		
	93	102	SS	Gy		
	102	103	Ms	Gy		
	103	105	Ms	R		
			Probe - Barren			

Ula Uranium Corp.
216 Luhrs Bldg.
Phoenix, Arizona

(continued - Drill Hole Logs - PH Group)

Hole No.	From	To	Rock	Color	Relative Collar Elev.	Remarks
PH # 28	0	73	Ms			
	73	100	SS	Gy		
	100	101	Ms	Gy		
	101	105	Ms	R		
			Probe - Barren			
PH # 29	0	67	Ms			
	67	102	SS	Gy		
	102	103	Ms	Gy		
	103	108	Ms	R		
			Probe - Barren			
PH # 30	0	76	Ms			
	76	101	SS	Gy		
	101	103	Ms	Gy		
	103	107	Ms	R		
			Probe - Barren			
PH # 31	0	100	Ms			
	100	130	SS	Gy		
	130	132	Ms	Gy		
	132	136	Ms	R		
			Probe - Barren			
PH # 32	0	100	Ms			
	100	128	SS	Gy		
	128	130	Ms	Gy		
	130	132	Ms	R		
			Probe - Barren			
PH # 33	0	69	Ms			Abandoned
PH # 34	0	76	Ms			
	76	99	SS	Gy		
	99	104	Ms	Gy		
	104	109	Ms	R		
			Probe - Barren			
PH # 35	0	77	Ms			
	77	99	SS	Gy		
	99	102	Ms	Gy		
	102	108	Ms	R		
			Probe - Barren			

Ula Uranium Corp.
Luhrs Bldg.
Phoenix, Arizona

(continued - Drill Hole Logs - PH Group)

Hole No.	From	To	Rock	Color	Relative Collar Elev.	Remarks
PH # 36	0	58	Ms			
	58	76	SS	Gy		
	76	80	Ms	R		
			Probe - Barren			
PH # 37			No Log			
PH # 38	0	67	Ms			
	67	89	SS	Gy		
	89	95	Ms	Gy, R		
	95	101	SS	Gy		
	101	104	Ms	R		
			Probe - Barren			
PH # 39			No Log			
PH # 40	0	68	Ms			
	68	82	SS	Gy		
	82	100	Ms	Gy		
	100	102	Ms	R		No return 91-99
			Probe - Barren			
PH # 41	0	80	Ms			
	80	85	SS	Gy		
	85	97	Ms	Gy		
	97	100	SS	Gy		
	100	102	Ms	R		
			Probe - Barren			
PH # 42	0	82	Ms			
	82	85	SS	Gy		
	85	97	Ms	Gy		
	97	109	-	-		
	109	111	Ms	R		
			Probe - Barren			
PH # 43	0	34	Ms			Abandoned
PH # 44	0	53	Ms			
	53	60	Ms	R		
PH # 45	0	45	Ms			
	45	48	SS	L Br		
	48	55	Ms	Gy		
	55	60	Ms	R		
			Probe - Barren			

Ula Uranium Corp.
16 Luhrs Bldg.
Phoenix, Arizona

(continued - Drill Hole Logs - PH Group)

Hole No.	From	To	Rock	Color	Relative Collar Elev.	Remarks
PH # 46	0	16	Ms			
	16	29	SS	L Br		
	29	32	SS	Gy		
	32	35	Ms	Gy		
	35	39	Ms	R		
			Probe - Barren			
PH # 47	0	21	Ms			
	21	24	SS	Gy		
	24	30	SS	L Br		
	30	40	Ms	Gy		
	40	42	SS	Gy		
	42	45	Ms	R		
			Probe - Barren			
PH # 48	0	32	Ms			
	32	38	SS	Gy		
	38	40	Ms	Gy		
	40	45	Ms	R		
			Probe - Barren			
PH # 49	0	34	Ms			
	34	37	SS	Gy		
	37	40	Ms,SS	Gy		
	40	42	SS	Gy		
	42	45	Ms	R		
			Probe-Mineralized 29 to 31, 33.8 to 34.8 0.23% Max.			
PH # 50	0	33	Ms			
	33	38	SS	Gy		
	38	40	Ms	Gy		
	40	42	Ms	R		
			Probe-Mineralized 32.5 to 36.0 0.02% to 0.08 %			
PH # 51	0	38	Ms			
	38	43	SS,Ms	Gy		
	43	44	Ms	Gy		
	44	48	Ms	R		
			Probe Mineralized at 32.0			

U[illegible] Uranium Corp.
2[illegible] Luhrs Bldg.
Phoenix, Arizona

(continued - Drill Hole Logs - PH GROUP)

Hole No.	From	To	Rock	Color Relative Collar Elev.	Remarks
PH # 52	0	29	Ms		
	29	32	SS	Gy	
	32	41	Ms	Gy	
	41	44	Ms,SS	Gy	
	44	48	Ms	R	
			Probe - Barren		
PH # 53	0	17	Ms		
	17	19	SS		
	19	26	Ms		
	26	33	SS	LBr	Hard
	33	36	Ms	Gy	
	36	39	Ms	R	
			Probe - Barren		
PH # 54	0	32	Ms		
	32	33	SS	Gy	
	33	41	Ms	Gy	
	41	43	Ms,SS	Gy	
	43	56	Ms	Gy	
	56	60	Ms	R	
			Probe - Barren		
PH # 55	0	56	Ms		
	56	60	Ms	R	

Ula Uranium, Inc.
16 Luhrs Bldg.
Phoenix, Arizona

PROBE RESULTS - P.H. GROUP

Hole No. P.H. 49

Footage	U_e		Assay
29	.00)		
29'-3"	.04)		
29'-6"	.05)		
29'-9"	.19)	Max. 23	0.04
30'-3"	.08)		
30'-6"	.07)		
30'-9"	.05)		
31'-0"	.05)		
33'-9"	.04		
34'	.07		
34'-6"	.06		
34'-9"	.04		

Hole No. P.H. 50

32'-6"	.02
32'-9"	.06
33'	.08
33'-3"	.02
35'-3"	.02
35'-6"	.06
35'-9"	.04
36'	.02

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AGREEMENT

THIS AGREEMENT, made and entered into this 15 day of June, 1956, by and between ULA URANIUM, INC., a Colorado corporation, hereinafter called ULA, First Party, and COPPER STATE DRILLING COMPANY, an Arizona corporation, hereinafter called COPPER STATE, Second Party,

WITNESSETH:

WHEREAS, ULA is the owner of those certain mining claims listed in Exhibit "A" attached to this Agreement, and made a part hereof; and

WHEREAS, COPPER STATE desires to own a one-half undivided interest in the said claims, and to mine and operate the claims described in the said Exhibit "A;"

NOW, THEREFORE, for and in consideration of the mutual promises herein, the parties hereto agree as follows:

1. Upon execution of this Agreement, and upon delivery to COPPER STATE by ULA of the documents hereinafter detailed, COPPER STATE will deliver to ULA ONE HUNDRED DOLLARS ($100.00) in full payment for an undivided one-half interest in and to the mining claims described in Exhibit "A."

2. ULA upon receipt of the said $100.00 will deliver to COPPER STATE quit-claim deeds of an undivided one-half interest in and to the mining claims therein listed. The said undivided one-half interest in such mining claims shall be transferred to COPPER STATE free and clear of all encumbrances, liens and obligations other than those obligations set forth in the schedule of royalties which is a part of Exhibit "A."

3. Thereafter the parties hereto shall be the joint owners of the said mining claims.

4. It is understood that there may be conflicts and litigation involving some of the mining claims. All of the costs of such litigation shall be borne equally by the parties hereto.

5. COPPER STATE shall be the Operator of the said property, and subject to the further terms of this Agreement shall be in sole possession of the said mining claims for the operation thereof.

6. Subject to the rights of surrender hereinafter provided for, Operator shall in the conduct of mining operations hereunder:

(a) Conduct the same in a good and workmanlike manner, keep all shafts and drifts well and securely timbered and supported, and not remove such timbers and supports so as to endanger the ground or permit the same to cave or fall in;

(b) Charge to the cost of operations as wages and salaries no more than is reasonable and current for work to be accomplished at such locations;

(c) Keep true and correct books, accounts and records of operations and permit at all reasonable times inspection and examination and auditing of the same by the other party;

(d) Permit the other party and its agents to have access to the said lands and the property thereon for inspection at all reasonable times and to witness any and all operations hereunder;

(e) Furnish the other party on or before the last day of each calendar month with a statement of the ore mined and shipped during the preceding calendar month and with copies of the mill runs, together with a statement of all proceeds received from the delivery of such ore, including bonuses, and mileage payments;

(f) Give the other party, upon request, at any time, the right to check tonnage and shipments of ore and payments therefor;

(g) Pay all royalties, or require that they be paid by the purchaser of the ore;

(h) Furnish the other party on or before the last day of the calendar month with an itemized statement of all receipts of operations hereunder during the preceding calendar month and of all costs and expenses incurred during that month;

(i) Keep said mining claims and the property thereon free from liens and encumbrances occasioned by operations hereunder;

(j) Comply with all workmen's compensation laws of the State of Utah, carry liability insurance of $100,000.00, and pay all old age, unemployment compensation and other payments as required by law;

(k) Otherwise abide by, perform and conform to all valid laws, rules and regulations and orders of the State of Utah, and of any body or official having jurisdiction.

7. All the claims acquired hereunder shall be owned by, and all proceeds derived therefrom shall be shared by, and all expenditures for drilling, mining, development and other operations hereunder shall be borne by the parties hereto equally; however, ULA shall have the right in its discretion to determine the market to which COPPER STATE must sell all ores mined and produced upon the subject mining claims, provided that in the event ULA does not designate a market COPPER STATE shall have the right to make disposal and sale of ore wherever it may find a purchaser: All subject, however, to the right of COPPER STATE to apply first all proceeds derived from the operations to the costs of such operations and the payment of royalties.

8. So long as ULA is indebted to COPPER STATE, COPPER STATE shall have, and ULA hereby assigns to COPPER STATE, the right to receive directly from the purchaser any part of the payment for such ore.

9. All revenue received by COPPER STATE, including mine development and bonuses, from any operation hereunder conducted by it shall be credited to the parties hereto equally. Subject to reimbursement as herein provided, COPPER STATE shall advance and pay all costs and expenses incurred by it in the conduct of operations hereunder and shall charge the same to the parties hereto equally.

10. COPPER STATE shall bill ULA on or before the last day of each month for all charges against ULA as a result of operations hereunder for the preceding month, and remaining after crediting against such charges any revenue from operations received for the other party's account. ULA shall forthwith reimburse COPPER STATE for all such charges which are attributable to taxes, rentals, assessment work and other charges necessary for the preservation of the title to the property and not attributable solely to the operations. ULA may at its option pay the balance, if any, or may advise COPPER STATE to apply such deficit onto future payments to be received out of ore.

11. In the event that any month-end adjustment of account should result in a credit balance being due ULA, COPPER STATE shall on or before the last day of the following month, pay to ULA such credit balance, provided that COPPER STATE may hold one-half of such credit balance for a period of three months as a cushion against costs of drifting or other operational expenses.

12. In the event ULA is not satisfied that operations are being conducted in a manner to extract ore at the maximum practical rate, ULA may enter upon any of the claims

not being operated by COPPER STATE, and may drill such claims to locate ore. Upon location of available ore in commercial quantities, ULA may demand that COPPER STATE extract such ore. If, after such demand, COPPER STATE refuses or neglects so to extract it, ULA may enter upon the property and extract such ore, but in so doing shall not interfere, however, with any of the operations of COPPER STATE. In such event, ULA shall have as to such operations all of the duties and rights of the Operator herein set forth.

13. It is expressly agreed that by this Agreement it is not the intention of the parties hereto to create a partnership or association. The duties, obligations and liabilities of the parties hereto are intended to be several and not joint or collective, and nothing contained in this Agreement shall ever be construed to create a trust or association or to impose a partnership duty, obligation or liability with respect to either of the parties hereto. Each party shall be individually responsible only for its own operations as set out in this Agreement, and shall be liable only for its proportionate share of the costs and expenses as herein stipulated. No funds received by Operator under this Agreement need be segregated by Operator or maintained by it as a joint fund, but may be comingled with its own funds and distributed by Operator as provided for herein.

14. This Agreement shall become effective the day and year first above written, and unless terminated by agreement shall continue in full force and effect for a period of twenty-one (21) years. Operator may at any time be released from its future obligations as to any mining claim or claims by quit-claiming to the other party its interest therein.

15. All of the provisions of this Agreement are hereby expressly made subject to all applicable Federal and State laws, orders, rules and regulations, and, in the event this Agreement or any provision thereof is found to be inconsistent with, or contrary to any such law, rule, order or regulation, the latter shall be deemed to control, and this Agreement shall be deemed modified accordingly, and as so modified shall continue in full force and effect.

16. The covenants herein contained shall run with the land until this Agreement terminates.

17. Each of the parties hereto agrees that it will execute such contracts, surrenders, assignments and other instruments necessary or required to carry out or make effectual all or any part of the provisions hereof.

18. SPECIAL PROVISIONS IMPOSED ON COPPER STATE:

(a) COPPER STATE agrees to enter upon the property by the 15th day of June, 1956, and to remain continuously in possession and to conduct exploration and development work upon the property until the current assessment work is completed.

(b) COPPER STATE further agrees that it will expend a minimum of TWENTY THOUSAND DOLLARS ($20,000.00) on the property in such exploration and development work before December 31, 1956, and a like sum on or before the 1st day of July, 1957. Thereafter COPPER STATE shall agree to spend no less than $20,000.00 in each succeeding twelve month period for exploration and development work, and the failure to expend such sum shall be deemed a forfeiture of all rights which COPPER STATE shall acquire under the terms of this Agreement; and in this connection, upon request by ULA, COPPER STATE will execute such deeds and assignments as are necessary to carry out the intentions herein expressed.

This Agreement shall be binding upon the parties hereto, their successors and assigns.

IN WITNESS WHEREOF, we have hereunto set our hands

the day and year first above written.

ULA URANIUM, INC.

By Darrow Thompson
President

ATTEST:

Marvin Henry
Secretary

COPPER STATE DRILLING COMPANY

By W. T. Kelly
President

ATTEST:

Robert Cowie
Secretary

STATE OF ~~COLORADO~~ Arizona)
County of ~~MONTEZUMA~~ Maricopa) ss.

This instrument was acknowledged before me this ___ day of _____, 1956, by DARROW THOMPSON, the President, and ~~R. N. USHER~~, Marvin Henry the Secretary, of ULA URANIUM, INC., THE CORPORATION therein described in the foregoing instrument, who personally appeared before me and stated that they executed such instrument on behalf of such corporation, for the purposes and considerations therein expressed.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

My commission expires:

_____

STATE OF ARIZONA }
County of Maricopa } ss.

This instrument was acknowledged before me this ___ day of _____, 1956 by W. T. WILLEY, the President, and ROBERT P. COWIE, the Secretary, of COPPER STATE DRILLING COMPANY, the corporation therein described in the foregoing instrument, who personally appeared before me and stated that they executed such instrument on behalf of such corporation, for the purposes and considerations therein expressed.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

My commission expires:

_____

EXHIBIT "A"

LIST OF MINING CLAIMS WHICH ULA WILL DEED ONE-HALF INTEREST TO COPPER STATE DRILLING COMPANY

	Royalty
WRANGLERS Nos. 1 - 46, inclusive	5%
PIKE Nos. 64 - 66, inclusive	5%
ROUND ROCK Nos. 1 - 21, inclusive 35 - 49, inclusive 57 - 61, inclusive 71 - 76, inclusive 99 - 131, inclusive	5%
THUNDERBIRD Nos. 1 - 46, inclusive	5%
LONGHORN Nos. 1 - 32, inclusive	5%

MINING DEED

ULA URANIUM, INC., a Colorado corporation, Grantor, of Dallas, Texas, hereby quit claims to COPPER STATE DRILLING COMPANY, an Arizona corporation, of Phoenix, Arizona, for the SUM of TEN DOLLARS ($10.00), and other good and sufficient consideration, an undivided one-half interest in and to the following described mining claims located in San Juan County, Utah, to-wit:

Name of Claim	Recorded Book	Recorded Page
WRANGLERS Nos. 1 - 46, inclusive	137	494-___
PIKE Nos. 64 - 66, inclusive	179	378-379
ROUND ROCK Nos. 1 - 21, inclusive	131	392-402
35 - 49, inclusive	131	409-418
	137	508-511
57 - 61, inclusive	143	335-337
71 - 76, inclusive	143	342-345
89 - 131, inclusive	143	364-380
THUNDERBIRD Nos. 1 - 46, inclusive	143	303-325
LONGHORN Nos. 1 - 32, inclusive	131	382-392
	137	486-493

Subject to a reserved royalty, on the total interest, of 5% of the ore produced and sold from the said claims, of which one-half shall be payable by Grantee.

ULA URANIUM, INC.

By Dawson Hampsey
President

ATTEST:

_____

Grand Jct. Office copy

LEASE AGREEMENT

THIS LEASE AGREEMENT made and entered into this ____ day of February, 1957, in the City of Grand Junction, State of Colorado, by and between MID-CONTINENT URANIUM CORP., a Colorado corporation with offices in Grand Junction, Colorado, hereinafter referred to as LESSOR and ULA URANIUM, INC. of hereinafter referred to as Lessee,

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LOMEA
RECEIVED APR 8 1957
DATE | INITIALS | CODE

WITNESSETH:

That in consideration of the royalties, covenants and agreements hereinafter expressed to be paid, kept, and performed by the Lessee, the Lessor has leased, let, and demised and by these presents, does lease, let, and demise unto the Lessee an undivided one-half (1/2) interest in and to the following unpatented mining claims, situate in the County of San Juan, State of Utah, to-wit:

GROUP 1

Claim	Recorded in the County of San Juan Book	Page
Teton No. 1	127	144
Teton No. 2	127	144
Teton No. 3	127	145
Teton No. 4	127	145
Teton No. 5	127	146
Teton No. 6	127	146
Teton No. 7	127	147
Teton No. 8	127	147
Teton No. 9	127	148
Teton No. 10	127	148
Teton No. 11	127	149
Teton No. 12	127	149
Teton No. 13	127	150
Teton No. 14	127	150
Teton No. 15	127	151
Teton No. 16	127	151
Teton No. 17	127	152
Teton No. 18	127	152
Teton No. 19	127	153
Teton No. 20	127	153
Teton No. 21	127	154
Teton No. 22	127	154
Teton No. 23	127	155
Teton No. 24	127	155
Teton No. 25	127	156

The Lessor has further leased, let, and demised and by these

presents, does lease, let, and demise unto the Lessee the following unpatented mining claims, situate in the White Canyon Mining District, County of San Juan, State of Utah, more particularly described as follows, to-wit:

GROUP II

Claim	Recorded in the County of San Juan Book	Page
Kong No. 1	131	[illegible]
Kong No. 2	131	192
Kong No. 3	131	192
Kong No. 4	131	193
Kong No. 5	131	[illegible]
Kong No. 6	131	194
Kong No. 7	131	194
Kong No. 8	131	195
Kong No. 9	131	[illegible]
Sunstroke No. 1	131	[illegible]
Sunstroke No. 3	131	[illegible]
Sunstroke No. 5	131	[illegible]
Sunstroke No. 7	131	202
Sunstroke No. 9	131	[illegible]
Sunstroke No. 11	131	203
Sunstroke No. 13 (Fractional Claim)	[illegible]	[illegible]

GROUP III

P.H. No. 1	131	204
P.H. No. 2	131	[illegible]
P.H. No. 3	131	[illegible]
P.H. No. 4	131	205
P.H. No. 5	131	206
P.H. No. 6	131	206
P.H. No. 7	131	207
P.H. No. 8	131	207
P.H. No. 9	131	[illegible]
P.H. No. 10	131	208
P.H. No. 11	131	[illegible]
P.H. No. 12	131	209
P.H. No. 13	131	[illegible]
P.H. No. 14	131	[illegible]
P.H. No. 15	131	[illegible]
P.H. No. 16	131	21.
P.H. No. 17	131	[illegible]
P.H. No. 18	131	212
P.H. No. 19	131	[illegible]
P.H. No. 20	131	[illegible]
P.H. No. 21	131	[illegible]
P.H. No. 22	131	[illegible]
P.H. No. 23	131	[illegible]
P.H. No. 24	131	[illegible]
P.H. No. 25	131	[illegible]
P.H. No. 26	131	[illegible]
P.H. No. 27	131	217
P.H. No. 28	131	217
P.H. No. 29	131	[illegible]
P.H. No. 30	131	218

together with a certain area and tract of land which, in part, includes the claims or portions of claims referred to in Group II and Group III, described as follows:

> Commencing at a point which 11,965 feet north 43° 25 feet east of the southwest corner of Section 31, Township 36 South, Range 15 East, S.L.M., which point is identical and common with the southwest corner of unpatented mining claim designated as Sunstroke No. 1, owned and belonging to Mid-Continent Uranium Corp., thence north 20° west 1,500 feet; thence north 69° east 4,070 feet; thence south 21° 30 feet east 910 feet; thence north 65° east 560 feet; thence north 22° 40 feet east 1,340 feet; thence north 58° 20 feet east 1,800 feet; thence south 48° east 8,620 feet; thence south 55° 30 feet west 1,500 feet; thence south 43° 30 feet west 1,500 feet; thence north 48° west 7,630 feet; thence south 65° west 2,950 feet; thence north 25° west 150 feet; thence south 69° west 2,035 feet, more or less, to the place of beginning.

TO HAVE AND TO HOLD unto the said Lessee for the full term of three (3) years, commencing the ____ day of February, 1957, and ending the ____ day of February, 1960, unless sooner terminated, for the purpose of working, developing, and mining the above described premises in a workmanlike manner and to extract and remove all ores and minerals which may be encountered in, on, or under the said demised premises.

The Lessee shall have the right to renew this lease, upon the expiration of the original term hereof and upon the same terms and conditions herein contained, for an additional term of two (2) years, and from year to year thereafter so long as the Lessee shall conduct a continuous mining operation upon the demised properties; provided, however, that the Lessee shall be entitled to exercise the said right of renewal only if the Lessee shall have fully and faithfully kept and performed all of the terms and conditions of this lease agreement. It is further provided, however, that upon expiration of the first three-year term of this lease, the Lessor shall have the right to exclude from this lease any group or groups of claims described herein upon which mining operations are not being carried on at that time and upon which mining operations have not been carried on for a period of sixty (60) days prior to the expiration of said first three-year term. Upon written notification of such exclusion, the Lessee agrees to promptly surrender possession of such group or groups of claims and to execute and deliver to Lessor a release of any

leasehold interest in said group or groups of claims.

The Lessee, in consideration of this lease, does hereby agree as follows:

1. To pay to the Lessor five (5) per cent of the gross value of all ores, metals, and minerals mined and sold from the unpatented mining claims designated as Group I and Group II, and seven and one-half per cent (7 1/2%) of the gross value of all ores, metals, and minerals mined and sold from the unpatented mining claims designated Group III during the term hereof. The gross value of ores, metals, and minerals shall mean the value as determined by Domestic Uranium Circular No. 5, any superceding governmental regulation, or the value paid by the mill, smelter, or ore purchasing agent purchasing said ore, together with any and all production and/or development allowances or expenses, but excluding haulage allowances, which haulage allowances shall be and remain the sole property of the Lessee. Further, the Lessee shall instruct all purchasers of ore mined from said premises to pay the said five per cent (5%) and seven and one-half per cent (7 1/2%), respectively, of the gross value of ores, metals, and minerals mined from said premises directly to the Lessor, and shall furnish copies to the Lessor of all settlement sheets covering ores mined and sold from said premises.

2. To prosecute with all reasonable diligence, from and after the date of this lease agreement, an exploration program upon the demised premises which shall consist of a minimum of five thousand (5,000) feet of drilling for each and every year during the term of this lease.

3. To enter upon the said premises forthwith and to commence and continue work upon the said premises in a manner consistent with good and economical mining practice so as to take out the greatest amount of ore possible with due regard to the development and preservation of the demised properties as workable mining properties, and with due regard to the provisions of this lease.

4. To properly and sufficiently timber the mine or mines at all points in accordance with good mining practice and to repair all old timbering wherever it may become necessary.

5. To, at all times, perform all mining operations in a manner consistent with good safety standards and in full compliance with good health and safety laws, rules, and regulations of the Federal, State, and Local Governments. To keep all drifts, tunnels, shafts, winzes, and other workings thoroughly drained and clear of loose rock and rubbish and in safe and secure condition, unless prevented from doing so from extraordinary mining casualty, and leave the floor of all cross-cuts and other workings in good, even, and unobstructed condition at all times and to stow no waste underground or fill in any stopes without the written consent of the Lessor.

6. The Lessee shall have the right to terminate this lease by notifying the Lessor in writing sixty (60) days in advance; provided, however, that Lessee may not terminate this lease on or before July 1, 1957, and provided further that in no case may the Lessor terminate the lease during the sixty (60) day period prior to June 30th of any year, unless the Lessee has performed all necessary annual labor and has presented satisfactory evidence to the Lessor of the performance of said annual labor and the filing of said proofs thereof.

7. To keep proper records of (a) shifts worked, (b) tonnage and grade of ore mined, and (c) development and exploration work performed and to permit the Lessor, or its representative, to inspect the aforementioned records at all reasonable times and to submit written reports to the Lessor relating to said matters upon the request of the Lessor.

8. To promptly pay all bills or expenses incurred by the Lessee in connection with its operation on the demised premises, and to forthwith post, and at all times keep posted, in conspicuous places upon the premises, notices stating that the premises are leased to the Lessee by the Lessor, and that the right, title, and interest of the Lessor shall not be subject to any lien or encumbrance arising from the Lessee's operations, use, or occupancy of the premises and that the Lessor shall not be liable for any claim arising from the Lessee's operations under this lease.

9. To indemnify and save harmless the Lessor against all claims and demands whatsoever arising from the Lessee's operation, use or occupancy

hereunder, including, but not limited to, death and injuries to persons and damage to property.

10. To insure to each and every employee working in or on the demised premises the compensation provided for in and by each and every statute applicable thereto with respect to Workmen's Compensation and/or Employer's Liability and/or Unemployment Compensation; that the Lessee will pay and discharge or otherwise dispose of any and all claims, suits, actions, and demands of any nature whatsoever for injury to persons, including death resulting therefrom, and loss or damage to property caused by or arising in connection with Lessee's operations under this lease; and that the Lessee will procure and maintain during the period this lease is in effect public liability insurance in a reputable and financially responsible insurance company or companies properly safeguarding the Lessor against liability for injuries to persons, including injuries resulting in death and loss and damage to property, in amounts acceptable to the Lessor; and that the Lessee will furnish to the Lessor written certification from insurance carriers, or from appropriate governmental authorities, establishing that said insurance of employees and of public liability have been procured and are being properly maintained.

11. To promptly pay all taxes and assessments levied against the said demised premises on account of the production of ore under this lease; provided, however, that the Lessor shall promptly, upon being furnished with evidence of such payment of taxes by the Lessee, reimburse the Lessee for five per cent (5%) of such taxes and assessments on Groups I and II, and seven and one-half per cent (7 1/2%) of such taxes and assessments on Group III, respectively. All other taxes and assessments, except as provided herein, sh shall be borne by and shall be promptly paid by the Lessee.

12. To permit the Lessor to enter upon the demised premises at all reasonable times for the purpose of inspection, survey, or otherwise.

13. To not assign this lease nor any interest therein without first obtaining the written consent of the Lessor to any such assignment.

14. To, upon the termination of this lease, deliver the demised

premises to the Lessor with appurtenances and all improvements in good order and condition; provided, however, that the Lessee shall have the right to remove from the demised premises any such buildings, structures, and machinery, as may have been placed thereon by the Lessee, within sixty (60) days after the termination of this lease. The mine timbering under no circumstances shall be removed by the Lessee. If the Lessee shall fail to remove any such buildings, structures, or machinery from the demised premises within sixty (60) days from and after the termination of this lease, the same shall become and remain the property of the Lessor.

15. After commencing mining operations upon any of the demised unpatented mining claims, Lessee shall mine said claim or claims continuously for so long as commercial ore may be mined therefrom, and shall not discontinue said mining operations for a period of more than sixty (60) days unless prevented from conducting said mining operations by reason of strike, fire, or extraordinary mining casualty.

IT IS MUTUALLY AGREED AS FOLLOWS:

16. That the Lessor may terminate this lease upon the violation of the Lessee of any of the covenants or agreements herein contained by giving to the Lessee thirty (30) days' written notice addressed to it at 216 Luhrs Building, Phoenix, Arizona, of such violation; provided, however, that during such thirty (30) day period, the Lessee shall have the right to correct and remedy said violation. In the event the Lessee fails to correct and remedy said violation within the thirty (30) day period, the Lessor may enter upon the said premises and dispossess all persons occupying the same with, or without, force, and with or without process of law.

IN WITNESS WHEREOF, the parties hereto have executed this agreement this _____ day of _____, 1957.

MID-CONTINENT URANIUM CORP.

By _____
President

ATTEST:

_____
Secretary

ULA URANIUM, INC.

By _____
President

ATTEST:

_____
Secretary

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U. S. Government Messenger Envelope

Standard Form No. 65 (Rev. 1/46)

1. Use blocks consecutively.
2. Void previous block.
3. Write clearly.

NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM		NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS,
Mr. Olson Rm. 1033 - GSB Bldg	RUN STOP	
~~Jan Rm. 4243 G.S.~~	RUN STOP	
~~Mr. Rabbitt Rm. 4231~~	RUN STOP	
Mr [illegible] Rm 2224 [illegible]	RUN STOP	
Lois Williams [illegible]	RUN STOP	
~~[illegible]~~	RUN STOP	
Mr. Ellis 4443 [illegible]	RUN STOP	
	RUN STOP	
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	RUN STOP	

Send surplus envelopes to supply room for reissue.

Use other side

Use RUN and STOP only when messenger service between Government buildings in Washington is require
Your mail room has RUN and STOP information.

THE ULA MINING CORPORATION

216 LUHRS BUILDING • PHOENIX, ARIZONA • ALpine 3-7868

DARROW THOMPSON
President

W. F. MARION
Secretary-Treasurer

July 28, 1958

E/t C 220
225

DMEA
DEPARTMENT OF THE INTERIOR
JUL 31 1958
REGION III
DENVER, COLORADO

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

Attention: Mr. J. W. Townsend
Alternate Acting Executive Officer
DMEA Field Team, Region III

Re: Docket No. DMEA 4719 (Uranium)
Ula Uranium, Inc.
(P.H., Teton, et al group)
San Juan County, Utah

Dear Mr. Townsend:

In answer to your letter of July 25, 1958 this is to advise that we are unable to locate the "Field Team Copy" of the proposed Contract No. Idm-E1151.

Very truly yours,

THE ULA MINING CORPORATION

By Darrow Thompson
President

JUL 31 1958

ET:ab

Copies distributed to:
Chron. Op. Comm. (2)
Hardman
DMEA/DTC
Hooker
DMEA/G.J.
Townsend

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado
July 25, 1958

FILE COPY
DMEA
1958

7/28 C 220
~~7MM 700~~
225

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4719 (Uranium), Ula Uranium, Inc. (P.H., Teton, et al. Group), San Juan County, Utah

Supplementing material forwarded by our memorandum of July 10, 1958, enclosed are the following:

1. The Government's, Audit, and Finance Office copies of proposed Contract Idm-E1151.

2. The original and one copy of the Applicant's letter of July 23, 1958, by which the copies of the contract were returned to this office.

3. Two copies of a letter from this office, dated July 25, acknowledging receipt of the copies of the contract and advising that the Field Team Copy had not been returned by them.

J. W. Townsend

J. W. Townsend

Enclosures

224 New Customhouse
Denver 2, Colorado
July 25, 1958

Mr. Darrow Thompson, President
Ula Uranium, Inc.
216 Luhrs Building
Phoenix, Arizona

Re: Docket No. DMEA 4719 (Uranium)
Ula Uranium, Inc.
(P.H., Teton, et al. Group)
San Juan County, Utah

Dear Mr. Thompson:

Receipt is acknowledged of the Government's, Audit, and Finance Office Copies of proposed Contract No. Idm-E1151.

Our records indicate that the "Field Team Copy" is still in your possession, which we will appreciate receiving.

Very truly yours,

Original signed by
J. W. TOWNSEND

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

JWT:prl

cc: Chmn. Op.Comm. (2)
Harshman
DMEA/DFC
Hasler
DMEA/GJ
Docket
Townsend
Chron.

THE ULA MINING CORPORATION

216 LUHRS BUILDING • PHOENIX, ARIZONA • ALpine 3-7868

DARROW THOMPSON
President

W. F. MARION
Secretary-Treasurer

July 23, 1958

DMEA
DEPARTMENT OF THE INTERIOR
JUL 25 1958
REGION III
DENVER, COLORADO

FINAL FILE COPY
DMEA

DATE	INITIAL

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

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

Re: Docket No. DMEA 4719 (Uranium)
Ula Uranium, Inc.
(P.H., Teton, et al. group)
San Juan County, Utah

Gentlemen:

This is to advise you that we have abandoned all hopes of receiving favorable consideration in our loan application above captioned. We are enclosing the copies of the contract and closing our file.

Very truly yours,

THE ULA MINING CORPORATION

By Darrow Thompson
President

DT:ab
Enclosure

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 28 1958
DATE | INITIALS | CODE

Government's copy

MF-200
(Revised June 1954)

Docket No. DMEA-4719

Commodity Uranium

Contract No. Idm-E 1151

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 14 NOV 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] Ula Uranium, Inc., a Colorado Corporation, whose mailing address is 216 Luhrs Bldg. Phoenix, Arizona, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and map, Figure 3.

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] See Annex I of [5] 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 See Annex I, 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: See Annex I

(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: See Annex I

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Uranium. The work to be performed is described in Exhibit "A." The Operator on or before ..... shall commence the work, and on or before October 1, 1958 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall ~~either~~ have completed the work ~~or shall have incurred~~ ~~[illegible]~~ Exhibit "A", except as otherwise provided in Exhibit "A" with respect to stages of work.

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

(b) *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 $ 49,120.00. The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $ 36,840.00: *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

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 ~~8~~. **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.)

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

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

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

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

CATEGORY (2)—PERSONAL SERVICES.

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

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

Subcategory (c)—Labor.

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

CATEGORY (4)—OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

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

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

(c) Categories (2) through (6) 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 figure "8" is substituted for the figure "9"

(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 the actual unit costs of said drilling item incurred by the Operator: Provided, That the Government will not contribute to any portion of an average unit cost of a drilling item that exceeds the estimated unit cost of said item set forth in the contract.

Orsen
Abernathy
Mengeling
Ellis
Chambers
Martin
Johnson

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C Mitteudorf
Administrator, Defense Minerals
Exploration Administration

ULA URANIUM, INC.
(Operator)

By

Title

I, W. F. MARION, certify that I am the TREASURER AND secretary of the corporation named as Operator herein; that DARROW THOMPSON 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.

W F Marion

[CORPORATE SEAL]

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EXPLORATION PROJECT CONTRACT
ULA URANIUM, INC.
DOCKET NO. DMEA-4719

ANNEX I

The land referred to in Article 2 of the contract consists of 88 contiguous unpatented lode mining claims, notices of location of which have been recorded in the official records of San Juan County, Utah, as follows:

Claims	Date Recorded	Book	Page
PH-7-30 incl.	7-17-54	131	207-218
Thunderbird 13-30 incl.	8-6-54	143	309-317
Thunderbird 39-44 incl.	8-6-54	143	322-324
Dix 13-29 incl.	6-14-54	134	7-20
Regal 89 and 93	6-7-54	134	39-35
Regal 96	6-7-54	134	56
Regal 99-104 incl.	6-7-54	134	58-63
Dix Regal 1-12 incl.	6-14-54	134	24-27
Lane Regal 9-10	9-13-54	197	358
Lane Regal 9-10 (amended)	9-13-54	134	27-30

The claims are situate in unsurveyed secs. 21, 22, 23, 24, 26, and 27, T. 36 S., R. 15 E., S.L.B.M., San Juan County, Utah, and the locations are shown on the map entitled, "Figure 3.--Claim Survey Map Showing Generalized Topography, Drill Holes and Proposed Stage I Drill Holes, . . ." attached hereto.

The Operator is the lessee of an undivided one-half interest in the mining claims PH 7-30, inclusive, pursuant to an agreement dated February 28, 1957, with Mid-Continent Uranium Corp., and the Consent to Lien and Subordination Agreement of the lessor concerning its one-half interest is attached hereto.

The Operator is owner of an undivided one-half interest in the mining claims Thunderbird 13-30, inclusive, and 39-44, inclusive; and the Consent to Lien and Subordination Agreement of Copper-State Drilling Company concerning its one-half interest is attached hereto.

The Operator is in possession and has the right to possession of the mining claims Dix 13-29, inclusive, Regal 89, 93, 96, and 99-104, inclusive, Dix Regal 1-12, inclusive, and Lane Regal 9-10, pursuant to an Operating Agreement, dated October 25, 1956, with Dix Uranium Corp., whose Consent to Lien and Subordination Agreement is attached hereto.

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

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Ula Uranium, Inc.
Docket No. DMEA- 4719
Contract No. Idm-E 1151
Contract Date 14 NOV 1957

RECEIVED
OCT 4 1957
D.M.E.A.

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

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

See Annex attached to this form

MF 205

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

none

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: none (State "None" or "See Annex No.____")

Dated this 30th day of September, 1957.

Dix Uranium Corp.	[Seal]	P.O. Box 401, Provo Utah	[Address]
Flint C Dixon	[Seal]	730 W 8th N. Provo Utah	[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, John H. Peterson certify that I am the Secretary (Secretary, etc.) of the corporation named herein; that Flint C. Dixon who signed this agreement was then President (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.

John H. Peterson

[Corporate Seal]

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MF 205 ANNEX

Unpatented Lode mining claims recorded in official records of San Juan County, Utah:

Claim Name	Dated Recorded	Book No.	Page
Dix 13-29 Incl.	June 14, 1954	134	7 thru 20
Regal 89 and 93	June 7, 1954	134	39 thru 55
Regal 96	June 7, 1954	134	56
Regal 99-104 Incl.	June 7, 1954	134	58 thru 63
Dix-Regal 1-12 Incl.	June 14, 1954	134	24 thru 27
Lane-Regal 9 & 10	Sept 13, 1954	197	358
Lane-Regal 9 & 10 (Amended)	Sept 13, 1954	134	27 thru 30

Note: The Amended Location Notices on all the above claims were recorded on July 31, 1956.

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

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Ula Uranium, Inc.
Docket No. DMEA- 4719
Contract No. Idm-E 1151
Contract Date 14 NOV 1957

RECEIVED OCT 4 1957 D.M.E.A.

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

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

unpatented lode mining claims PH7-30 inclusive, recorded in the official records of San Juan County, Utah on July 17, 1954 in Book 131, pages 204-218 inclusive.

, 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

NONE

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: NONE (State "None" or "See Annex No.____")

Dated this 23rd day of September, 1957.

Mid-Continent Uranium Corp.	[Seal]		[Address]
Norman E. Ebbley	[Seal]	Box 883 Grand Jct Colo	[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, Mark D. Dunn certify that I am the Secretary (Secretary, etc.) of the corporation named herein; that Norman Ebbley who signed this agreement was then Vice President (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.

Mark D. Dunn

[Corporate Seal]

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

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Ula Uranium, Inc.
Docket No. DMEA- 4719
Contract No. Idm-E 1251
Contract Date 14 NOV 1957

RECEIVED OCT 4 1957 D.M.E.A.

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

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

unpatented lode mining claims Thunderbird 13-30 inclusive and 39-44 inclusive, recorded in the official records of San Juan County, Utah, on August 8, 1954 in Book 143 at pages 309-317 incl., and 322-324 incl., respectively.

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

NONE

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: None (State "None" or "See Annex No.____")

Dated this 17th day of SEPT, 1957.

Copper State Drilling Company	[Seal]	216 Luhrs Bldg. - Phoenix, Arizona.	[Address]
by N. T. Kelly	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, [illegible] certify that I am the [illegible] (Secretary, etc.) of the corporation named herein; that [illegible] who signed this agreement was then [illegible] (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.

Robert L. Court

[Corporate Seal]

EXPLORATION PROJECT CONTRACT
ULA URANIUM, INC.
DOCKET NO. DMEA-4719

EXHIBIT "A"

Description of the Work

General Provisions

The object of this project is to explore for uranium deposits in a Shinarump channel, known as the East PH Channel, that is inferred to trend across the project area in an easterly direction.

The exploratory work consists of drilling non-core and core holes to depths ranging from 200 to 400 feet, along a series of fence lines normal to the inferred trend of the channel. The approximate locations of the fence lines and of the phase (a) drill holes to be drilled in each of the three stages of the work set forth below are shown on the map "Figure 3" referred to in Annex I.

In completing each fence line, the following procedure shall be used in sequence:

Phase (a) The maximum number of holes allowed for this phase on each line are shown on map, Figure 3. The holes shall be drilled non-core at intervals of approximately 200 feet on each line. The first hole shall be located as near to the center of the projected channel as possible. The location and spacing of the fence lines and their bearings shall be fixed as close as possible to that shown on map, Figure 3. However, with Government approval, the fence lines and holes may be shifted in a north-south direction if the results of previous drilling indicate a change in the inferred channel trend shown, except that drill holes Nos. 1 and 2 on line J in Stage I shall be drilled at the approximate locations shown on map, Figure 3. The holes in this phase shall penetrate not less than 3 feet nor more than 15 feet into the Moenkopi formation underlying the Shinarump member of the Chinle formation.

Phase (b) Two (2) holes shall be drilled along the fence line at a distance of approximately 100 feet on each side of the Phase (a) hole that penetrated the Shinarump-Moenkopi contact at the lowest elevation. These holes shall be drilled non-core to the inferred top of the Shinarump member, then core-drilled until not less than 3 feet nor more than 10 feet of the Moenkopi formation has been penetrated.

Phase (c) Not more than two holes shall be drilled as 50-foot offsets within each fence to further test the lowest point in the channel profile for uranium mineralization. The holes shall be drilled non-core to the top of the Shinarump member, then core-drilled until

not less than 3 feet nor more than 10 feet of the Moenkopi formation has been penetrated.

It is estimated that, on an average, 50 feet of each hole drilled in Phases (b) and (c) will be core drilled.

Samples of cuttings from Phase (a) holes shall be collected for each two feet of hole below the inferred top of the Shinarump member. The samples shall be examined for physical and geologic characteristics and scanned radiometrically. One-half of each sample shall be stored for Government inspection, and possible use, in heavy paper sample sacks marked to show the hole number and the depth represented. The other half of the sample, if it shows significant radioactivity, shall be chemically analyzed for its U_3O_8 content.

Drill core recovered during Phases (b) and (c) shall be tested for radioactivity. Sections of the core showing significant uranium mineralization shall be split. One-half of the split core shall be chemically analyzed for its U_3O_8 content, and the other half shall be stored with the non-mineralized core in boxes properly identified as to hole number. Markers shall be placed in the core sections to indicate the depth represented.

With prior Government approval, the Operator may dispose of the stored cutting samples and the drill core.

Core and cuttings from the drill holes shall be logged geologically and the holes probed radiometrically by the Operator. Records of such logging and probing, together with the assay certificates of the cuttings and core samples, shall be submitted with the Operator's monthly progress report. The report shall also include a map or sketch showing the location of all holes drilled during the reporting period.

A D-7 Caterpillar dozer or equivalent unit of any other make shall be used in preparing the access roads and drill sites.

The Government will not contribute to the cost of an incompleted hole, to one that bottoms less than BX core size, to a hole that cannot be probed radiometrically, nor to a hole drilled closer than 100 feet to a boundary of the land described in Annex I.

The Operator shall provide a full-time supervisor, and such technical assistance as may be required to complete the project in a satisfactory manner.

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

The work shall be performed in three stages. The Operator shall perform all the Stage I work and as much of Stage II and Stage III work as is approved in writing by the Government.

Stage I

Stage I consists of preparing access roads and drill sites to complete fence lines D and J shown on map Figure 3. Not more than 9 non-core holes and 8 partially cored holes shall be drilled under this Stage I of the contract.

If the work requirements set forth under Estimated Costs of the Project, Stage I, are not sufficient to complete the 17 holes, then, with written Government approval, additional requirements and their related costs may be transferred from Stage III with a corresponding reduction in that stage.

Stage II

Stage II consists of preparing access roads and drill sites to complete fence lines E, I, and K shown on the map Figure 3. Not more than 14 non-core holes and 12 partially cored holes shall be drilled under this Stage II of the contract.

If the work requirements set forth under Estimated Costs of the Project, Stage II, are not sufficient to complete the 26 holes, then, with written Government approval, additional requirements and their related costs may be transferred from Stage III with a corresponding reduction in that stage.

Stage III

Stage III consists of preparing access roads and drill sites to complete fence lines F, H, L, and M shown on map Figure 3. Not more than 21 non-core holes and 16 partially cored holes shall be drilled in this Stage III.

Not in excess of 100 hours of bulldozing, 10,700 feet of non-core and 800 feet of core drilling, and chemical analyses of 40 samples shall be performed, nor more than 21 hours of stand-by time allowed under this Stage III of the contract (less such units as may be transferred to Stage I or Stage II).

Estimated Costs of the Project

Stage I

Actual Costs 1/

Category (1) Independent Contracts:

Bulldozing Access roads and drill sites, 50 hours @ $12.00/hr.		$600.00
Drilling, non-core		
0-200 foot depths, 3,700 feet @ $1.50/ft.		5,550.00
200-400 foot depths	None	- - - -

Drilling, core		
0-200 foot depths, 72 feet @ $3.50/ft.	$ 252.00	
200-400 foot depths, 328 feet @ $3.85/ft.	1,262.80	
Stand-by time for probing,		
9 hours @ $12.50/hr.	112.50	$7,777.30
Category (7) Miscellaneous:		
None except:		
40 cardboard core boxes @ $1.25/each box	50.00	
Chemical analyses for U_3O_8 content of 20 samples @ $3.50/each sample	70.00	120.00
Fixed Unit Costs		
Incidental allowance[2] for each foot of drilling completed, 4,100 feet @ $0.24/ft.	984.00	984.00
Estimated Total Cost of Stage I		$8,881.30

Stage II

Actual Costs [1]

Category (1) Independent Contracts:		
Bulldozing access roads and drill sites, 75 hours @ $12.00/hr.	$ 900.00	
Drilling, non-core,		
0-200 foot depths, 5,200 ft. @ $1.50/ft.	7,800.00	
200-400 foot depths, 1,550 feet @ $1.75/ft.	2,712.50	
Drilling, core		
0-200 foot depths None	-----	
200-400 foot depths, 600 ft. @ $3.85/ft.	2,310.00	
Stand-by time for probing, 13 hours @ $12.50/hr.	162.50	$13,885.00

Category (7) Miscellaneous:

None except:

60 cardboard core boxes @ $1.25/each box	$ 75.00	
Chemical analyses for U_3O_8 content of 30 samples @ $3.50/each sample	105.00	$[illegible].180.00

Fixed Unit Costs

Incidental allowance[2] for each foot of drilling completed, 7,350 feet @ $0.24/ft.	1,764.00	$1,764.00
Estimated Total Cost of Stage II		$15,829.00

Stage III

Actual Costs[1]

Category (1) Independent Contracts:

Bulldozing access roads and drill sites, 100 hours @ $12.00/hr.	$ 1,200.00	
Drilling, non-core		
0-200 foot depths, 7,400 ft. @ $1.50/ft.	11,100.00	
200-400 foot depths, 3,300 ft. @ $1.75/ft.	5,775.00	
Drilling, core		
0-200 foot depths, None [illegible] ft.	----	
200-400 foot depths, 800 ft. @ $3.85/ft.	3,080.00	
Stand-by time for probing, 20 hours @ $12.50/hr.	250.00	$21,405.00

Category (7) Miscellaneous:

None except:

80 cardboard core boxes @ $1.25/each box	100.00	
Chemical analyses for U_3O_8 content of 40 samples @ $3.50/each sample	140.00	240.00

Fixed Unit Costs

Incidental allowance[2] for each foot of drilling completed, 11,500 ft. @ $0.24/ft.	$2,760.00	$ 2,760.00
Estimated Total Cost of Stage III		$24,405.00

SUMMARY

Estimated Total Cost Stage I	$ 8,881.30	
Estimated Total Cost Stage II	$15,829.00	
Estimated Total Cost Stage III	$24,405.00	
Estimated Total Cost of Project (rounded)		$49,120.00
Government Participation @ 75%		$36,840.00

1/ Categories (2) through (6) do not apply to this contract

2/ Includes all costs whatsoever 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".

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado
July 10, 1958

Memorandum

To: Chairman, Operating Committee, DMEA

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

Subject: Docket No. DMEA 4719 (Uranium), Ula Uranium, Inc. (P. H., Teton et al. Groups), San Juan County, Utah

Enclosed are the Operator's and two extra copies of proposed Contract No. Idm-E1151, which was forwarded by your letter of November 14, 1957 for signature by the Applicant.

The Applicant refused to return the Government's, Audit, Finance Office, and Field Team copies of the contract, in reference to which you are referred to the Applicant's letter of May 16, 1958, two copies of which were forwarded to you by copies of our letter of May 20, 1958, acknowledging receipt of the letter.

Since funds originally allocated to the contract have been withdrawn from Region III fiscal records, we assume that the application can be considered as withdrawn and will so close our records on the application unless otherwise advised by you.

J. W. Townsend

J. W. Townsend

Enclosures

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 14 1958
CODE
7/14 C 220
700
225

224 New Customhouse
Denver 2, Colorado
May 20, 1958

5/2 C 226 225

Mr. Darrow Thompson, President
Ula Uranium, Inc.
216 Luhrs Building
Phoenix, Arizona

Re: Docket No. DMEA 4719 (Uranium)
Ula Uranium, Inc.
(F.H., Teten et al. Group)
San Juan County, Utah

Dear Mr. Thompson:

Receipt is acknowledged of your letter of May 16, 1958, concerning nonreturn of all copies of proposed Contract No. Idm-E1151.

Since you indicate that the matter will be taken up directly with the Washington Office, DMEA, no action will be initiated by this office.

Very truly yours,

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

JWT:prl

cc: Chan.Op.Comm.-2) w/copy of
Harshman) Applicant's
DMEA/DFC) letter of
Hasler) May 16.
DMEA/GR.JCT.)
Docket)
Townsend
Chron.

ULA URANIUM, INC.
Field Office: Cortez, Colorado

DMEA
DEPARTMENT OF THE INT
MAY 19 1958
REGION III
DENVER, COLORAD

216 LUHRS BUILDING • PHOENIX, ARIZONA • ALPINE 3-7868

May 16, 1958

DARROW THOMPSON
President
MARVIN HENRY
Secretary-Treasurer

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

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

Re: Docket No. DMEA 4719 (Uranium)
Ula Uranium, Inc.
(P.H., Teton, et al. group)
San Juan county, Utah

Dear Mr. Harshman:

I have not returned the signed contract forms promptly because I felt that we had been rather badly treated in the matter of this loan and I felt that something might yet be done to bring about an equitable solution.

Let me review for you our position. We made application for the loan more than a year ago. The loan involved a $50,000.00 program set up in three stages. Each stage in order was designed to narrow the area of search, with Stage III covering that portion of the area on which geologic studies and interpretation of data indicated the ore body, if one were present, to exist. Stage III was therefore the "target area." Stage I and II were essentially guides into the area.

Because exploration programs cannot be deferred indefinitely, and because we never were sure until final approval that DMEA funds would be available, we ourselves undertook to carry out

Stage I and II of the proposed program. We undertook this with our own money, and the results were favorable. Our work in Stage I and Stage II would lead any geologist studying the data to expect that as originally hoped the target area should contain a substantial ore body. The decision from your Washington Office completely cancelled the entire $50,000.00 commitment. It seems manifestly unfair and certainly not in the best interests of the Government to take such action. In effect what we have done is to save the Government the expense (well over $25,000.00) involved in their original commitment. It would have been very simple for us to merely accept your original commitment in full and go over the same ground in exactly the same way and spend all of the Government's $50,000.00. However, in the interests of economy to the Government, as well as from the sense of moral obligation to disclose all related activities as they might affect the program, we informed your office that we had privately undertaken Stage I and Stage II. It seemed only reasonable at that time to assume that the "Government" would be pleased at such action on our part.

In the light of the foregoing, it is plain to see why the average citizen can become confused, resentful and irritated wherever he becomes involved in dealings with the Government. I don't know what, if anything, can be done to improve the situation, but I intend to speak directly with people in your Washington office responsible for the decision before complying with the request contained in your letter of March 27, 1958.

Very truly yours,

ULA URANIUM, INC.

By [signature]
President

DT:ab

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 15 1958
DATE | TIME
5/15 | 1 | 226
225

224 New Customhouse
Denver 2, Colorado
May 13, 1958

CERTIFIED MAIL

Mr. Darrow Thompson, President
Ula Uranium, Inc.
216 Luhrs Building
Phoenix, Arizona

Re: Docket No. DMEA 4719 (Uranium)
Ula Uranium, Inc.
(P. M., Teton, et al. group)
San Juan county, Utah

Dear Mr. Thompson:

Reference is made to the Administrator's letter to you of March 27, 1958, the last portion of the second paragraph, regarding return of all copies of the contract to this office.

Since considerable time has elapsed since the Administrator's letter and we have not received the Government's, Audit, Finance Office, and Field Team copies of the proposed contract, which was forwarded to you by our letter of November 19, 1957, prompt attention to the matter will be appreciated.

Very truly yours,

Original signed by
E. N. HARSHMAN

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

JWT:prl

cc: Chmn. Op. Comm. (2)
Harshman
DMEA/DPC
Hasler
DMEA/Gr.Jct.
Docket
Townsend
Chron.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3/21	Murphy	700
"	Ellis	700
	Rubin	140
	Sawyer	140
	App'd. Sol. Off.	
3/26	Schroeder	130
"	Johnson	110
"	Hutchins	100
3/27	C	220
		225
3/26	Yopp	130
3/26	Kiilsgaard	130

Rewritten by

MAR 27 1958

Mr. Darrow Thompson, President
Ula Uranium, Inc.
216 Luhrs Building
Phoenix, Arizona

Re: Docket No. DMEA-4719 (Uranium)
P.H., Teton, et al., Groups
San Juan County, Utah

Dear Mr. Thompson:

Your letter dated February 25, 1958, to Mr. King asked two questions with respect to the Government's offer of contract transmitted to you with Mr. Harshman's letter of November 19, 1957.

It appears that much of the work proposed for an exploration project was completed by your company prior to receipt of the Government's offer of contract, and you ask whether you may now execute the contract in order to complete that work described as Stage III therein. We regret that the answer is "No." As the contract was not accepted as offered, you may not now accept just a part thereof. Moreover, even if the contract had been accepted as offered, the Government's written approval to perform the last stage of work would have been required. Such approval would not have been granted for the reason that our study of the results of the drilling already performed by your company indicates that the probability of disclosing significant ore reserves is not sufficiently promising to justify Government participation. Accordingly, please return the copies of the contract to Mr. W. H. King, Executive Officer, DMEA Field Team, Region III, 224 New Customhouse, Denver 2, Colo.

Your second question is whether a request for a new project on the same land must begin with a new application. Since no contract resulted from your original application, and none would be offered based upon our present information, you may file a new application based upon additional information obtained from further work that your company performs on the land.

FOR SIGNATURE

MAR 24 1958

FROM SOLICITOR

HGRubin:md 3/24/58

Sincerely yours,

G. O. Nikkendorf (for)

Administrator

CC: DMEA Docket
Admin. reading file
T.H.Kiilsgaard, USGS
Mr. Murphy
R. P. Dwyer
H. C. Rubin
Field Team, Region III (2)
Chron.

Open Com

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3-18	Murphy	700
3-18	[illegible]	700
		120
		110
		108
		220
		225

Mr. Darrow Thompson, President
Ula Uranium, Inc.
216 Luhrs Building
Phoenix, Arizona

Re: Docket No. DMEA-4719 (Uranium)
P.H., Teton, et al., Groups
San Juan County, Utah

Dear Mr. Thompson:

Your letter of February 25, 1958, to Mr. King and other information available to us in Washington concerning the above-named property have been reviewed.

Projects approved by the Defense Minerals Exploration Administration must, in its judgment, show definite promise of yielding materials of acceptable grade in quantities that will significantly improve the mineral supply position for the National Defense Program.

Careful study of all our information, including the results of the drilling performed by your corporation during the period the above-referenced application was being processed, indicates that the probability of disclosing significant ore reserves is not sufficiently promising to justify Government participation in additional exploration. We regret to advise you that, under these circumstances, we must rescind our offer of the proposed contract No. Idm-E1151. Accordingly, will you kindly return the copies of the contract to W. H. King, Executive Officer, DMEA Field Team, Region III, 224 New Customhouse Building, Denver 2, Colorado.

We wish to thank you for your interest in the Defense Minerals Exploration Program and for bringing your property to our attention.

Sincerely yours,

Administrator

FMMurphy/izm 3-18-58
cc: Mr. Murphy
Admr.'s Reading File
THKiilsgaard, 5224
DMEA FT Reg. 3 (2)

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3-18	Ellis	700
		130
		110
		100
		220
		225

March 18, 1958

Memorandum

To: The Files

From: F. M. Murphy, Mining Engineer
Div. of Rare & Misc. Metals

Subject: Docket No. DMEA-4719 (Uranium)
Proposed Contract No. Idm-E1151
Ula Uranium, Inc.
P.H. Teton, et al., Groups
San Juan County, Utah

Justification for rescinding DMEA offer of a contract.

The proposed contract, dated November 14, 1957, was forwarded by the Field Team to the Applicant on November 19, for execution. The Applicant has not returned the contract to date.

On November 25, 1957, the Applicant advised the Field Team, that subsequent to submitting the application, Ula Uranium, Inc., on its own account had completed much of the Stage I and Stage II work allowed under the contract. Also, that they would present a complete report covering the work performed in order to work out a joint program for further exploration with DMEA aid, to be undertaken in the spring of 1958.

In joint memorandum, dated February 13, 1958, by N. L. Archbold, USGS, and H. F. Robertson, USBM, to W. H. King, the field examiners recommended that the Applicant's request for additional drilling on the claims should be denied. Also, in a memorandum, dated February 27, 1958, to the Operating Committee, the Field Team concurred in the examiners' recommendation.

The Applicant has drilled 128 holes along the East PH (Shinarump) channel. The drilling has traced the channel a distance of approximately 8,400 feet eastward from the point where it is exposed in the northwestern corner of the PH claim group. Three mineralized areas were discovered by the drilling. However, only one hole (No. 29 on the Thunderbird No. 15 claim) at the extreme east end of the 8,400 feet, showed ore-grade uranium mineralization.

The Applicant proposed that the channel east of Hole 29 be explored with DMEA assistance. The Applicant's request is based on the theory that ore deposits have been leached from the western 8,400 feet of the channel through action of ground water which supposedly enters the channel from the north at a point just west of Hole 29. The Applicant states that the easternmost row of holes (including 29) shows that the channel at this point is relatively unleached and therefore large deposits of uranium ore can be expected eastward along the channel.

The examiners refuted the Applicant's theory that significant leaching has occurred along the channel. However, they do agree that some small amounts of uranium might have been leached from the area explored.

The drilling performed has indicated that the East PH channel is not scoured deeply and it contains a large amount of mudstone. This indicates that the channel is not particularly favorable for the occurrence of large deposits.

Since 8,400 feet of the East PH channel has been adequately explored without finding a significant ore deposit, there appears little chance that the remaining 4,000 feet of the channel within the proposed project area would be any better.

If the East PH channel had been explored under the proposed contract, it is doubtful that Stage III and possibly Stage II would have been approved by the Government. In view of this, the writer concurs in the Field Team's recommendation that the Applicant's request for additional work should be denied.

Commodity Members' Comments:

In a memoranda, dated March 10, and 14, 1958, James Paone, USBM, and W. P. Williams, USGS, concur in the Field Team's recommendation that the Government should not participate in the drilling proposed by the Applicant.

F. M. Murphy

F. M. Murphy

FMMurphy/izm 3-18-58
cc: Mr. Murphy
Admr.'s Reading File

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

IN REPLY REFER TO:

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 17 1958

DATE	INITIAL	CODE
3/17	C	220
"	F-MM	700

March 14, 1958

Memorandum

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

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

Subject: Review of supplementary data, DMEA 4719 (uranium) Idm-E1151, Ula Uranium, Inc., P.H. Teton et al claims, San Juan Co., Utah

The applicant has been awarded a DMEA contract but has never actually performed any exploration work under the terms of that contract.

Before the contract was executed, the applicant drilled 128 holes on the property for his own account. The drilling did not discover economic ore deposits, but it does constitute essentially the first two stages of work under the contract.

The applicant now wishes to either complete the drilling under the terms of the contract, or do the same drilling under the terms of an amendment or a new contract.

Field personnel point out that the East PH channel, toward the east end where the drilling is contemplated, shows little actual scouring, contains a large amount of mudstone, and is otherwise unfavorable for large ore deposits by reason of sedimentary and lithologic characteristics.

Because of the poor outcome of the very considerable amount of past drilling on the property and the unfavorable geologic conditions present, I am in agreement with recommendations for denial of any further exploration with DMEA participation.

W. P. Williams

W. P. Williams

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

Official File Copy

Date March 10, 1958

DMEA Docket No. 4719
DMEA Contract No. E-1151
Commodity Uranium
Name of applicant Ula Uranium, Inc.
Name of property P.H., Teton et al. Groups
Location of property San Juan County, Utah
Estimated cost of project

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee

From: James Paone, Bureau of Mines Member
Uranium Commodity Committee

Subject: Review of Application & Field Team Comments
(Application, Field Team Report, etc.)

1. Date of subject document: _____ 2. Date received by reviewer: _____

3. Prior reports on this property known to reviewer: Yes ☐ No ☐

4. Prior reports on nearby properties known to reviewer: Yes ☐ No ☐

5. Information available on past production: Yes ☐ No ☐

6. Other pertinent factors known to reviewer: Yes ☐ No ☐

7. Explain items marked yes above:

8. Factors needing special consideration:
   a. Location ☐
   b. Ownership ☐
   c. Evidence of mineralization ☐
   d. Geology ☐
   e. Proposed exploration method ☐
   f. Alternate exploration method ☐
   g. Costs ☐
   h. _____ ☐

9. Action advised:
   a. Obtain information from applicant ☐
   b. Refer to Field Team ☐
   c. Denial ☒
   d. Agree with Field Team ☒
      1. Consult with Mr. _____ at _____ AEC
   e. Disagree with Field Team ☐
   f. Suggest alternate plan ☐
   g. Request another examination ☐
   h. Approval ☐

10. Remarks: (Use back of page if necessary)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 3 1958
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3-3 | ~~PMM~~ | 700

February 27, 1958

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMEA 4719 (Uranium), Ula Uranium, Inc. (P.H., Teton et al. Groups), San Juan County, Utah - Proposed Exploration Project Contract No. Idm-E1151

Enclosed are the following, in conjunction with the subject matter:

1. The original and two copies of the Applicant's letter of February 25, 1958 in reply to a letter from this office, dated February 14, 1958, two copies of which were forwarded to you at the time of writing.

2. Three copies of a letter from this office, dated February 27, 1958, acknowledging the Applicant's letter of February 25 and advising of the disposition thereof.

3. The original and two copies of a joint memorandum, dated February 13, 1958, from N. L. Archbold, Geologist, Geological Survey, and H. F. Robertson, Mining Engineer, Bureau of Mines, pertaining to future work under the proposed contract.

The Applicant has failed to submit to this office as requested the results of the work performed at its sole expense during the interim while its Application has been in process, nor to submit a detailed proposal regarding future work desired. However, the field examiners, in their memorandum, under item 3, analyze the results of the work performed to date by the Applicant, and the Applicant's letter enclosed serves as an indication that it is the work provided for under Stage III of the proposed contract that it wishes to perform.

For reasons stated in the field examiners' report, they recommend that the Government not participate in the costs of any additional work. Therefore, under the circumstances, the matter is forwarded for

your consideration and appropriate action, with the recommendation that the Applicant's proposal for additional work be denied and that the contract be rescinded as though it had never existed.

The Government's, Audit, Finance Office, and Field Team copies of the proposed contract are still in the Applicant's possession.

W. H. King

W. H. King

Enclosures

IN REPLY REFER TO:

MINERAL DEPOSITS
DMEA
RECEIVED
FEB 14 1958
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 360
Grand Junction, Colorado

DMEA
DEPARTMENT OF THE INTERIOR
FEB 17 1958
REGION III
DENVER, COLORADO

W.O.

Memorandum

February 13, 1958

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

Through: E. N. Harshman
J. William Hasler

From: N. L. Archbold
H. F. Robertson

Subject: Docket No. DMEA 4719 (Uranium), Ula Uranium, Inc. (PH, Teton, et al. groups), San Juan County, Utah. Operator's proposal to amend contract Idm-E 1151 to cover work not previously completed.

RECEIVED MAR 3 1958

DATE	INITIALS	CODE

The above property was examined on May 16, 1957 and a proposed exploration program recommended for approval. The proposed exploration entailed drilling rows of holes normal to the inferred extension of the easterly trending East PH "channel" in the Shinarump member of the Chinle formation. Rows of holes were to be drilled in sequence from west to east across the property.

As a result of the examining team's report, recommending approval of the project, contract Idm-E 1151 was drawn up and sent to the applicant for signature on November 19, 1957.

During the period between the original field examination and the granting of the contract, the applicant, at his expense, completed much of the work covered in the contract. Recently the applicant has requested that the contract be revised to cover the portion of the originally proposed work not yet completed. He furnished the examining team with the data pertaining to the previous drilling and a proposal for completion of the exploration program, and this memorandum constitutes a detailed evaluation of the completed and proposed exploration.

The applicant's drilling has traced the East PH channel for a distance of 8,400 feet eastward from the point where it is exposed. One hundred and twenty-eight holes have been drilled in ten rows normal to the channel. Holes are spaced about 100 feet apart in each row. The applicant proposes to drill 3 more rows of holes approximately in the positions of the 3 easternmost rows as shown in figure 3 of the original contract (figure 3 of the original contract is attached). These 3 rows would require a maximum of 34 holes with an estimated total of 9,580 feet of drilling. The operator does not propose any further exploration in the western 8,400 feet of the channel where three mineralized areas were discovered; but

where there are apparently no significant ore bodies. The operator's desire to drill farther eastward in the channel is based on the theory that ore deposits have been leached from the western 8,400 feet of the channel through the action of groundwater which supposedly enters the Shinarump at the point marked on figure 1, and follows down the permeable Shinarump channel westward along the top of the underlying, impermeable Moenkopi formation. The operator believes that the row of holes drilled along A-A' in figure 1 shows signs of being relatively unleached and that large ore deposits can be expected eastward from this point. Because the western 8,400 feet of the channel seems to be devoid of significant uranium deposits, any decision to continue eastward exploration must be founded largely on the validity of the leaching theory.

The mechanism whereby uranium would be leached from a deposit by groundwater would probably entail the formation of sulfuric acid through the oxidation of sulfides and the conversion of uranium oxide to soluble uranium sulfate through reaction with sulfuric acid. Dissolved uranium sulfate could then be transported by groundwater provided no insoluble, complex ions such as uranium hydroxide were formed. The following facts suggest that no significant amounts of uranium were leached from the East PH channel.

1) The path of groundwater, from the point where the operator indicates it enters the Shinarump, is shown on figure 1. Assuming that the Shinarump is a reducing environment, the groundwater would rapidly loose its oxidizing and leaching capacity as it traveled through the Shinarump. The area along the line of holes A-A' would not be the least oxidized and leached, but rather the most highly oxidized and leached. The presence of sulfides and white sandstone in many of the drill holes along row A-A' suggests that there has been very little oxidation.

2) Even if there had been wholesale oxidation of the original uranium minerals, it is possible that the groundwater contained sufficient hydroxl, carbonate, and other radicals to cause the formation of insoluble complex uranium ions and secondary uranium minerals which are stable in an oxidizing environment.

3) Assuming that chemical conditions were such that uranium was dissolved and carried in solution from the channel. The arid climate would certainly have caused evaporation of much groundwater where it emptied from the channel, and there should be a large radioactive anomaly or effloresences of secondary uranium minerals where the channel is exposed. Apparently such phenomena on the outcrop are lacking, as the original report of examination makes no mention of any such features.

The absence of sulfides and the presence of limonite in many holes toward the western end of the channel indicates that there has been significant oxidation in this area, but this is probably the result of normal surficial weathering processes rather than of concentrated ground-water circulation. Small amounts of uranium may well have been leached from this area.

Near the eastern limit of exploration, the East PH channel shows little actual scouring and contains a large amount of mudstone (sections A-A' and B-B', fig. 1). The overall aspect of the lithology and sedimentary structure is not particularly favorable for the occurrence of large uranium deposits.

Because of the inadequacy of the operator's leaching theory and the unfavorable aspect of the channel, the examining team concludes that there is no basis for expecting large uranium deposits in the East PH channel eastward from the present limit of exploration. Several small deposits are no doubt present in the channel, but their probable size does not warrant a DMEA drilling project. The examining team recommends denial of the operator's proposal for contract revision and additional exploration. Development drilling to outline small ore bodies in mineralized areas of the channel may be warranted, but such a project is not within the realm of DMEA.

N. L. Archbold

N. L. Archbold,
Geologist

H. F. Robertson by JHH

H. F. Robertson,
Mining Engineer

NLA/bh
Enclosures

Official Copy

RECEIVED MAR 3 1958		
DATE	INITIALS	CODE

224 New Customhouse
Denver 2, Colorado

February 27, 1958

Mr. Darrow Thompson, President
Ula Uranium, Inc.
216 Lohrs Building
Phoenix, Arizona

Re: Docket No. DMEA 4710 (Uranium)
Ula Uranium, Inc.
(L.H., Teton et al., Groups)
San Juan County, Utah -
Proposed Exploration Project
Contract No. Idm-21151

Dear Mr. Thompson:

Receipt is acknowledged of your letter of February 25, 1958, in reply to our letter of February 14, 1958, concerning future work under proposed Contract No. Idm-21151.

There are certain phases of the matter not considered to be within the province of this office to provide you the information requested. Therefore, your letter has been forwarded to the Washington Office, DMEA, for reply direct to you in answering the two questions posed, which you will undoubtedly receive at an early date.

Very truly yours,

Original signed by
W. H. KING

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

JHT:prl

cc: Chmn. Op. Comm. (3)
Harshman
DMEA/DFC
DMEA/Gr.Jct.
Hasler
Docket
Townsend
Caron.

ULA URANIUM, INC.

Field Office - Cortez, Colorado

216 LUHRS BUILDING • PHOENIX, ARIZONA • ALPINE 3-7868

DMEA
DEPARTMENT OF THE INTERIOR
FEB 27 1958
REGION III
DENVER, COLORADO

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 3 1958

DATE	INITIALS	CODE

February 25, 1958

DARROW THOMPSON
President

MARVIN HENRY
Secretary-Treasurer

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

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

Re: Docket No. DMEA 4719 (Uranium)
Ula Uranium, Inc.
(P.H., Teton et al. Groups)
San Juan County, Utah -
Proposed Exploration Project
Contract No. Idm-E1151

Dear Mr. King:

I am sorry to have delayed so long in answering your letter of February 14, 1958, but I have been out of town for the past week. My Geologist, Mr. Frankovich, contacted your field office in Grand Junction about two months ago, and informed me that the revisions in the contract could be adjusted in Grand Junction for the approval of your office in Denver, and so far as I could determine, work has been proceeding to that end. It was my understanding that Mr. Frankovich would forward to your Grand Junction office a detailed report and analysis covering work done in the subject area. Your letter of the 14th, therefore, comes as somewhat of a surprise, and I would like to ask the following questions:

1. May we sign the contracts in their present form and continue on only that portion of the program which had not been done at our expense?

Mr. W. H. King
Executive Officer, DMEA

February 25, 1958

The answer to this question is important because we would like to begin work within the next two months, and it would appear that if we have to retrace our steps and obtain Washington approval for a major revision, we couldn't expect to be back on the property in time to perform this work as assessment work for the year ending July, 1958.

2. If we must back up and begin over with a new application, will we be bound by the Bureau's revised DMEA policy which states that no more than 50% of the total project costs may be borne by the Government?

Your answers to these two questions will be most helpful to me in making an early decision. It appears from glancing at the contracts and the exploration plan that about $23,000.00 worth of work would remain to be done under that proposal as approved. From a practical standpoint, the work which we did last fall leads us logically to the conclusion that the "target area" where we could expect to find the channel mineralized lies within the area to be worked in Stage 3 of the Contract, and it would appear, therefore, that for the rather small amount of money involved in Stage 3 that the Government could receive maximum benefit from the expenditure of this portion of the loan.

Very truly yours,

ULA URANIUM, INC.

By Darrow Thompson
President

DT:ab

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224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

February 14, 1958

Mr. Darrow Thompson, President
Ula Uranium, Inc.
216 Luhrs Building
Phoenix, Arizona

Re: Docket No. DMEA 4719 (Uranium)
Ula Uranium, Inc.
(P.H., Teton et al. Groups)
San Juan County, Utah -
Proposed Exploration Project
Contract No. Idm-E1151

Dear Mr. Thompson:

Reference is made to our letter of November 19, 1957 whereby the Government's, Audit, Finance Office, and Field Team copies of proposed Contract No. Idm-E1151 were forwarded to you for signature if satisfactory. Further reference is made to subsequent communications pertaining to revision ofthe Contract.

We have been informed by personnel from our Grand Junction Office that plans have been formulated by you as to the extent necessary to revise the Contract to meet existing conditions and to cover desired future work. If a revision of the Contract is proposed, it will be necessary that all copies of the Contract be returned to this office unexecuted, together with your request in sextuplicate outlining the extent of revision desired.

In order for the Government to make a proper evaluation of the matter, it will be necessary that you provide this office with the results of the work originally proposed in the Contract which you have completed at company expense in the interim while your application has been in process. Each copy of your request for revision of the Contract is to be complete with all supporting or pertinent data which you consider will be of value to the Government in reaching a decision.

The docket and resulting proposed Contract cannot be maintained in an indefinite status. Therefore, your prompt attention to the matter of meeting the requirements will be appreciated. Revision of the Contract is not within the authority delegated to this office. Therefore, the entire matter must be referred to the Washington Office, DMEA, for their consideration and appropriate action.

Very truly yours,
Original signed by
W. H. KING
W. H. King
Executive Officer, DMEA
Field Team, Region III

JWT:prl
cc: Chmn. Op. Comm. (2)
Harshman
DMEA/DFC
DMEA/Gr.Jct.
Hasler
Docket
Townsend
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado

December 24, 1957

Memorandum

To: Chairman, Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-4719 (Uranium) Ula Uranium, Inc. (P. H., Teton, et al., groups) San Juan County, Utah - Proposed Exploration Project Contract No. Idm-E1151

Enclosed are two copies of a joint memorandum, dated December 18, 1957, from J. William Hasler, Geologist, Geological Survey, and H. F. Robertson, Mining Engineer, Bureau of Mines, pertaining to the subject docket.

The enclosed joint memorandum is in conjunction with matters discussed in the Applicant's letter of November 25, 1957 and subsequent correspondence, copies of which have been forwarded your office.

W. H. King

W. H. King

Enclosures

ORIGINAL FILE COPY
DMEA
RECEIVED DEC 27 1957

DATE	INITIALS	CODE
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UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 360
Grand Junction, Colorado

IN REPLY REFER TO:
MINERAL DEPOSITS
DMEA
RECEIVED
DEC 19 1957
GEOLOGICAL SURVEY
DENVER, COLORADO

December 18, 1957

Memorandum

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

Through: E. N. Harshman EMH

From: J. William Hasler
H. F. Robertson

Subject: Docket No. DMEA 4719 (Uranium), Ula Uranium, Inc., PH, et al. claims, San Juan County, Utah.

Mr. Frank J. Frankovich, the applicant's geologist, consulted with the examining team in Grand Junction, Colorado, Thursday December 12, 1957 relative to the exploratory work already completed by Ula Uranium, Inc., on the subject property.

Ula Uranium, Inc. has adequately tested the East PH channel on its most westerly extremity southeastward to the proposed Stage II fence of holes designated as fence "K". Their decision to explore the channel prior to the signing of any contract that might have been forthcoming from DMEA was based on the availability and unusually good price for wagon drilling with a rig that was already in the area.

The applicant was requested to submit the results of drilling completed to date to the Grand Junction office, in order that the work may be adequately appraised. Mr. Frankovich reported that the continuity of the East PH channel had been well established but that ore and mineralized holes were scarce. Therefore, it is problematical whether or not the last three fences of holes, as proposed in the report of examination, should be drilled under the contract. However, any recommendations will be made only after a detailed evaluation of exploratory work that has been completed to date. There may be a possibility that the last three fences of holes will be drilled in view of the fact that the contract, as proposed to the applicant for his signature, includes Stage II and Stage III drilling, which consists of drilling or completing these last three fences.

J. William Hasler
J. William Hasler,
Geologist

H. F. Robertson
H. F. Robertson,
Mining Engineer

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

JWH/bh

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

ULA URANIUM INC.

216 LUHRS BUILDING ○ PHOENIX, ARIZONA ○ ALPINE 3-7868

December 2, 1957

DARROW THOMPSON
President

MARVIN HENRY
Secretary-Treasurer

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

12-9 C 220
~~Murphy 700~~

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

Re: Docket No. DMEA 4719 (Uranium)
San Juan County, Utah
Proposed Exploration Project
Contract No. Idm-E1151

Dear Mr. Harshman:

I shall have our geologist, Mr. Frank J. Frankovich, contact your people in Grand Junction as soon as practicable. I shall also call you when I am in Denver on the 16th of December.

Very truly yours,

THE ULA MINING CORPORATION

By Darrow Thompson
President

DT:ab

DEC 5 1957

Copies distributed to:
Chron. Op. Chron. (2)
Harshman
DMEA/GJ
DMEA/Gr. Jct.
Typ. Chron
[illegible]

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DMEA
RECEIVED 1957
DATE
12/2 C 220
700

224 New Customhouse
Denver 2, Colorado

November 27, 1957

Mr. Darrow Thompson, President
Ula Uranium, Inc.
216 Luhrs Building
Phoenix, Arizona

Re: Docket No. DMEA 4719 (Uranium)
Ula Uranium, Inc.
(P.H., Teton et al. Groups)
San Juan County, Utah
Proposed Exploration Project
Contract No. Idm-E1151

Dear Mr. Thompson:

Reference is made to your letter of November 25, 1957, pertaining to proposed Contract No. Idm-E1151.

Since you indicate that much of the work covered by both Stages I and II of the Contract has been completed by you in the interim during the processing of your application, it appears that a major revision of the contract will be necessary. We will be happy to confer with you on either December 15 or 16 at your convenience and discuss the changes required in the contract.

Should it be convenient for you to spend a few hours in Grand Junction, Colorado, discussing your problems with DMEA Field Examiners, it might expedite the revision of the contract since recommendations by the Field Examiners for any major changes would be required prior to any definite action by this office.

The United States Geological Survey and the United States Bureau of Mines maintain a field office in the A.E.C. compound at Grand Junction, Colo. DMEA representatives of the two services can be contacted as follows:

J. W. Hasler, Geologist, Geological Survey, (Tel. Grand Junction Chapel
M. H. Salsbury, Mining Engineer, Bureau of Mines, 3 2110, Ext. 272 or 282.)

Both persons may be reached by mail through P. O. Box 360, Grand Junction, Colo.

Very truly yours,
Original signed by
E. N. HARSHMAN

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

JWT:bh
cc-Chair.Op. Comm.(2)) with
Harshman) copy
DMEA/DFC) of
Hasler) Operator's
DMEA/Gr. Jct.) letter of
Townsend) 11/25/57
Docket)
Chron.

ULA URANIUM, INC.

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

216 LUHRS BUILDING • PHOENIX, ARIZONA • ALPINE 3-7868

November 25, 1957

DARROW THOMPSON
President

MARVIN HENRY
Secretary-Treasurer

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

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

Dear Mr. Harshman:

I was quite pleased to receive the contracts for a participating D.M.E.A. loan from your office November 19, 1957.

The company's geologist, Mr. Frank J. Frankovich, is on a field trip and will return to his office shortly after Thanksgiving. I would prefer that he have an opportunity to go over with me the contracts before I sign them for the company.

I am sure that I will want to arrange a meeting with you in December in order that I may acquaint you with the work which we have already done in the area. Since our original application was filed much of the Stage I and Stage II work has been completed. I would like to have the opportunity of presenting for your inspection our complete report covering such work in order to work out the joint program.

We have ceased operations in Red Canyon for the time being because of weather. I feel that it would be unwise to undertake the D.M.E.A. program until Spring. I would like to arrange an approximate starting date which will be satisfactory to your office.

I am going to be in Denver on December 15 and 16, 1957; would it be possible to arrange a meeting with you at that time?

Very truly yours,

THE ULA MINING CORPORATION

By Dassord Thompson
President

DT:ab

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224 New Customhouse
Denver 2, Colorado

November 19, 1957

CERTIFIED MAIL

Mr. Darrow Thompson, President
Ula Uranium, Inc.
216 Luhrs Building
Phoenix, Arizona

Re: Docket No. DMEA 4719 (Uranium)
Ula Uranium, Inc.
(P.H., Teton et al. Groups)
San Juan County, Utah -
Proposed Exploration Project
Contract No. Idm-E1151

Dear Mr. Thompson:

Enclosed are the Government's, Audit, Finance Office, and Field Team copies of proposed Exploration Project Contract No. Idm-E1151, which has been prepared pursuant to your Application for Government assistance in exploration work under the Defense Minerals Exploration Administration program.

If the Contract is satisfactory, all copies are to be signed by an official of the corporation authorized to sign such an instrument, the signer's title inserted, the signature attested to by the Secretary of the corporation, the corporate seal affixed, and all copies promptly returned to this office.

In the event the Contract is not satisfactory, all copies are to be returned promptly to this office, together with your comments on or objections to the Contract.

Your attention is especially directed to three provisions in the Contract:

1. The Government will not contribute to the costs of any of the work that is provided for in the Contract which is performed prior to the date of the Contract.

2. The Contract requires completion of the exploration work by the date fixed therefor. Approval must be obtained from this office for any suspension of work which may result in failure to complete the work by the date specified.

3. Royalty is due the Government on all production from the land described in the Contract, beginning on the date of the Contract.

If the Contract is satisfactory, and upon return of all copies properly signed, the "Operator's Copy" of the Contract will be forwarded to you, together with blank report forms and instructions relative to reporting on work performed under the Contract. Also, instructions will be given as to the procedure to be followed in corresponding with this office in matters concerning operations under the Contract.

When the signed copies of the Contract are returned, please advise us the date on or before which work will be commenced, for our insertion in Article 3 of the Contract form.

Very truly yours,

Original signed by
E. N. HARSHMAN

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

Enclosures

JDC:prl

cc: Chmn. Op. Comm. (2)
Harshman
DMEA/Gr.Jct.
Hasler
DMEA/DFC
Townsend
Docket
Chron.

OFFICIAL FILE COPY

Date	Surname	Code
11/12	Murphy	700
"	Ellis	700
"	Chamberlin	800
11/13	Martin	130
"	Johnson	110
"	Patterson	100
11/14	gb	220
		700

NOV 14 1957

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-4719 (Uranium)
Ula Uranium, Inc.
P.H., Teton, et al., Groups
San Juan County, Utah

Dear Mr. Harshman:

Enclosed are the original and four copies of a proposed long-form contract signed by the Administrator for the Government. Attached to each contract form MF-200 are Annex I (2 pages), three (3) Consent to Lien and Subordination Agreements, Exhibit "A" (6 pages) and map Figure 3. Also enclosed, for Field Team use, are two extra copies of Annex I, Exhibit "A," and the map.

If you and the Applicant find the proposed contract in order, please insert in Article 3 the date work shall commence and have an authorized representative of the corporation sign the original and four copies. Thereafter, kindly distribute the copies in the usual manner.

If any part of the proposed contract does not meet with your approval and the Applicant's and cannot be amended within your delegated authority, then the original and all copies, including the extra copies, are to be returned to this office with the proposed changes for consideration.

FMMurphy/gla 11-12-57
cc to: Admr.'s Reading File
Operating Committee
THKiilsgaard, 5224
Mr. Murphy

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

Enclosures

APPROVED:

O. M. Bishop
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

8623

DMEA FORM 6 REFERENCE SLIP

REV. 12-5[illegible] DEFENSE MINERALS EXPLORATION ADMIN[illegible]RATION

TO:	INITIALS	DATE
1. Legal. Div., Rm. 6043		11-8
2. Mr. Murphy, Rm. 4445	DMEA 4719	
3.	INTERIOR DEPT.	
4.	1 1 3 1957	
5.	SOLICITOR	
FROM: Code 700		

FOR: Check items for action desired

X Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS:

Re: Information received in response to our letter, Oct. 28, covering points raised in Mr. Dwyer's memorandum of Oct. 24, 1957.

OK.

INT.-DUP. SEC., WASH., D.C. M8278

OFFICIAL FILE COPY
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RECEIVED NOV 8 1957

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ULA URANIUM, INC.

Field Office - Cortez, Colorado

DMEA-4719

216 LUHRS BUILDING • PHOENIX, ARIZONA • ~~ALPINE 3-7868~~

November 5, 1957

Nov. 12 Mr. Robin informed Mr. Murphy that this data is sufficient proof of applicant's right of possession

DARROW THOMPSON
President

MARVIN HENRY
Secretary-Treasurer

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

Attention: Mr. Ernest Wm. Ellis, Director
Division of Rare and Miscellaneous Metals

Dear Mr. Ellis:

I am enclosing a signed Agreement with Copper State Drilling Company clarifying Ula's right to possession of the Thunderbird Claims. This should satisfy requirement No. 2 set out in your letter of October 28, 1957.

With respect to Item No. 1, I should point out that the Applicant is the Lessee of the entire interest in the P.H. Claims. Ula is owner of ½ interest and Lessor of the other ½ interest in the Teton Group. I believe if you will examine the Lease between Mid-Continent Uranium and Ula Uranium, Inc. you will find that the Lease extends to the whole interest in the P.H. Group and their one-half interest in the Teton Group, along with their whole interest in the Sunstroke and Kong Groups as well. That should clarify the question raised in Item No. 1 of your letter.

With respect to Item No. 3 -- The Dixon Claim No. 29 is covered by P.H. Claims, which are prior in time and senior to the Dix Claims. Also, Dix Claim No. 29 covers practically no Shinarump, except possibly 150 feet along the edge of the outcrop in an area which has already been completely

drilled out. The Dixons, previous owners of the Dix Claims, in a settlement with the owners of the P.H. Claims withdrew any claim to properties which were in conflict with the P.H. Claims. I think this should explain the reason why Dix Claim No. 29 is not on the map, and why it is unnecessary to include it in our Agreement.

I appreciate very much having the opportunity of clarifying questions you raised. We are most anxious, of course, to conclude this arrangement and get the program underway. We have spent about $75,000.00 of our own money in defining channel structures, leading into the target area, and are anxious to extend this drilling under the D.M.E.A. Agreement. The drilling which we have done to date indicates significant mineralization, and in fact, we have several holes with as much as two feet of .24% U_3O_8 on the edges of the target area.

If you have any further questions upon receipt of this letter, I would be happy to receive a collect telephone call to answer any remaining queries.

Yours very truly,

THE ULA MINING CORPORATION

By Darrow Thompson
President

DT:ab
Enclosure

OFFICIAL FILE COPY
DMEA
RECEIVED NOV 8 1957
DATE | INITIALS | CODE

A G R E E M E N T

THIS AGREEMENT, made and entered into this 4th day of November, 1957, by and between THE ULA MINING CORPORATION, hereinafter called Ula, and COPPER STATE DRILLING COMPANY, an Arizona corporation, hereinafter called Copper State,

WITNESSETH:

WHEREAS, ULA is the owner and possessor of certain mining claims located in the White Canyon Mining District of Utah, known and referred to as the Thunderbird Claims; and

WHEREAS, COPPER STATE is in possession of said claims by the terms of an Agreement between the parties executed on the 15th day of June, 1956;

NOW, THEREFORE, for and in consideration of the sum of TEN DOLLARS in hand paid by ULA to COPPER STATE, COPPER STATE agrees as follows:

1. To grant ULA the sole right to possession of the Thunderbird mining claims for the purpose of carrying out all work which may be called for or required in connection with a D.M.E.A. loan.

2. That any rights which it has to possession of the subject mining claims by virtue of the Agreement made and entered into on the 15th day of June, 1956, are subordinate to the Agreement entered into this day.

ULA agrees to continue in its efforts to obtain a D.M.E.A. loan and to exercise its responsibilities as operator under the terms of said loan.

Each of the parties hereto agrees that it will execute such contracts, surrenders, assignments and other instruments necessary or required to carry out and/or make effectual

all or any part of the provisions hereof.

This Agreement shall be binding upon the parties hereto, their successors and assigns.

IN WITNESS WHEREOF, we have hereunto set our hands and seals the day and year first above written.

THE ULA MINING CORPORATION

By Darrow Thompson
President

ATTEST:

W F Marion
Secretary

COPPER STATE DRILLING COMPANY

By W. T. Willey
President

ATTEST:

Robert P. Cowie
Secretary

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 4 day of November, 1957, by DARROW THOMPSON, the President, and W. F. MARION, the Secretary, of THE ULA MINING CORPORATION, the corporation therein described in the foregoing instrument, who personally appeared before me and stated that they executed such instrument on behalf of such corporation, for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Alice Bryson
Notary Public

My commission expires:

April 13, 1960

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 4 day of November, 1957, by W. T. WILLEY, the President, and ROBERT P. COWIE, the Secretary, of COPPER STATE DRILLING COMPANY, the corporation therein described in the foregoing instrument, who personally appeared before me and stated that they executed such instrument on behalf of such corporation for the purposes therein contained.

Alice Bryson
Notary Public

My commission expires:
April 13, 1960

RECEIVED 1957
DATE

AGREEMENT

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2. That any rights which it has to possession of the subject mining claims by virtue of the Agreement made and entered into on the 15th day of June, 1956, are subordinate to the Agreement entered into this day.

ULA agrees to continue in its efforts to obtain a D.M.E.A. loan and to exercise its responsibilities as operator under the terms of said loan.

Each of the parties hereto agrees that it will execute such contracts, surrenders, assignments and other instruments necessary or required to carry out and/or make effectual

all or any part of the provisions hereof.

This Agreement shall be binding upon the parties hereto, their successors and assigns.

IN WITNESS WHEREOF, we have hereunto set our hands and seals the day and year first above written.

THE ULA MINING CORPORATION

By _____
President

ATTEST:

_____
Secretary

COPPER STATE DRILLING COMPANY

By _____
President

ATTEST:

_____
Secretary

STATE OF ARIZONA)
) ss.
County of Maricopa)

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IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

My commission expires:

April 13, 1960

STATE OF ARIZONA)
) ss.
County of Maricopa)

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Alice Bryson
Notary Public

My commission expires:
April 13, 1960

RECEIVED NO
DATE

AGREEMENT

THIS AGREEMENT, made and entered into this 4th day of November, 1957, by and between THE ULA MINING CORPORATION, hereinafter called Ula, and COPPER STATE DRILLING COMPANY, an Arizona corporation, hereinafter called Copper State,

WITNESSETH:

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2. That any rights which it has to possession of the subject mining claims by virtue of the Agreement made and entered into on the 15th day of June, 1956, are subordinate to the Agreement entered into this day.

ULA agrees to continue in its efforts to obtain a D.M.E.A. loan and to exercise its responsibilities as operator under the terms of said loan.

Each of the parties hereto agrees that it will execute such contracts, surrenders, assignments and other instruments necessary or required to carry out and/or make effectual

all or any part of the provisions hereof.

This Agreement shall be binding upon the parties hereto. their successors and assigns.

IN WITNESS WHEREOF, we have hereunto set our hands and seals the day and year first above written.

THE ULA MINING CORPORATION

By _____
President

ATTEST:

_____
Secretary

COPPER STATE DRILLING COMPANY

By _____
President

ATTEST:

_____
Secretary

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 4 day of November, 1957, by DARROW THOMPSON, the President, and W. F. MARION, the Secretary, of THE ULA MINING CORPORATION, the corporation therein described in the foregoing instrument, who personally appeared before me and stated that they executed such instrument on behalf of such corporation, for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

My commission expires:

April 13, 1960

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 7 day of November, 1957, by W. T. WILLEY, the President, and ROBERT P. COWIE, the Secretary, of COPPER STATE DRILLING COMPANY, the corporation therein described in the foregoing instrument, who personally appeared before me and stated that they executed such instrument on behalf of such corporation for the purposes therein contained.

Alice Bryson
Notary Public

My commission expires:
April 13, 1960

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
10/28	Murphy	700
"	Thompson	100
10/29	gb	220
		700

OCT 28 1957

Mr. Darrow Thompson, President
Ula Uranium, Inc.
216 Luhrs Building
Phoenix, Arizona

Re: Docket No. DMEA-4719 (Uranium)
P.H., Teton, et al., Groups
San Juan County, Utah

Dear Mr. Thompson:

In processing the above-referenced application, the following problems respecting the land were disclosed:

1. The Applicant is a lessee of a ½ interest in the P.H. claims, but it does not appear that the Applicant is the owner of the other ½ interest. Therefore, unless it is, the Consent to Lien and Subordination Agreement of the owner of the outstanding ½ interest should be submitted to the Government;

2. The Agreement, dated June 15, 1956, by which the Applicant gave Copper State Drilling Company an undivided ½ interest in the Thunberbird claims, also granted Copper State the right to sole possession of the land. Therefore, evidence of the Applicant's right to possession of the land for the purposes of a possible contract is required; or, evidence that Copper State's right to possession is conditioned upon performing all exploration work required under a DMEA contract; and

3. The Operating Agreement, dated October 25, 1956, by which Dix Uranium Company granted mining rights to the Applicant refers to a map, Exhibit A to the agreement, as describing the land encompassed by the agreement. The Dix 29 claim is not on the map, and the agreement should be amended to include this claim.

Will you kindly submit the data required to clarify these questions as soon as possible. Upon receipt of this information, we will promptly continue with the processing of the application.

Enclosed is one set of a Consent to Lien and Subordination Agreement for possible use relating to the P.H. claims. Please return five executed copies.

Sincerely yours,

Ernest Wm. Ellis, Director
Division of Rare and Miscellaneous Metals

Enclosures

FWMurphy/izm 10-28-57
cc: Mr. Murphy
Admr.'s Reading File
THKilsgaard, 5224

DMEA FT Reg. 3 (2)

8623

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

OCT 24 1957

Memorandum

To: Administrator, DMEA
Attention: Director, Division of Rare and Miscellaneous Metals

From: Associate Solicitor, Division of Mineral Resources

Subject: Ula Uranium, Inc. Docket No. DMEA-4719 (Uranium)

Pursuant to Mr. Murphy's reference slip, dated October 8, 1957, we have prepared the attached Contract. The following problems respecting the land should be clarified prior to execution of the Contract.

a. The Operator is a lessee of a [illegible] interest in the [illegible] claims, but it does not appear that the Operator is the owner of the other [illegible] interest. Therefore, unless it is, the Consent to Lien and Subordination Agreement of the owner of the outstanding [illegible] interest should be submitted to the Government.

b. The agreement dated June 15, 1956, by which the Operator gave Copper State Drilling Company an undivided ½ interest in the Thunderbird claims, also granted Copper State the right to sole possession of the land. Therefore, evidence of the Operator's right to possession of the land for the purposes of the contract is required; or, evidence that Copper State's right to possession is conditioned upon performing all exploration work required under the DMEA Contract.

c. The Operating Agreement dated October 25, 1956, by which Dix Uranium Company granted mining rights to the Operator refers to a map, exhibit A to the agreement, as describing the land encompassed by the agreement. The Dix 2[illegible] claim is not on the map, and the agreement should be amended to include this claim.

Robert P. Dwyer

HCRubin:ar
10-17-57
Copy to: Solicitor's Docket (2)
DMEA Docket
E. W. Ellis (2)
R. P. Dwyer
H. C. Rubin
Chron file

DRAFT
10/8/57
FMMurphy/gla

DOCKET COPY

MF-200
(Revised June 1954)

Docket No. DMEA-4719

Commodity Uranium

Contract No. Idm-E

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this ..... day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Ula Uranium, Inc., a Colorado corporation, whose mailing address is 216 Luhrs Bldg. Phoenix, Arizona, hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, and map Figure 3

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] Lessee 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: see Annex I

(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: see Annex I

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Uranium The work to be performed is described in Exhibit "A." The Operator on or before ..... shall commence the work, and on or before October 1, 1958 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

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 $49,120.00 The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $36,840.00 : *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

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

(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)

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

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

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

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

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

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

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

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

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

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.)

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

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

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.

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.

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

(a) That part of the last sentence of Article 3 beginning with the word "either" is deleted and replaced by the words "have completed the work, except as otherwise provided in Exhibit 'A' with respect to stage of 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 (6) 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 words "Article 8" are substituted for the words "Article 9."
(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 the actual unit costs of said drilling item incurred by the Operator: Provided, That the Government will not contribute to any portion of an average unit cost of a drilling item that exceeds the estimated unit cost of said item set forth in the contract.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By .....

.....
(Operator)

By .....

.....

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

.....

[CORPORATE SEAL]

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

DRAFT
10/8/57
FMMurphy/gla

EXPLORATION PROJECT CONTRACT
ULA URANIUM, INC.
DOCKET NO. DMEA-4719

ANNEX I

The land referred to in Article 2 of the contract consists of 88 contiguous unpatented lode mining claims, notices of location of which have been recorded in the official records of San Juan County, Utah, as follows:

Claims	Date recorded	Book	Page
PH-7-30 incl.	7-17-54	131	204-218
Thunderbird 13-30 incl.	8-6-54	143	309-317
Thunderbird 39-44 incl.	8-6-54	143	322-324
Dix 13-29 incl.	6-14-54	134	7-20
Regal 89 and 93	6-7-54	134	39-35
Regal 96	6-7-54	134	56
Regal 99-104 incl.	6-7-54	134	58-63
Dix Regal 1-12 incl.	6-14-54	134	24-27
Lane Regal 9-10	9-13-54	197	358
Lane Regal 9-10 (amended)	9-13-54	134	27-30

The claims are situate in unsurveyed secs. 21, 22, 23, 24, 26, and 27, T. 36 S., R. 15 E., S.L.B.M., San Juan County, Utah. The relative locations of the claims with respect to the group are shown on the map entitled, "Figure 3. - Claim Survey Map Showing Generalized Topography, Drill Holes and Proposed Stage I Drill Holes, - - - - - ," attached hereto. Consents to Lien and Subordination Agreements signed as

follows are attached hereto and made part hereof:

1. For the mining claims PH 7-30, inclusive, by Mid-Continent Uranium Corp;
2. For the mining claims Thunderbird 13-30, inclusive, and 39-41, inclusive, by Copper-State Drilling Company; and
3. For the mining claims Dix 13-29, inclusive, Regal 89, 93, 96, and 99-104, inclusive, Dix Regal 1-12, inclusive, and Lane Regal 9-10, by Dix Uranium Corp.

EXPLORATION PROJECT CONTRACT
ULA URANIUM, INC.
DOCKET NO. DMEA-4719

EXHIBIT "A"

Description of the Work

General Provisions

The object of this project is to explore for uranium deposits in a Shinarump channel, known as the East PH channel, that is inferred to trend across the project area in an easterly direction.

The exploratory work shall consist of drilling non-core and core holes to depths ranging from 200 to 400 feet, along a series of fence lines normal to the inferred trend of the channel. The locations of the lines and phase (a) holes to be drilled in each stage are shown approximately on map "Figure 3" referred to in Annex I.

In completing each fence line, the following procedure shall be used:

Phase (a) The maximum number of holes allowed for this phase on each line are shown on map Figure 4. The holes shall be drilled non-core at intervals of approximately 200 feet on each line. The first hole shall be located as near to the center of the projected channel as possible. The location and spacing of the fence lines and their bearings shall be fixed as close as possible to that shown on map Figure 3. However, with Government approval, the fence lines and holes may be shifted in a north-south

direction if the results of previous drilling indicate a change in the inferred channel trend shown, except that drill holes Nos. 1 and 2 on line J in Stage I shall be drilled at the approximate locations shown on map Figure 3. The holes in this phase shall penetrate not less than 3 feet nor more than 15 feet into the Moenkopi formation underlying the Shinarump member of the Chinle formation.

Phase (b) Two (2) holes shall be drilled along the fence line at a distance of approximately 100 feet on each side of the Phase (a) hole that penetrated the Shinarump-Moenkopi contact at the lowest elevation. These holes shall be drilled non-core to the inferred top of the Shinarump member, then core-drilled until not less than 3 feet nor more than 10 feet of the Moenkopi formation has been penetrated.

Phase (c) Not more than two holes shall be drilled as 50 offsets within each fence to further test the lowest point in the channel profile for uranium mineralization. The holes shall be drilled non-core to the top of the Shinarump member, then core-drilled until not less than 3 feet nor more than 10 feet of the Moenkopi formation has been penetrated.

It is estimated that an average of 50 feet in each hole of those drilled in Phases (b) and (c) will be cored.

Prior Government approval to complete ~~the three~~ phases ~~of~~ (b) and (c) drilling along a line is not required.

Samples of cuttings from Phase (a) holes shall be collected for each two feet of hole below the inferred top of the Shinarump member. The samples shall be examined for physical and geologic characteristics and scanned radiometrically. One-half of each sample shall be stored for Government inspection and possible use in heavy paper sample sacks marked to show the hole number and the depth represented. The other half of the sample, for the Operator's use, shall, if it shows significant radioactivity, be chemically analyzed for its U_3O_8 content.

Drill core recovered during Phase (b) and (c) drilling shall be tested for radioactivity. Sections of the core showing significant uranium mineralization shall be split. The Operator shall have one-half of the split core chemically analyzed for its U_3O_8 content and store the remainder with the non-mineralized core in boxes properly identified as to hole number. Markers shall be placed in the core sections to indicate the depth represented.

With prior Government approval, the Operator may dispose of the stored cutting samples and the drill core.

Core and cuttings from the drill holes shall be logged geologically and the holes probed radiometrically by the Operator. Records of such logging and probing, together with the assay certificates of the cuttings and core samples, shall be submitted with the Operator's monthly progress report. The report shall also include a map or sketch showing the location of all holes drilled during the reporting period.

A D-7 Caterpillar dozer or equivalent unit of any other make shall be used in preparing the access roads and drill sites.

The Government will not contribute to the cost of an incomplete hole, to one that bottoms less than BX core size, to a hole that cannot be probed radiometrically, nor to a hole drilled closer than 100 feet to a boundary line of the project area.

The Operator shall provide a full-time supervisor and such technical assistance and labor as may be required to complete the project in a satisfactory manner.

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

The work shall be performed in three stages. The Operator shall perform all the Stage I work and as much of Stage II and Stage III work as is approved of in writing by the Government.

Stage I

Stage I shall consist of preparing access roads and drill sites to complete fence lines D and J shown on map Figure 3. Not more than 9 non-core holes and 8 partially cored holes shall be drilled under this Stage I of the contract.

If the units of work shown under Estimated Costs of the Project, Stage I, are not sufficient to complete the 17 holes, then, with written Government approval, the required units and their costs may be transferred from Stage III with a corresponding reduction in that stage.

Stage II

Stage II shall consist of preparing access roads and drill sites to complete fence lines E, I, and K shown on map Figure 3. Not more than 14 non-core and 12 partially cored holes shall be drilled under this Stage II of the contract.

If the units of work shown under Estimated Cost of the Project, Stage II, are not sufficient to complete the 26 holes, then, with written Government approval, the required units and their costs may be transferred from Stage III with a corresponding reduction in that stage.

Stage III

Stage III shall consist of preparing access roads and drill sites to complete fence lines F, H, L, and M shown on map Figure 3. Not more than 21 non-core and 16 partially cored holes shall be drilled in this Stage III.

Not in excess of 100 hours of bulldozing, 10,700 feet of non-core and 800 feet of core drilling, and chemical analyses of 40 samples shall be performed, nor more than 20 hours of stand-by time shall be allowed under this Stage III of the contract, less such units as may have been transferred to Stage I or Stage II.

Estimated Costs of the Project

Stage I

Actual Costs

Category (1) Independent Contracts:

Bulldozing access roads and drill sites, 50 hours @ $12.00/hr.	$ 600.00	
Drilling, non-core		
0-200 feet depths, 3,700 feet @ $1.50/ft.	5,550.00	
200-400 foot depths	None	
Drilling, core		
0-200 foot depths, 72 feet @ $3.50/ft.	252.00	
200-400 foot depths, 328 feet @ $3.85/ft.	1,262.80	
Stand-by time for probing, 9 hours @ $12.50/hr.	112.50	$7,777.30

place after Cat (7) in the 3-stages

Fixed Unit Costs 1/

Incidental allowance 2/ for each foot of drilling completed, 4,100 feet @ $0.~~25~~ 24/ft. — 984.00 — $ ~~1,025.00~~ — 984.00 — ~~$1,025.00~~

~~Chemical analyses for~~

Category (7) Miscellaneous:

None except:

40 cardboard core boxes @ $1.25 each — 50

Chemical analyses for U_3O_8 content of 20 samples @ $3.50/sample — $ 70.00 — 120.00 — ~~70.00~~

Total Estimated Cost Stage I — ~~$8,872.30~~ $ 8,881.30

Stage II

Actual Costs

Category (1) Independent Contracts:

Bulldozing access roads and drill sites, 75 hours @ $12.00/hr. $ 900.00

Drilling, non-core

0-200 foot depths, 5,200 feet @ $1.50/ft. 7,800.00

200-400 foot depths, 1,550 feet @ $1.75/ft. 2,712.50

Drilling, core

0-200 foot depths None

200-400 foot depths, 600 feet @ $3.85/ft. 2,310.00

Stand-by time for probing, 13 hours @ $12.50/hr. 162.50 $13,885.00

Fixed Unit Costs 1/

Incidental allowance 2/ for each foot of drilling completed, 7,350 feet @ ~~$0.25~~ 0.24/ft. — ~~$ 1,837.50~~ 1764.00 — ~~$ 1,837.50~~ 1764.00

Category (7) **Miscellaneous:**

None except:
60 cardboard core boxes @ $1.25 each — 75.00

Chemical analyses for U_3O_8 content of 30 samples @ $3.50/sample — $ 105.00 — ~~105.00~~ 180.00

Total Estimated Cost Stage II — ~~$15,827.50~~ $15829.00

Stage III

Actual Costs

Category (1) **Independent Contracts:**

Bulldozing access roads and drill sites, 100 hours @ $12.00/hr. — $ 1,200.00

Drilling, non-core

0-200 foot depths, 7,400 feet @ $1.50/ft. — 11,100.00

200-400 foot depths, 3,300 feet @ $1.75/ft. — 5,775.00

Drilling, core

0-200 foot depths — None

200-400 foot depths, 800 feet @ $3.85/ft. — 3,080.00

Stand-by time for probing, 20 hours @ $12.50/hr. — 250.00 — $21,405.00

Fixed Unit Costs 1/

Incidental allowance 2/ for each foot of drilling completed, 11,500 feet @ ~~$0.25~~ 0.24/ft.	$2760.00 $ 2,875.00	$2760.00 ~~$ 2,875.00~~
Category (7) Miscellaneous:		
None except! 80 cardboard core boxes @ $1.25 each	100.00	
Chemical analyses for U_3O_8 content of 40 samples @ $3.50/sample	$ 140.00	240.00 ~~140.00~~
Total Estimated Cost Stage III		~~$24,420.00~~ $24,405.00

S U M M A R Y

Total Estimated Cost Stage I	$ 8881.30	~~$ 8,872.30~~
Total Estimated Cost Stage II	15,829.00	15,827.50
Total Estimated Cost Stage III	24,405.00	~~24,420.00~~
Total Estimated Cost of Project (rounded)		$49,120.00 ok
Government Participation @ 75%		$36,840.00 ok

1/ Categories (2) through (6) do not apply to this contract.

2/ Includes all costs whatsoever 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."

ULA URANIUM, INC.

Field Office - Cortez, Colorado

216 LUHRS BUILDING • PHOENIX, ARIZONA • ALPINE 3-7868

September 17, 1957

DARROW THOMPSON
President

MARVIN HENRY
Secretary-Treasurer

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

Attention: Mr. Ernest W. Ellis, Director

Re: Docket No. DMEA-4719
(Uranium) P. H., Teton,
et al., Groups San
Juan County, Utah

Gentlemen:

We are returning to you herewith the following information you requested in your letter of September 4, 1957:

1. Five forms of MF 205 (Consent to Lein and Subordination Agreement) completed and properly executed by Copper State Drilling Company.

2. Five forms of MF 205 properly executed by the Mid-Continent Uranium Corporation.

3. Five forms of MF 205 properly executed by Dix Uranium Corp.

4. Two copies of the Lease and Agreement between Dix Uranium Corp., Provo, Utah and Ula Uranium, Inc.

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 4 1957

DATE	INITIALS	CODE
10/4	C	220
"	FMM	700

I might add that all of the Dix Regal claims 1-12 inclusive are not shown on the map. However, all of the Dix Uranium Corp. claims are covered by this agreement. I might further add that all of the terms and conditions of this agreement has been complied with and it stands in a current status.

If you desire any further information, please advise me.

Very truly yours,

ULA URANIUM, INC.

W. F. Marion

W. F. Marion
Secretary and Treasurer

WFM:SB

Enclosures

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
8/30	[illegible]	700
	[illegible]	140
	[illegible]	
9/4	[illegible]	100
9/4	[illegible]	220
		700

SEP 4 1957

Mr. Darrow Thompson, President
Ula Uranium, Inc.
216 Luhrs Building
Phoenix, Arizona

Re: Docket No. DMEA-4719 (Uranium)
P. H., Teton, et al., Groups
San Juan County, Utah

Dear Mr. Thompson:

In processing the subject application we find that if an exploration project under the subject docket number is approved by this Agency, the following claims and groups of claims should be included in the project area: PH 7-30 inclusive; Thunderbird 13-30 inclusive, Thunderbird 39-44 inclusive; Dix 13-29 inclusive; Regal Nos. 89, 93 and 96; Regal 99-104 inclusive; Dix Regal 1-12 inclusive; and Lane Regal Nos. 9 and 10.

We have copies of your agreement with Copper State Drilling Company relating to the Thunderbird claims, and with Mid-Continent Uranium Corporation relating to the PH claims, however, data showing your rights of possession for the other above-mentioned claims was not submitted with the application. In order to continue processing the application we require proof that you have control of these claims. Two copies of such data should be submitted.

In the event a contract to explore the proposed project area is approved by this Administration, we will require the owners' Consents to Lien and Subordination Agreements on their respective claims. It is suggested that these consents should be submitted as soon as possible since it would expedite the processing of the subject application. We require five copies of the form signed by each of the owner or owners.

To assist you in meeting this requirement, we are enclosing four sets of form MF-205. In each set is an extra copy that may be retained by the signers. The forms covering the PH and Thunderbird claims have been typed out.

8623

If your corporation is not the owner of the other claims, the extra sets should be filled out and signed by the owners of these claims. Please advise the signers to give their mailing addresses.

Sincerely yours,

Ernest Wm. Ellis, Director
Division of Rare and
Miscellaneous Metals

FMMurphy/izm 8-30-57
cc to: Mr. Murphy
Admr.'s Reading File
THKiilsgaard, 5224
DMEA FT Reg. 3, (2)

Official letter

COPY

1957

9/3 G 220

224 New Customhouse
Denver 2, Colorado

August 29, 1957

Mr. W. F. Marion
Secretary-Treasurer
Ula Uranium, Inc.
216 Luhrs Building
Phoenix, Arizona

Re: Docket No. DMEA-4719 (Uranium)
P. H., Teton, et al., Groups
San Juan County, Utah

Dear Mr. Marion:

In reply to your letter of August 27, 1957, we have requested the Legal Section of the Washington Office, DMEA, to prepare all Consent to Lien and Subordination Agreement forms which may be necessary to the further processing of your application.

Should legal review indicate that such forms are required they will be prepared and forwarded to you for execution by the persons concerned.

Very truly yours,

E. N. [illegible]

E. N. Harshman
Acting Executive Officer

MHM:eh

cc: Sec. Op. Comm. (2)
Harshman
DMEA/G.Jct.
Hasler
Docket
DMEA/DFC
Chron.

W/cy of Applicant's letter of 8/27/57

ULA URANIUM, INC.

DMEA
DEPARTMENT OF THE INTERIOR
AUG 29 1957
REGION III
DENVER, COLORADO

216 LUHRS BUILDING ○ PHOENIX, ARIZONA ○ ALPINE 3-7868

August 27, 1957

DARROW THOMPSON
President
MARVIN HENRY
Secretary

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-4719 (Uranium)
P. H., Teton, et al., Groups
San Juan County, Utah

Dear Mr. Harshman:

Do you have a regular stock form to be used for the purpose of subordinating claim owners' interests to you? If so, would you please mail us approximately one dozen copies, inasmuch as we need such a form for use on the Dixon group of claims in connection with the above mentioned application.

Very truly yours

ULA URANIUM, INC.

By W. F. Marion
W. F. Marion
Secretary-Treasurer

WFM:ab

TVO-2

Denver

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
P. O. Box 360
Grand Junction, Colorado

AUG 23 1957
REGION III
DENVER, COLORADO

August 21, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: H. F. Robertson

Subject: Docket No. DMEA 4719 (Uranium), Ula Uranium, Inc., (PH, et al claims), San Juan County, Utah

Enclosed are 22 copies of a revision of the figure 3 transmitted on August 5, 1957 with the joint report of examination. The revised map should replace the figure 3 attached to the reports and should accompany any contract between the Government and the applicant.

The revised location of the Dix group of claims with respect to the PH group is taken from an exhibit used in the court action to quiet title on conflicting claims owned by the principals involved. The exhibit was a claim map and is reportedly filed with the case folder.

The following information was obtained from John I. Schumacher, one of the principals:

Case No. C-30-56, U. S. District Court, District of Utah, Central Division.

J. I. Schumacher, et al, dba Strategic Minerals Exploration Co. and Mid-Continent Uranium Corporation
vs.
Dix Uranium Company and Regal Uranium Corporation

All of the ground concerned by the proposed exploration is covered by either the Dix group or the PH group so it appears that the Government's interest would be adequately protected. Ula Uranium, Inc. claims to have leases on both groups of claims and copies of the leases should substantiate their claim.

The following claims should be subordinated in the event of a contract.

Claims	Locators	Recorded Date	Book	Page
PH 7-30 incl.	Strategic Minerals Exp. Co.	7-17-54	131	204-218
Thunderbird 13-30 incl.	Claude Bird; Wm. Davis	8-6-54	143	309-317
Thunderbird 39-44 incl.	" " " "	8-6-54	143	322-324
Dix 13-29 incl.	F.C. Dixon; Jack V. Dixon	6-28-54	117	198-204
Regal 89	F.C. Dixon;Jack V. Dixon & H. A. Lewis	6-15-54	109	464
Regal 93	F.C. Dixon;Jack V. Dixon & H.A. Lewis	6-15-54	109	464
Regal 96	F.C. Dixon;Jack V. Dixon & H.A. Lewis	6-15-54	109	467
Regal 99-104 incl.	F.C. Dixon;Jack V. Dixon & H.A. Lewis	6-15-54	109	469-471
Dix Regal 1-12 incl.	F.C. Dixon; Jack V. Dixon	6-28-54	117	207-211
Lane Regal 9-10	F.C. Dixon;Jack V. Dixon and Roy Shane	9-27-54	197	358

A total of 88 claims as listed above should be subordinated to adequately cover the proposed project area.

H. F. Robertson

H. F. Robertson,
Mining Engineer

HFR/bh
Enclosure (22 copies)

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DATE | INITIAL | CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
224 New Customhouse
Denver 2, Colorado

August 26, 1957

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DATE	INITIALS	CODE
8/28	C	220
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Memorandum

To: Secretary to the Operating Committee, DMEA

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

Subject: Docket DMEA-4719 (Uranium) Ula Uranium, Inc. (PH, et al., claims) San Juan County, Utah

Enclosed are the following, which relate to the Joint Report of Examination on the subject property by H. F. Robertson, USBM, and F. M. Byers, Jr., USGS, which was forwarded to you by our memorandum of August 9, 1957.

1. Eleven copies of corrected Figure 3, eight copies of which are for use in the preparation of the contract. The remaining copies should replace the Figure 3 attached to the original and two copies of the report sent to you.

2. Original and two copies of memorandum, dated August 21, 1957, from H. F. Robertson, Mining Engineer, USBM, which transmitted Item 1 to this office.

We will appreciate the legal section of the Washington Office, DMEA, preparing the indicated Consent to Lien forms.

E. N. Harshman

E. N. Harshman

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

224 New Customhouse
Denver 2, Colorado

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		130 ~~16~~
8/16	P	220
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August 9, 1957

Memorandum

To: Secretary to the Operating Committee, DMEA

From: DMEA Field Team, Region III

Subject: Docket DMEA 4719 (Uranium) Ula Uranium, Inc. (PH, et al Claims) San Juan County, Utah - Joint Report of Examination

Enclosed are the original and two copies of the Joint Report of Examination on the subject property by H. F. Robertson, USBM, and F. M. Byers, Jr. USGS.

The field examiners conclude that the probability for making a significant discovery is sufficiently promising to justify Government participation. Accordingly, they recommend that the Applicant's work proposal be approved, as modified by them, in which the Field Team concurs.

On page 29 of the report, you will note that an error was made in claiming the incidental allowance. The amount should be $0.24 per foot instead of $0.26 per foot. This carried to Stages II and III results in an overage of $377.00 to the total project cost. The approved total estimated project cost should be $47,135.63.

As noted on page 7 of the report, the land proposed for subordination is subject to change, hence no extra copies of map showing the proposed work in relation to the property boundaries are included. It appears that a contract cannot be prepared until the Applicant has furnished us with additional information including an accurate map which we requested by letter dated July 15, 1957.

No attempt was made to prepare Consent to Lien forms because of the obvious changes which are indicated.

E. N. Harshman

E. N. Harshman

Maps Fig. 2-3-4 are in docket envelope.

Reviewed by
DMEA OPERATING COMMITTEE

8-16-57
(date)

IN REPLY REFER TO:

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

August 20, 1957

Memorandum

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

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

Subject: Review of field examination report, DMEA 4719, (uranium), Ula Uranium, Inc., PH et al claims, San Juan County, Utah

The field examiners report that part of the applicant's property is geologically favorable enough to warrant DMEA participation in exploration. They point out the strong resemblance of the East PH channel to the Ula channel 3 miles to the south. About 15,000 tons of ore has been produced from the Ula channel, and the AEC estimates that 100,000 tons of indicated ore remain.

While the applicant's claims are located in a generally unfavorable area of flood plain deposits, the examiners state that the East PH channel shows up well in rim outcrop, and previous drilling gives a good indication of the location of the channel.

The examining team recommend approval of a three-stage drilling project that would have a total estimated cost of $49,512. I agree with the recommendations of the examining team.

It appears that the applicant should clear up certain claim boundary questions and submit an accurate property map before a contract is executed.

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	Complete	

W. P. Williams

W. P. Williams

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

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DATE	INITIALS	CODE
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"	KM	700

Date August 16, 1957

DMEA Docket No. 4719
DMEA Contract No.
Commodity Uranium
Name of applicant Ula Uranium, Inc.
Name of property PH, et al Claims
Location of property San Juan County, Utah
Estimated cost of project $47,135.63

Memorandum

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee

From: James Paone, Bureau of Mines Member
Uranium Commodity Committee

Subject: Review of Field Team Report
(Application, Field Team Report, etc.)

1. Date of subject document: July 1957. 2. Date received by reviewer: 8/16/57

3. Prior reports on this property known to reviewer: Yes ☐ No ☐

4. Prior reports on nearby properties known to reviewer: Yes ☐ No ☐

5. Information available on past production: Yes ☐ No ☐

6. Other pertinent factors known to reviewer: Yes ☐ No ☐

7. Explain items marked yes above:

8. Factors needing special consideration:
   a. Location ☐
   b. Ownership ☐
   c. Evidence of mineralization ☐
   d. Geology ☐
   e. Proposed exploration method ☐
   f. Alternate exploration method ☐
   g. Costs ☐
   h. _____ ☐

9. Action advised:
   a. Obtain information from applicant ☐
   b. Refer to Field Team ☐
   c. Denial ☐
   d. Agree with Field Team ☒
   e. Disagree with Field Team ☐
   f. Suggest alternate plan ☐
   g. Request another examination ☐
   h. Approval ☐
   i. Consult with Mr. _____ at _____ AEC office.

10. Remarks: (Use back of page if necessary)
Recommend approval of modified project.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA

PARTMENT OF THE INTERIOR

AUG 9 - 1957
REGION III
DENVER, COLORADO

P. O. Box 360
Grand Junction, Colorado

August 5, 1957

AUG 7 1957

GEOLOGICAL SURVEY
DENVER, COLORADO

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Reviewed by
DMEA OPERATING COMMITTEE
8-16-57
(date)
E.M.H.

TRANSMITTED
AUG 9 1957

Memorandum

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

From: J. William Hasler
M. H. Salsbury

Subject: Transmittal of joint engineering and geologic report of examination on DMEA docket 4719 (Uranium); Ula Uranium, Inc., PH et al claims, San Juan County, Utah

Enclosed are 10 copies of a joint report of examination on the subject property by H. F. Robertson, U. S. Bureau of Mines, and F. M. Byers, U. S. Geological Survey. Included are four figures to accompany the report. Figures 1, 2, and 4 are not to be included in the contract; however, an additional nine copies of figure 3 are included for the purpose of accompanying any contract that might be let with the applicant.

The Ula Uranium, Inc., 216 Luhrs Building, Phoenix, Arizona, applied for Government assistance to explore for uranium on their property in the Red Canyon area of the White Canyon Mining District, San Juan County, Utah. The application was referred to the field and an examination was made May 16, 1957 in company with Mr. F. J. Frankovich, geologist representing the applicant. The property consisted of four groups of claims; namely, the PH Nos. 1 through 30; Thunderbird 13 through 30, and 39 through 44; Teton 1 through 12; and Sowbelly Nos. 1 through 8.

The applicant's proposal is to explore for ore that would lie in the Shinarump member of the Chinle formation and would be localized in the paleo-stream channel scoured into the underlying Moenkopi formation. The applicant's program was not considered feasible and a revised program, resulting from conferences between the applicant's geologists and the examining team was submitted on June 10, 1957. There were some revisions in this program as well and they were discussed with the applicant and the program presented herein meets with the applicant's approval. It was deemed advisable from field evidence that the only channel containing thick channel-type conglomeratic sandstone facies and deep scour is the east PH channel and the recommended program is confined to this channel's inferred trend.

The exploration program as recommended will consist of 120,150 feet of non-core drilling and 18,000 feet of core drilling in three stages of work at an estimated over-all cost of $49,511.63. Government participation at 75 percent would be $37,133.72. It is believed that the program

as presently outlined will explore ground that is likely to contain uranium ore deposits of significant size and grade and it is recommended that the proposed program be approved. I concur with the conclusions and recommendations of the examining team.

Mr. Philip H. Dodd, staff geologist, Grand Junction AEC office, and Mr. R. N. Larsen, party chief of the AEC White Canyon project, were consulted and furnished much pertinent data on channel trends in the Red Canyon-White Canyon area.

Memoranda of James Paone, U. S. Bureau of Mines, and W. P. Williams, U. S. Geological Survey, were noted.

J. William Hasler
J. William Hasler,
Geologist

M. H. Salsbury
M. H. Salsbury,
Engineer

JWH/mlr

Enclosures
Report w/ figures 1, 2, 3, 4

MINE IN REPLY REFER TO:
DMEA
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JUN 24 1957
U. S.
GEOLOGICAL SURVEY
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMEA
DEPARTMENT OF THE INTERIOR

JUN 25 1957

P. O. Box 360
REGION III
DENVER, COLORADO

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DATE	INITIALS	CODE

June 21, 1957

Memorandum

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

Through: E. N. Harshman EMH
J. William Hasler JWH

From: F. M. Byers, Jr.,
H. F. Robertson

Subject: approval report, docket DMEA 4719 (Uranium), Teton, Sowbelly, PH, Thunderbird claims, Ula Uranium, Inc., San Juan County, Utah

Please refer to E. N. Harshman's memorandum dated April 29, on the subject docket. In an attempt to contact the applicant's geologist, we learned from Mr. Darrow Thompson, president of Ula Uranium, Inc., that Ula has leased claims between the Shinarump rim and the northeast border of the PH group to the southwest. We believe a limited drilling program might be justified under DMEA contract on the east PH channel, which extends from the Shinarump rim on PH 8 claim, east-southeasterly across the PH group, thence probably between the PH group and the Shinarump rim; and finally extends easterly across the applicant's Thunderbird group. (Compare claim map, 1 inch = 400 feet, with their geologic map, 1 inch = 200 feet; unfortunately very few claim locations given on geologic map.)

We recommend that the Teton and Sowbelly claim groups and PH claims 1 through 6 be excluded from subordination in any DMEA contract, inasmuch as we are recommending no work on those claims and there is very little likelihood that any production will ever come from these claims.

It has also come to our attention that the block of PH claims nearest the Shinarump rim are over the legal length, some by about several hundred feet; thus possibly as much as 2,000 feet along the length of the east PH channel may cross ground not subordinated by legal claims of the applicant.

We, therefore, recommend that the applicant be requested to subordinate additional Ula-leased claims between the present legal northeast boundary of the PH group and the Shinarump rim to the north, and that Consent to Lien forms be executed for these claims, as well as PH 7 through 30 claims and the Thunderbird group.

F. M. Byers, Jr.
F. M. Byers, Jr.,
Geologist

(for) H. F. R.
H. F. Robertson,
Engineer

FMB/mlr

FOR UNITED STATES GOVERNMENT USE ONLY

UNITED STATES
DEPARTMENT OF THE INTERIOR
FRED A. SEATON, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY EXAMINING TEAM
REGION III

DMEA
DEPARTMENT OF THE INTERIOR
AUG 9 - 1957
REGION III
DENVER, COLORADO

TRANSMITTED
AUG 9 1957

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DMEA 4719

Ula Uranium, Inc.

PH, et al claims

San Juan County, Utah

Uranium

Joint Engineering and Geologic Report

by

H. F. Robertson
Bureau of Mines

F. M. Byers, Jr.
Geological Survey

July 1957

Reviewed by
DMEA OPERATING COMMITTEE
8-16-57
(date)

DMEA 4719
ULA URANIUM, INC.
PH, ET AL CLAIMS
SAN JUAN COUNTY, UTAH

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ILLUSTRATIONS

Figure	Follows page
1. Location map; Dix, Thunderbird, and PH groups, Ula Uranium, Inc., San Juan County, Utah	34
2. Geologic map of White Canyon area showing location of Teton, Sowbelly, PH, Thunderbird, and Dix claim groups, Ula Uranium, Inc., San Juan County, Utah	34
3. Map showing claim groups, topography, geology, etc., and proposed exploration, Ula Uranium, Inc., San Juan County, Utah	34
4. Ore reserve map of part of Ula channel, Radium King Mines -- Ula property, San Juan County, Utah	34

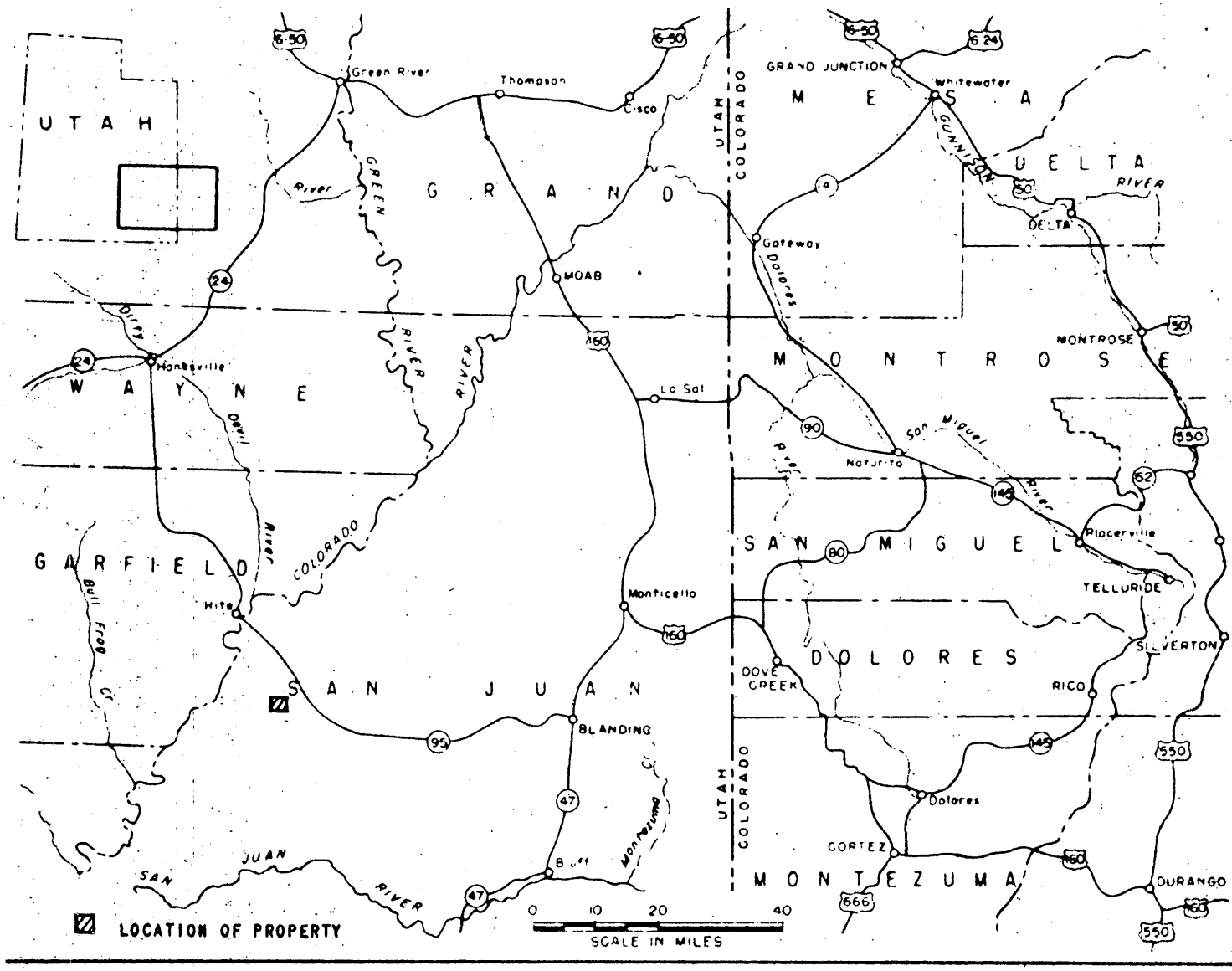

FIGURE 1.--LOCATION MAP; DIX, THUNDERBIRD, AND PH GROUPS; ULA URANIUM, INC.; SAN JUAN COUNTY, UTAH.

DMEA
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DMEA 4719
ULA URANIUM, INC.
PH, ET AL CLAIMS
SAN JUAN COUNTY, UTAH

INTRODUCTION AND SUMMARY

Ula Uranium, Inc., 216 Luhrs Building, Phoenix, Arizona, applied for DMEA assistance in a proposed drilling program on their property in the Red Canyon area of the White Canyon mining district.

An examination of the property concerned was made on May 16, 1957 by H. F. Robertson, Bureau of Mines and F. M. Byers, Jr., Geological Survey. Mr. F. J. Frankovich, geologist for the applicant, accompanied the examining team.

The property consisted of four groups of claims, namely, PH Nos. 1 through 30; Thunderbird Nos. 13 through 30 and 39 through 44; Teton Nos. 1 through 12; and Sowbelly Nos. 1 through 8. The claims cover sedimentary rocks of the Moenkopi, Chinle, and Wingate formations of Triassic age. The potential ore deposits would lie in the Shinarump member of the Chinle formation and would be localized in paleo-stream channels scoured into the top of the Moenkopi formation. Evidence of several channels, one of which appears favorable for uranium deposits, were observed on the applicant's property.

The first proposal submitted by the applicant consisted of a total of 26,700 feet of core and rotary drilling, to be done in three stages at a total estimated cost of $63,948.00. This proposed program was

replaced by an alternate program upon evaluation of drill-hole data and subsequent geologic mapping by the applicant. The program, resulting from conferences between the applicant's geologist and the examining team, was submitted on June 10, 1957 and consisted of an estimated 30,260 feet of non-core drilling and 240 feet of core drilling in 165 holes. It consisted of fences of drill-holes spaced along projected Shinarump-filled channels. The drilling would be divided into stages, and further into phases with the division based on groups of profiles across the inferred channels. Each profile in each stage would have in it holes on 200-, 100-, and 50-foot centers.

Some further revision of the applicant's proposed program was believed justified and was discussed with the applicant's representative. A program was agreed upon and, briefly, is as follows:

The only channel containing thick channel-type conglomeratic sandstone facies and deep scour is the East PH channel and the recommended exploration program is confined to its' inferred trend. The East PH channel would be explored from an area of extensive drilling, easterly toward the regional area of channel-type conglomeratic sandstone facies of the Shinarump. A large portion of the inferred channel remains unexplored between PH 13 claim and Thunderbird 15 claim where a hole penetrated ore-bearing material. Six fences of drill-holes are proposed to test for the presence of the channel in this area. These fences are essentially those proposed by the applicant but have been moved slightly to take advantage of the gullies crossing the projected trend of the

East PH channel. Three more fences of drill-holes are proposed to test the channel to the limit of the project area, making a total of nine fences of holes to test approximately two miles along the inferred trend of the East PH channel.

The exploration program, as recommended by the examining team, would consist of an estimated 21,150 feet of non-core drilling and 1,800 feet of core drilling in three stages at an estimated overall cost of $49,511.63. Government participation at 75 percent would be $37,133.72.

The examining team's recommendation that the application be approved is based on the premise that ownership or control of the project area is satisfactorily established by the applicant. As the property boundaries stand now, much of the proposed exploration would be on possibly invalid claims and unsubordinated ground. At the present time, the applicant is attempting to gain valid and legal control of the property involved in the proposed and recommended project.

ACKNOWLEDGMENTS

Mr. Philip H. Dodd, staff geologist, Grand Junction AEC office, and Mr. R. N. Larsen, party chief of the AEC White Canyon project, were consulted and furnished much pertinent data on channel trends in the Red Canyon-White Canyon area. Data on production and reserves of mines in the area were obtained from the AEC Ore Reserves section in Grand Junction.

Mr. F. J. Frankovich, the applicant's geologist, and Mr. R. C. Robeck, consulting geologist, mapped the subject area in detail and supplied the

examining team with copies of the resulting maps.

Memoranda of James Paone, USBM, and W. P. Williams, USGS, were noted.

LOCATION, TOPOGRAPHY, AND PHYSICAL FEATURES

The 80 unpatented lode mining claims included in the subject DMEA application are in two virtually contiguous groups in unsurveyed secs. 21, 22, 23, 24, 26, and 27, T. 36 S., R. 15 E., Salt Lake Meridian, San Juan County, Utah (fig. 1). The locations with regard to sections are tentative only as the township has not been subdivided. The claims lie in an area locally known as the "Blue Canyon Fork of Red Canyon" and are about 40 miles from the Atomic Energy Commission Natural Bridges camp via the Red Canyon access road and the "Chocolate Drop" road (see fig. 2). About three hours driving time is required to reach the claim group from the AEC camp which is 50 miles west of Blanding, Utah and 260 miles from Grand Junction, Colorado, the nearest major supply center.

The Blue Canyon area is typical of the terrain in the White Canyon Mining district. The claims lie on dissected benches capped by Shinarump and other lower Chinle sediments, overlooking to the south and west steep-walled canyons tributary to Blue Canyon (fig. 2). To the north and east the surface rises terrace-wise with steadily increasing gradient over upper Chinle slopes which end abruptly against vertical Wingate cliffs. A moderately deep, southwesterly trending canyon bisects the project area and exposes evidence of Shinarump-filled channels at several points.

Previous and proposed drilling has been confined to the area not covered by the Wingate formation. Drill sites and roads can be constructed at reasonable cost.

The altitude of the claim area ranges from 5,000 to 6,000 feet. The climate is arid, extremely hot in the summer and mild to cold in winter. Violent storms may occur in any season. Run-off from even light rainstorms may cause flash-floods because of the absence of soil cover and vegetation other than sparse desert grasses, cactus, and some scrub pinon and juniper. Operations may be delayed for short periods but, in normal years, are feasible during all seasons.

Ore produced from the area can be trucked to the uranium processing plant at Monticello, Utah, or to the newly completed mill at Mexican Hat, Utah.

There are no unusual problems of supply, labor, power, or marketing other than those inherent in mining operations in remote locations with poor access roads.

Domestic water can be obtained in small quantities from springs in the lower canyons. Water for mining and drilling can be stored in limited amounts in reservoirs but, during dry seasons, may have to be hauled as much as fifty miles from lower Red Canyon near the Colorado River. Dry drilling techniques are used as much as possible.

The proposed drilling would be done by an independent contractor who would furnish equipment, housing, and supplies for his own personnel. The applicant has two 15-foot house-trailers which are used as office-living quarters by Company personnel.

HISTORY AND PRODUCTION

The exploration of the White Canyon region dates from 1950. Following the success of drilling operations by the Atomic Energy Commission and private interests in upper Red Canyon, the surrounding area was prospected and a limited amount of exploratory drilling was done. Blue Canyon has been partially explored but no uranium deposits of commercial size have been discovered.

There has been no uranium production from the applicant's property or from any property in the immediate area. The nearest significant production has come from the Radium King-Ula mines about four miles southeast of the claim group(fig. 2). Total production from the Radium King-Ula mines, as of March 31, 1957, is 14,544 tons of uranium ore averaging 0.38 percent U_3O_8. The Atomic Energy Commission ore reserve section's records show an indicated reserve of about 100,000 tons, averaging 0.31 percent U_3O_8, for the above mines.

OWNERSHIP AND EXTENT

The property included in the original application consisted of 74 claims. Subsequent conferences with the applicant's representative resulting in revision of the proposed exploration indicated that a change should also be made in the boundaries of the subordinated property. The following discussion of ownership concerns only those claims necessary for the proposed program.

The claims which should be subordinated (fig. 3) are as follows:

Claims	Locators	Recording Data Date	Book	Pages
PH 7 thru 30	Strategic Minerals Exp. Co.	7-17-54	131	204-218
Thunderbird 13 thru 30	Claude Bird; Wm. Davis	8-6-54	143	309-317
Thunderbird 39 thru 44	" " " "	8-6-54	143	322-324
Dix 13 thru 28 ?	F.C.Dixon; Jack V. Dixon	6-28-54	117	198-203 ?
Dix 31 and 32	" " " "	6-28-54	117	204
Regal 89	" " " " and H.A.Lewis	6-15-54	109	464 ?
Regal 93	F.C. Dixon; Jack V. Dixon, and H.A. Lewis	6-15-54	109	466 ?
Regal 96	" " " " " " "	6-15-54	109	467 ?
Regal 99 thru 104	" " " " " " "	6-15-54	109	469-471
Dix Regal 1 and 2	F.C.Dixon; Jack V.Dixon	6-28-54	117	207
Dix Regal 8	" " " "	6-28-54	117	209
Lane Regal 9 and 10	" " " ", and Roy Shane	9-27-54	197	359

The above location notices are recorded at the County Courthouse of San Juan County, Monticello, Utah.

The claims listed above will be subject to change since there is some question as to complete and valid coverage of the project area(fig.3). As noted in a memorandum to the Executive Officer, dated June 21, 1957, the Ph claims Nos. 7, 9, 11, 13, 15, 17, 19, 21, 23, 25, 27, and 29, as actually marked on the ground, are over the maximum length of 1,500 feet for a valid lode mining claim. This leaves quite a large area of unclaimed ground between the Ph claim group and Dix (or Dixon) claim group. The applicant is aware of the question as to whether or not he controls the proposed project area and, at the present time, is attempting to remedy the situation. This may involve the locating of new claims, amending of old claims, and subordinating part of the Dix group of claims.

Consents to lien will probably be required as follows:

Claims	Consent to lien from
PH 7 thru 30	(1) Mid-Continent Uranium Corporation
Thunderbird 13 thru 30 and Thunderbird 39 thru 44	(1) Copper State Drilling Co. (2) William Davis (3) Claude Bird
Dix 13 thru 28 and Dix 31 and 32	(1) F. C. Dixon (2) Jack V. Dixon
Regal 89, 93, 96 and Regal 99 thru 104	(1) F. C. Dixon (2) Jack V. Dixon (3) H. A. Lewis
Dix Regal 1, 2, and 8	(1) F. C. Dixon (2) Jack V. Dixon
Lane Regal 9 and 10	(1) F. C. Dixon (2) Jack V. Dixon (3) Roy Shane

The above is compiled from documents submitted by the applicant and from location notices recorded in San Juan County, Utah. Subsequent transactions may have reduced the number of persons holding interests in the property but no evidence of such action was submitted with the application.

PRESENT STATUS

Exploration and Development

From the date of location until July of 1956, only reconnaissance work was done on the applicant's group of claims. Access roads were extended into the area and preparations made for future exploration. In July of 1956, Mid-Continent Uranium Corporation drilled 55 holes on the

PH group; of these 55 holes, 3 were classified as mineralized on the basis of probe readings. In November of 1956, Ula Uranium, Inc., drilled 29 holes on the Thunderbird group, one on the Teton group, and 9 on the Sowbelly group. Several holes penetrated mineralized material. The holes were drilled primarily for geologic information and indicated the presence and trends of several favorable Shinarump-filled channels and scours on the property.

Mining Equipment and Other Facilities

There are no mines or mining equipment on the property as of the date of this report. The applicant has two medium-size housetrailers on the PH claim No. 4 which serve as office-living quarters for Company personnel working in the area. Roads have been built to most sections of the property to facilitate exploration of any part with the exception of portions covered by the Wingate formation.

GEOLOGY

The properties included under the DMEA 4719 application of the Ula Uranium, Inc. are in Blue Canyon, which enters Red Canyon on the north about 8 miles above the confluence of Red Canyon and the Colorado River. As may be seen on figure 2, Blue Canyon is not a straight, narrow-walled canyon, but a complex dendritic system of many small canyons averaging about 50 feet deep and occupying a broad amphitheater-like area, about 8 miles in diameter between White Canyon and Red Canyon. The dip of the beds is about 2° WSW off the west flank of the Monument upwarp.

The oldest rocks exposed in Blue Canyon include the uppermost part of the Permian Cutler formation, exposed in a few places in the lowermost part of the canyons. The overlying lower Triassic Moenkopi formation is about 170 feet thick. The Shinarump sandstone member of the upper Triassic Chinle formation ranges from a knife edge to as much as 25 feet in thickness in the centers of the channels, which will be described in greater detail below. The remaining portion of the upper Triassic Chinle formation, overlying the Shinarump sandstone member, is about 800 feet thick and forms a moderate slope. The overlying massive Wingate and Kayenta formations erode to steep-walled cliffs, over 400 feet in height, and make an effective topographic barrier between Blue Canyon and Utah State Highway 95 in White Canyon to the northeast(fig. 2). Masses of talus breccia, composed of Wingate and Kayenta sandstones, overlie the Chinle formation at many places. These masses of talus breccia may be as much as 200 feet thick.

The Shinarump sandstone member in the area of the applicant's claims in Blue Canyon is not regarded as favorable for the occurrence of uranium ore deposits. Lithofacies studies of the Shinarump sandstone member by geologists of the U.S. Geological Survey and the Atomic Energy Commission, have demonstrated that the Blue Canyon area was an environment of flood plain deposition during Shinarump time. This facies consists of interbedded mudstone, sandy siltstone, and fine silty sandstone; coarse conglomeratic sandstone with quartzite pebbles, typical of an environment of channel deposition is notably lacking.

The inferred edges of the favorable conglomeratic sandstone facies representative of channel sedimentation are shown in figure 2. These inferred limits of the channel-type sedimentation are arbitrary and do not represent a sharp contact that may be observed in the field. Rather these boundaries set off Shinarump facies that are predominantly channel-type from those facies that are predominantly flood-plain type. Channel-type conglomeratic sandstone facies do actually occur sparingly in areas shown on figure 2 as dominantly flood-plain type, and conversely, flood-plain type Shinarump sediments occur with the area shown as predominantly channel-type facies. Nearly all the productive uranium mines in the White Canyon district (fig. 2) occur within the broad belt containing the channel-type conglomeratic sandstone facies of the Shinarump member. Conversely, the chances of finding a significant uranium ore body outside the major belt of channel-type Shinarump appears remote, although exceptions to this general rule may occasionally be found; for example, the Jomac mine (DMEA 1957, Contract Idm-E 397).

ORE DEPOSITS

The Teton, Sowbelly, PH, and Thunderbird groups, as may be seen on figure 2, are largely if not entirely, in an area of flood-plain facies of the Shinarump member. As already pointed out, this area is largely unfavorable but there are exceptions to this general rule. Of the four channels observed in outcrop on the applicant's properties, only the East PH channel appears worthy of further exploration. In the sections

that follow the less significant channels will be described first, followed by a description of the channel on which exploration is proposed. Finally, a brief description is included of the Ula channel, three miles to the south of the applicant's property, where Radium King Mines has recently developed a uranium ore tonnage in excess of 100,000 tons. The Ula channel is included in the descriptions because there are some similarities between the Ula channel and the East PH channel and furthermore because the Ula channel has been extensively drilled and a large ore tonnage indicated and inferred, thereby giving the DMEA an indication of the size and shape of the possible ore target.

Sowbelly channel

The Sowbelly channel underlies mainly the Sowbelly group of claims where a number of drill holes in an irregular fence have been drilled across the channel (see section B-B', fig. 3). Results of drilling on the Sowbelly channel have been somewhat inconclusive. One drill hole, No. 49, penetrated one foot of ore containing 0.23 percent U_3O_8 by radiometric assay and several holes also penetrated weakly mineralized sandstone. This ore zone in hole 49 was 7 to 8 feet above the Moenkopi-Shinarump contact. Drill hole U1, drilled in June 1957, penetrated 1 foot of unoxidized uranium ore (0.20 percent U_3O_8) containing chalcopyrite. This ore was high on the south bank of the channel and 7 feet above the contact. Also, the weakly mineralized holes penetrated weakly mineralized sandstone or siltstone on different horizons (section B-B', fig. 3). The

westerly extension of the Sowbelly channel may have been penetrated in a mineralized drill hole on Teton 12 claim (fig. 3), in which hole 26 feet of Shinarump sandstone was reported. Eastward, the Sowbelly channel, as reported by the applicant, splits into two segments which he calls the Sowbelly North channel and the Sowbelly South channel, both of which are exposed on the outcrop (see fig. 3).

The exposure of the Sowbelly South channel on the PH 7 claim consists of rather monotonous crossbedded medium-grained sandstone and silty sandstone, the whole aggregating about 20 feet in thickness. The channel is about 75 feet wide at the lowest part and in places a coarse sandstone may be seen but without quartzite pebbles or granules. The maximum scour is about 10 feet (see also sec. B-B', fig. 3). The lowermost 1 foot of the channel, in particular the coarse sandstone, is stained black and green with copper carbonates. A sample was taken of the black-stained sandstone for spectroscopic analysis. This black sandstone was very weakly radioactive to about twice background. A spectroscopic analysis of the sample in Grand Junction proved the sample to contain 1.0 percent or more of copper, manganese, titanium, and iron. Cobalt, which the applicant's representative thought might be present, was not found.

The Sowbelly North channel was not visited by the examining team, inasmuch as the applicant's representative informed the team that this exposure was not as good as the one of the Sowbelly South channel.

West PH channel

The West PH channel (fig. 3) has about 30 feet of scour toward the local Shinarump pinchout on the south, but only about 10 feet of scour towards the Sowbelly channel on the north. Two holes, U4 and U5, were drilled 300 to 400 feet back of the rim and were barren and weakly mineralized.

The lithology of the West PH channel is somewhat more favorable than the Sowbelly South channel exposure. Pebbles and granules of quartzite appear in the lowermost unit of the West PH channel, an indication of formerly swifter currents capable of deeper scouring into the Moenkopi. The following stratigraphic section was made at the deepest scour on the West PH channel exposure:

Lithology	Thickness (feet)
sandstone, coarse, crossbedded, sparse to rare green mudstone pebbles	20
sandstone, very fine, silty, light gray	3
sandstone, coarse to very coarse with pebbles and granules of quartzite	4
Moenkopi formation, light greenish gray	1.3
Moenkopi formation, reddish brown	10+

The lowermost coarse sandstone unit filling the channel consists of a lens 4 feet thick at the thickest part and pinching out in about 40 feet in cross section on either side of its maximum thickness. This unit was stained black and green in the lower 4 inches. A sample of this black-

stained sandstone was found on spectroscopic analysis to contain 1.0 percent or more of copper, manganese, titanium, and iron. This channel exposure definitely appears somewhat more favorable than the Sowbelly South channel exposure, because of the presence of a four-foot maximum thickness of coarse sandstone with pebbles and granules of quartzite.

East PH channel

The East PH channel (fig. 3) is known in outcrop on the PH 8 claim and also by a considerable number of drill holes averaging about 1,800 feet back of the rim exposure. At the time this drilling was done, the trend of the channel was not known; in fact it is doubtful that the outcrop exposure of the East PH channel was even known. The drilling by Mid-Continent Uranium appears to have been in somewhat of a haphazard manner, but collar elevations and drill logs were kept. Cross section A-A', fig. 3, was prepared by John I. Schumacher and Associates (Strategic Minerals Exploration Company) in Grand Junction, on the supposition that the channel was trending southerly. This section, however, which trends obliquely at a low angle across the channel, shows the deepest part of the scour. As may be seen from this cross section, the south bank has about 40 feet of scour, whereas the maximum scour exposed by the drilling on the north bank is about 17 feet. Only one drill hole, No. 17, penetrated weakly mineralized sandstone. The width of the channel shown on figure 3 in the locality of these drill holes represents uncertainty in the location of the channel. F. J. Frankovich believes, from evidence in drill holes 36-41, that the channel is 400-500 feet north of the centerline of section A-A' on claim PH 13.

Slightly more than one mile easterly, another line of drill holes has penetrated the north bank and the middle of a channel, probably the East PH channel. This supposition is strengthened by the fact that one of the holes, No. 29, on the Thunderbird No. 15 claim, penetrated material of ore grade by radiometric assay, although this ore grade material was some 15 or 20 feet above the base of the Shinarump. In drill holes 5, 4, 3, 2, 1, 28, and 29 (fig. 3), extending southerly from Thunderbird 30 claim, the Shinarump sandstone thickens from about 10 feet in drill hole 5 on Thunderbird 30 claim to about 35 feet in hole nos. 1, 28, and 29. Also, from hole 5 toward hole 29, the base of the Shinarump drops about 20 feet and rises slightly toward the southerly bank in hole 29. Hence, it seems rather definite that the north part of a Shinarump channel has been discovered by this drilling. This channel, moreover, lies on the easterly projection of the East PH channel. The trend of the East PH channel shown on figure 3, is similar to that deduced by Frank J. Frankovich, geologist representing the applicant, who made a structure contour map based on the available drill hole data.

The section observed by the examining team at the rim exposure of the East PH channel on PH 8 claim, is by far the best and resembles somewhat the channel exposure of the productive Ula channel, 3 miles to the south, which will be described below. The following section was observed at the place of maximum scour on the exposure of the East PH channel on the PH 8 claim:

Lithology	Thickness (feet)
sandstone, coarse to very coarse, sparse quartzite pebbles up to 3/4 inch	13.0
sandstone and siltstone, crossbedded	3.5
sandstone, medium to coarse, rare to sparse quartzite pebbles up to 3/4 inch	4.0
sandstone, very fine, and siltstone	2.5
sandstone, conglomeratic, very coarse quartzite pebbles up to 1 inch diameter; green and blue copper carbonates and red hematite stain in lower 2 inches along contact. Radioactivity about twice background	8.5
Moenkopi formation, greenish gray grading down to yellow	4.0
Moenkopi formation, red	10.+

The conglomeratic sandstone lens is exposed in cross section for about 150 feet across the bottom of the channel. At each bank this sandstone lens is cut out by the rising contact with the Moenkopi formation. At least 30 feet of scour was observable in the south bank. As the rim was walked toward the north bank of the channel, all units except the uppermost sandstone unit or the cap rock, were progressively cut out by the rising contact of the Moenkopi formation, or equivalent to a total scour of about 20 feet.

Although only weak evidence of uranium mineralization has been found in the East PH channel, the channel exposure closely resembles the ore-bearing Ula channel as seen in outcrop three miles to the south.

Ula channel

The Ula channel contains the largest ore reserve of any in the White Canyon district, excepting possibly the Happy Jack mine. The Ula channel is very straight and is known for a linear extent of at least 2 miles. Four productive mines are strung out along the Ula channel for about 1-1/2 miles (see fig. 2). These are the West Hersey, Hersey, Dermis Fraction, and the Allen No. 2 mines. Through the courtesy of Philip H. Dodd, geologist of the Atomic Energy Commission, the examining team was able to procure an ore reserve map of part of the Ula channel, including the Hersey (No. 2 incline) and the Dermis Fraction (Radium King incline No.1) mines. This map is shown in figure 4 (for location see fig. 2), and shows the relationship of the ore reserve blocks to the outcrop of the channel visited by the examining team. The most impressive feature of the Ula channel outcrop, shown in figure 4, was the large quartzite cobbles in the conglomerate composing the Shinarump. In no other channel has the examining team seen cobbles in the Shinarump up to 3 inches in diameter. The common range for Shinarump pebbles in the Red Canyon area is from about 1/2 inch to 1 inch. Moreover, copper carbonates and black oxides stained the Shinarump conglomerate for 2 feet above its contact with the Moenkopi formation. Radioactivity was several times background through the lower few feet of the channel outcrop.

Another striking feature, shown on figure 4, is the long sinuous trend of the ore back from the outcrop. This ore band may be nearer one bank of the channel than the other, or may be in the center, but its average width is only about 60 feet and for most of its length, less

than 100 feet. The examining team wishes to emphasize with this illustration that a DMEA drilling program with drill holes spaced 100 feet along drill fences might easily miss such an ore body. Indeed, the Foley Brothers Uranium Co. is reported to have spent about $300,000 in an exploration program on the Ula channel. At the end of the drilling program, they concluded that there was no commercial ore body in the Ula channel and turned the property back to Ula Uraniun, Inc., who subsequently leased the property to Radium King Mines. Foley Brothers Uranium Co. are reported to have drilled one hole that penetrated 16 feet of ore assaying 2.0 percent U_3O_8, but they threw out the assay as spurious.

Figure 4 may illustrate one other feature, namely leaching of uranium near the outcrop, a process which is believed to be significant by some AEC geologists. There are several examples in the Red Canyon district, of channels that were weakly mineralized for several hundred feet back of the outcrop but eventually produced ore as much as 1,500 to 2,000 feet back from the outcrop. Evidence of leaching of uranium is unmistakable, but the question arises as to what extent has leaching of uranium actually removed entire ore bodies. There are also many examples of ore bodies that are exposed in outcrop; for example, the Happy Jack mine. The Markey channel (DMEA 4392) contains a sizable ore body outlined by private and DMEA drilling (Contract Idm-E 1050) 2,000 feet back from the outcrop, but it should be remembered that the Anaconda Company mined a 1,000-ton ore body from the rim. Possibly the solution is a compromise between the leaching theory and a random chance of intersection, for the average channel

is ore-bearing through only a small portion of its length and thereby the chances of an outcrop intersecting an ore body is not likely. Further drilling and underground development are needed on the Ula channel near the outcrop (fig. 4) to demonstrate whether or not leaching has removed the ore near the outcrop.

ORE RESERVES

There are no known ore reserves on any of the claims submitted under the application. The ore reserves, as of April 1, 1957, in approximately 1-1/2 miles of the Ula channel (of which about half a mile has been removed by erosion) are tabulated below (courtesy of the AEC ore reserves section).

Mine or claim	Indicated ore		Inferred ore	
	Tons	% U_3O_8	Tons	% U_3O_8
Allen No. 2	7,235	0.28	none	
Hersey and Dermis Fraction	44,155	0.33	57,800	0.33
West Hersey	55,178	0.30	71,600	0.30
Total	106,568	0.31	129,400	0.31

PROPOSED EXPLORATION

The applicant's first proposal consisted of a total of 26,700 feet of core and non-core drilling, to be done in three stages at an estimated cost of $63,948.00. This proposed program was replaced by an alternate program upon evaluation of drill-hole data and subsequent geologic mapping by the applicant. The revised program was received on June 10, 1957

and was based on conferences between the applicant's geologist and the DMEA examining team. It consists of an estimated 30,260 feet of non-core drilling and 240 feet of core drilling in 165 holes. In essence, the applicant's program consists of fences of drill-holes spaced along projected Shinarump-filled channels. The proposed drilling would be divided into stages, and in places, further into phases. The division would not be based on drill hole spacing but rather on groups of profiles across the inferred channels. Each profile in each stage would have in it holes on 200-, 100-, and 50-foot centers. In each of the three areas the first stage of drilling would consist of three or four profiles to establish the existence and trend of a channel beyond the outcrop. Stage II would trace the channel beyond the zone of oxidation and test it for uranium mineralization. Stage III would apply only to the East PH channel and test it further beyond the zone of leaching.

Some revision of the above program was considered in order and discussed with the applicant's geologist. The following program resulted from the conference and is recommended for approval:

The only channel on which there appears to be a reasonable chance for a discovery of a significant ore body is the East PH channel. The applicant's drilling proposals on the West PH channel and the Sowbelly channel, are therefore rejected. Although considerable drilling has been done on the East PH channel with negative results, most of this drilling has been concentrated in one portion of the channel, about 1,800 feet east of the outcrop. It is proposed to explore the East PH

channel from the area of extensive drilling easterly toward the area of channel-type conglomeratic sandstone facies of the Shinarump. The applicant's proposed drilling fences A, B, and C (not shown on figure 3) between the rim exposure of the East PH channel and the area of extensive drilling on PH 13 claim are rejected, because the examining team feels that there is little chance for a significant discovery between the rim and this area of negative drilling, 2,000 feet back from the rim.

A large portion of the channel remains unexplored between PH 13 claim, the area of most extensive drilling, and Thunderbird 15 claim, where drill hole 29 penetrated ore-bearing material. Drilling fences D, E, F, H, and I are proposed to test for the presence of the East PH channel in this area (see fig. 3). These fences are essentially those proposed by the applicant's representatives but have been moved slightly to take advantage of the gullies, thereby avoiding thick talus breccia composed of Wingate sandstone blocks. The applicant's drill fence G has been eliminated, because it was too close to fence F. Fence J (fig. 3) consists of 3 drill holes, 200, 400, and 600 feet respectively, south of drill hole 28 to test the south bank of the east PH channel. Drill fence K is revised slightly from the applicant's location. Drill fences L and M have been added by the examining team to take advantage of two gullies that cross the projected easterly trend of the East PH channel and would further explore the channel toward the area of favorable Shinarump sandstone.

The examining team can not vouch for the accuracy of figure 3, in relation to drill holes, drainage, and claim boundaries; figure 3 was compiled from several sources and certain discrepancies between these sources were noted during the compilation. The drill fences are intended to be located with respect to stream drainages as shown on figure 3, rather than to any claim markers.

The proposed exploration program is divided into three stages, each stage to be completed before commencing the next stage. The stages are described as follows:

Stage I consists of two fences of holes, Fence D and Fence J. The location of these fences shall be fixed approximately as shown on figure 3 but the location of holes in any specific fence is not fixed with the exception of holes nos. J-1 and J-2. Drilling is to proceed outward from holes in the middle portion of the fences. The first two holes in fence J should be drilled at the locations shown (fig. 3)--the third hole may not be needed. This procedure is deemed necessary to locate the inferred channel and incorporates holes previously drilled by the applicant. Fence D is also designed to outline the true location of the projected channel and the operator should be permitted, without prior approval, to shift hole locations from one end of the fence to the other in order to bracket the channel.

The procedure to be followed in completing a fence of drill holes is described below. For the sake of clarity, the three steps are designated phases (a), (b), and (c). Prior Government approval should not be required for these phases.

Phase (a) The first hole is located as near to the center of the projected channel as possible. Subsequent holes are spaced along the fence at 200-foot intervals to roughly define the position of the channel. No more than six non-core holes should be used for this part of the fence. Lithologic and radiometric logs of the holes will indicate which hole penetrated the low point of the channel.

Phase (b) Utilizing the information gained by the holes on 200-foot centers, two holes are drilled within the fence at offset locations, 100 feet on either side of the phase (a) hole that penetrated the Shinarump-Moenkopi contact at the lowest elevation. These holes would be drilled non-core to the top of the Shinarump member, then core-drilled until at least three feet of red Moenkopi mudstone had been penetrated. It is estimated that an average of 50 feet of core and 250 feet of non-core drilling would be required for each hole. The purpose of these holes is to test the Shinarump member for uranium mineralization and to further delineate the bottom of the channel. Under certain conditions, only one of these offset holes may be necessary.

Phase (c) The third and last step in this method is to drill two 50-foot offset holes within the fence to further test the lowest point in the channel profile for uranium mineralization. These holes would, of course, offset the hole that penetrated the lowest point in the Shinarump-Moenkopi contact. They would be drilled non-core to the top of the Shinarump, then cored through the potential ore-bearing member and a short distance into the Moenkopi formation. Again, only one hole may be needed to give adequate information as to ore deposits in the channel.

The examining team is aware of the objections to 50-foot offsets where drilling depths average as much as 300 feet. However, following the example of private drilling on the Ula channel, it becomes obvious that drill fences with 100-foot spacing could very easily miss the ore-bearing part of a Shinarump channel, which is likely to be long and sinuous. A staggered grid is not feasible in the present case because of steep topography, Wingate talus breccia, and uncertainties in detail regarding the trend of the channel.

Two 50-foot offsets per drill profile would locate the lowest point in the channel and might place one or two holes in ore, if any is present in that portion of the channel. In this case, the 50-foot offsets should not be regarded as "blocking out" ore. It should be emphasized that two 50-foot offset holes per drill fence would not result in anything approaching a drill hole grid on 50-foot centers. If two holes are drilled at 50-foot offset of previous DMEA holes in each of the nine fences, averaging 800 feet apart, the equivalent square grid pattern over the portion of the channel explored would equal the square root of $(50x800)ft^2$ or an equivalent 200-foot square grid. By concentrating a few drill holes close together along several fences, it is believed that maximum information will be obtained concerning the ore potentialities of an inferred length of channel totaling almost two miles.

An important consideration in drilling 50-foot offset holes is the possibility of "wandering" of drill holes at the depth of the target. However, most drilling contractors have devices and special drilling methods

to minimize the effect this may have on the accuracy of results obtained.

Stage II will depend on evaluation of the results obtained from the completed fences in Stage I and would require Government approval before commencing. The first stage holes should indicate the trend of the channel being explored, and further projections of the channel are to be tested with Stage II drill fences. In the second stage, Fences E, I, and K (fig. 3) would be completed, the procedure for each fence being the same as that described under Stage I. Results obtained by Stage II drilling will extend the known location of the channel being explored and indicate whether or not to continue the program with a third and final stage of exploration.

In Stage III, Fences F, H, L, and M (fig. 3) would be completed, each fence again being drilled according to the procedure described under Stage I. The completion of this stage will end the program and the channel will have been adequately explored.

Coring in phases (b) and (c) should commence near the top of the Shinarump formation. All holes drilled during the project should bottom in not more than ten feet of red Moenkopi mudstone. The usual contract specifications for a minimum of BX size core, recovery, splitting and storage of core, requirements for hole probing by the operator, submission of geologic and radiometric logs, and employment of a full-time supervisor-geologist should be incorporated.

SUMMARY OF DRILLING FOOTAGES

Drill fence	Phase	No. of holes	Aver. hole depth	Core footage	Plug footage	Total footage
		Stage I				
D	a	6	200	none	1,200	1,200
D	b	2	200	100	300	400
D	c	2	200	100	300	400
J	a	3	300	none	900	900
J	b	2	300	100	500	600
J	c	2	300	100	500	600
Total Stage I		17	241	400	3,700	4,100
		Stage II				
E	a	5	250	none	1,250	1,250
E	b	2	250	100	400	500
E	c	2	250	100	400	500
I	a	5	300	none	1,500	1,500
I	b	2	300	100	500	600
I	c	2	300	100	500	600
K	a	4	300	none	1,200	1,200
K	b	2	300	100	500	600
K	c	2	300	100	500	600
Total Stage II		26	283	600	6,750	7,350
		Stage III				
F	a	5	250	none	1,250	1,250
F	b	2	250	100	400	500
F	c	2	250	100	400	500
H	a	6	250	none	1,500	1,500
H	b	2	250	100	400	500
H	c	2	250	100	400	500
L	a	5	350	none	1,750	1,750
L	b	2	350	100	600	700
L	c	2	350	100	600	600
M	a	5	400	none	2,000	2,000
M	b	2	400	100	700	800
M	c	2	400	100	700	800
Total Stage III		37	311	800	10,700	11,500

Total for project:

	No. of Holes	Aver. Depth	Core footage	Plug footage	Total footage
Stage I	17	241	400	3,700	4,100
Stage II	26	283	600	6,750	7,350
Stage III	37	311	800	10,700	11,500
Totals	80	287	1,800	21,150	22,950

ESTIMATED COSTS OF PROPOSED PROGRAM

The following cost estimate is based on the bid by Scott Brothers Drilling Co. which gives the lowest overall cost. The bid by Sprague and Henwood, Inc. is very nearly the same as the above bid except for the charge for standby time. The prices used in the computation of estimated costs are as follows:

	Non-core	Core
Surface to 200 feet	$1.50	$3.50
200 ft. to 400 ft.	1.75	3.85
Standby time	$12.50 per hour	

Stage I - 17 holes averaging 241 feet in depth

Estimated time for completion - 1.0 month

Basis - 1 drill rig - 1 shift per day

25 days per month - 170 feet per day

(1) Independent Contracts

Drilling, non-core		
0-200 - 3,700 ft at $1.50/ft	$5,550.00	
200-400 - none	0.00	
Drilling, core		
0-200 - 72 ft at $3.50/ft.	252.00	
200-400 - 328 ft at $3.85/ft	1,262.80	
Standby for probing - 9 hrs at $12.50/hr	112.50	
Bulldozing - 50 hrs at $12.00/hr	600.00	
Total Independent Contracts		$7,777.30

(2) Labor, Supervision, and Technical Services

Geological and engineering services		
1 month at $750/mo.	$ 750.00	
Total Labor, Supervision, etc.		750.00

(3) Operating Materials and Supplies

Office and field supplies		
1 month at $100/mo.	$ 100.00	
Total Materials and Supplies		100.00

(4) Operating Equipment

Depreciation			
1 jeep valued at	$1,800.00		
1 hole probing unit	800.00		
	$2,600.00		
Depreciation on 60 months basis			
$\frac{2600}{60}$ = $43.33 per month			
Depreciation for 1 month		$ 43.33	
Total Operating Equipment			43.33

(7) Miscellaneous

Direct accounting costs at $50/mo.		$ 50.00	
Payroll taxes and ins. 8% of $750		60.00	
Chemical analysis for U_3O_8			
20 samples at $3.50 each		70.00	
Core boxes-40 at $1.25 each		50.00	160.00
Total Miscellaneous			~~230.00~~

Total estimated cost of Stage I $8,900.63

Incidental allowance (Total costs less independent contracts, core boxes, and chemical analyses)

includes freight.

$\frac{\$1,053.33}{4100 \text{ ft.}}$ = $0.26 per foot

Avg. III stages = $0.2509/ft.

Stage II - 26 holes averaging 283 feet in depth

Estimated time for completion - 1.75 months

Basis - 1 drill rig - 1 shift per day

25 days per month - 170 feet per day

(1) Independent Contracts

Drilling, non-core		
0-200 - 5,200 ft at $1.50/ft.	$7,800.00	
200-400 - 1,550 ft at $1.75/ft.	2,712.50	
Drilling, core		
0-200 - none	0.00	
200-400 - 600 ft at $3.85/ft.	2,310.00	
Standby for probing - 13 hrs. at $12.50/hr	162.50	
Bulldozing - 75 hrs at $12.00/hr	900.00	
Total Independent Contracts		$13,885.00

(7) Miscellaneous

Chemical analyses for U_3O_8		
30 samples at $3.50 each	$ 105.00	105.00
under inc. Core boxes-60 at $1.25 each	75.00	~~180.00~~
Total Miscellaneous	included	

Fixed Unit Costs (All costs less independent contracts, chemical analyses, and core boxes.)

Incidental allowance		
7,350 ft at $0.26/ft.	$1,911.00	
Total Fixed Unit Costs		$ 1,911.00
		15,901.00
Total estimated cost of Stage II		$15,976.00

Stage III - 37 holes averaging 311 feet in depth

Estimated time for completion - 2.75 months

Basis - 1 drill rig - 1 shift per day

25 days per month - 170 feet per day

(1) Independent Contracts

Drilling, non-core		
0-200 - 7,400 ft at $1.50/ft.	$11,100.00	
200-400 - 3,300 ft at $1.75/ft.	5,775.00	
Drilling, Core		
0-200 - none	0.00	
200-400 - 800 ft at $3.85/ft.	3,080.00	
Standby for probing - 20 hrs at $12.50/hr	250.00	
Bulldozing - 100 hrs at $12.00/hr	1,200.00	
Total Independent Contracts		$21,405.00

(7) Miscellaneous

Chemical analyses for U_3O_8		
40 samples at $3.50 each	$ 140.00	
Core boxes - 80 boxes at $1.25 each	100.00	
Total Miscellaneous		140 ~~240~~.00

Fixed Unit Costs

included

Incidental allowance		
11,500 ft at $0.26/ft.	$ 2,990.00	
Total Fixed Unit Costs		$ 2,990.00
		24,535.00
Total estimated cost of Stage III		$24,635.00

Summary of Proposed Program

	No. of Holes	Aver. Depth	Core feet	Plug bit	Total feet	Overall cost
Stage I	17	241	400	3,700	4,100	$ 8,900.63
Stage II	26	283	600	6,750	7,350	15,976.00
Stage III	37	311	800	10,700	11,500	24,635.00
Total	80	287	1,800	21,150	22,950	$49,511.63

50, 75, 100 = 225.00

Average overall cost per foot	$ 2.157
Government participation - 75 percent or	$37,133.72
Estimated time for completion	5½ months

31 0.2569 0.24

5899.85
5508.00
387.85

CONCLUSIONS AND RECOMMENDATIONS

Outcrop and subsurface data indicate the presence of a southeasterly trending channel, which the applicant calls the "East PH channel," at the base of the Shinarump member of the Chinle formation. Other channels are noted on the project area, but in the opinion of the examining team, the East PH channel is the only one on which there appears to be a reasonable chance for the discovery of a significant ore body. The East PH channel outcrops on the PH 8 claim and has also been located by a considerable number of drill holes averaging about 1,800 feet back of the rim exposure. At the time the drilling was done, the trend of the channel was not known; in fact it appears doubtful that the correlation between the outcrop exposure and the channel delineated by the drill holes was suspected. The holes, although located somewhat haphazardly, indicate the presence of a channel which is weakly mineralized. Slightly more than one mile easterly, another line of drill holes delineate a possible projection of the East PH chanel. One of the holes penetrated material of ore grade by radiometric assay.

The results of the above drilling, information given by the applicant and AEC personnel, and physical inspection of the property, indicate, in the opinion of the examining team, that the East PH channel has possibilities of containing uranium ore deposits comparable in size and characteristics to the Ula channel three miles to the south.

Stage I drilling would consist of a maximum of 17 holes in 2 fences of holes as shown on figure 3. Not all Stage I holes would necessarily be drilled.

Recommended Stage II drilling would consist of a maximum of 26 holes in 3 fences to further define and explore the inferred East PH channel. Prior Government approval for Stage II should be required.

Stage III, as recommended by the examining team, would test the remainder of the East PH channel where known on the applicant's property. A maximum of 37 holes in 4 fences would be required to complete this stage and end the project. Prior Government approval for Stage III should be required.

Recommended Stage I drilling should be adequate to delineate the channel, test that portion of it for mineralization, and indicate the trend. The drill fences recommended for Stages II and III would further define and test the channel over a length of about two miles. Flexibility of contract terms to permit a limited latitude in designating hole locations as explained in the section on proposed exploration would permit the fences to be shifted along the line of the fence as required. This provision is very important in order to define and test the inferred channel as efficiently as possible. The examining team believes that the applicant's supervisor-geologist can competently carry out such a program. The contract should stipulate that the supervisor-geologist be physically present on the project while the drills are operating.

The location of fences, hole spacing within a fence, and a maximum number of holes in any specific fence should be fixed by contract terms, but the operator should be free to designate the drilling sites in each fence on the basis of results of drilling up to that point. This provision should apply to all three stages of exploration.

It is recommended that a three-stage project requiring a maximum of 21,150 feet of non-core drilling and 1,800 feet of core drilling in 80 holes be approved at an estimated cost of $49,511.63. Government participation at 75 percent would be $37,133.72.

OFFICIAL FILE COPY DMEA RECEIVED JUL 17 1957		
DATE	INITIALS	CODE
7/17	P.K.	220
"	FMM	700

224 New Customhouse
Denver 2, Colorado

July 15, 1957

Mr. Darrow Thompson, President
Ula Uranium, Inc.
216 Luhrs Building
Phoenix, Arizona

Re: Docket DMEA 4719 (Uranium)
Ula Uranium, Inc.

Dear Mr. Thompson:

The Grand Junction Office DMEA has received a map from Mr. Frankovich, your geologist, showing the location of the Dix claims, which Ula Uranium, Inc., holds under lease.

The Dix claims have been plotted on the map showing the surveyed locations of the PH claims. This map is the one prepared for Ula by the Strategic Minerals Exploration Company and submitted with your DMEA application.

After plotting the Dix claims on the map it was noted that there is still some unclaimed ground between the Dix and PH group. Furthermore, the odd-numbered PH claims, 7 through 29, are over-length and therefore legally invalid.

We presume that you are taking steps to stake the vacant ground between the Dix and PH Groups and also amend the locations of the odd-numbered PH claims so that the claims will cover all of the vacant ground and be valid locations.

Please forward this office four copies of a true map showing both the amended and new locations of the claims together with the recording data.

We will also require the recording data on the following Dix claims:

D-31	D-25	DR-13	R-104
D-32	D-16	DR-2	R-101
D-27	D-24	D-20	R-103
D-28	D-17	D-14	R-100
LR-10	D-23	D-21	R-102
LR-9	D-18	R-96	R- 99
D-26	DR-1	D-22	DR-8
D-15	DR-19	R-93	R-89

When we receive all of the above information, we will continue to process your application.

Very truly yours,

Original signed by
W. H. KING

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

HMC:eh

CC: Ch. Op. Comm. (2)
DMEA/DFC
Salsbury
Hasler
Harshman
Docket
Chron.

DMEA
DEPARTMENT OF THE INTERIOR

REGION III

APR 30 1957
REGION III
DENVER, COLORADO

Building 20
Denver Federal Center
Denver 2, Colorado
April 30, 1957

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: Superintendent, Denver Experiment Station, Region III

Subject: Docket DMEA 4719 (Uranium) Ula Uranium, Inc.
(P. H., Teton, et al groups) San Juan County, Utah

The application for Ula Uranium, Inc., Docket DMEA 4719, in the amount of $63,948.00 was received in this office on April 30, 1957.

A field examination will be made and a suitable report prepared by an engineer from the Denver or Grand Junction office.

W. H. KING

W. H. King

cc: Executive Officer (2)
EMHarshman
JWHasler
MHSalsbury
JFShaw

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 3 1957

DATE	INITIALS	CODE
5/3	C	220
	~~Murphy~~	~~700~~

WO (2)

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 1 1957
DATE | CODE
5/1 C 220

224 New Customhouse
Denver 2, Colorado

April 29, 1957

Memorandum

To: W. H. King) W/enclosures, Items ~~1-5 Below~~
J. W. Hasler) W/enclosures, Items 2-4 Below

From: DMEA Field Team, Region III

Subject: Docket DMEA 4719 (Uranium) Ula Uranium, Inc. (F. H., Teton, et al., Groups) San Juan County, Utah

Enclosed is the following material relating to the subject docket.

1. Copy of application for Government assistance in exploration work under the DMEA program.
2. Memorandum of Review by James Paone, USBM.
3. Memorandum of Review by W. P. Williams, USGS.
4. Letter of transmittal of the foregoing to this office, dated April 24, 1957, from the Chairman, Operating Committee, DMEA.
5. Routing Control Sheet.

A joint report of recommendations based on available information or a joint report of findings and recommendations based on a field examination is requested.

If the field examiners view the project proposal favorably, the Applicant should be instructed that we will require it to obtain a set, six copies, of Form MF-205, CONSENT TO LIEN and SUBORDINATION AGREEMENT, signed by Copper State Drilling Company covering the Thunderbird Group and, also, a set signed by Mid-Continent covering the Teton and F. H. Groups. At the same time, the field examiners should inform this office of this action so that we may request the proper forms to be prepared for signature.

Twelve extra copies of each map used in the joint report which show the land to be subordinated and the location and extent of recommended work, relative to property boundaries, should be submitted if Government participation is recommended.

The Bureau of Mines' copy of the application should be returned to this office with the joint report of examination. The Survey's copy of the application is to be returned to Mr. Harshman's office.

Original signed by
E. N. HARSHMAN

By E. N. Harshman
Acting Executive Officer

Enclosures
MBM:ch
cc: Sec. Op. Comm. (2)
Harshman W/enclosures, Items 2-4
King
Docket
Chron.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4/22	Murphy	700
"	Ellis	700
4/24	Sellers	130
"	Johnson	110
"	Thompson	100
4/25	Zorn	220
		700

APR 24 1957

Mr. Darrow Thompson, President
Ula Uranium, Inc.
216 Luhrs Building
Phoenix, Arizona

Re: Docket No. DMEA-4719 (Uranium)
P. H., Teton, et al., Groups
San Juan County, Utah

Lamb
Kilgoard

Dear Mr. Thompson:

The application for assistance in exploring your property, under the captioned docket number, has been reviewed by the Rare and Miscellaneous Metals Division of the Defense Minerals Exploration Administration. It has been referred to:

Mr. E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III
224 New Customhouse Building
Denver 2, Colorado

The Regional Office will contact you in regard to your project if additional information is required.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

FMMurphy/gla
4-22-57
cc to: Admr.'s Reading File
Code 700, Mr. Murphy
DMEA Field Team, Region III (2)

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4/22	Murphy	700
"	Elliot	700
4/24	Selfridge	130
"	Johnson	110
"	Richardson	100
		220
		700

APR 24 1957

Mr. B. H. Harshman
Acting Executive Officer
DMEA Field Team, Region III
224 Dew Customhouse Building
Denver 2, Colorado

Re: Docket No. DMEA-4719 (Uranium)
Ula Uranium, Inc.
P. H., Teton, et al., Groups
San Juan County, Utah

Dear Mr. Harshman:

The captioned application is referred to Region III Field Team for investigation, a field examination if deemed advisable, and recommendations.

Enclosed are copies of memoranda, dated April 9 and 17, 1957, by James Paone, USBM, and W. P. Williams, USGS, respectively, relating to the application. Also enclosed for Field Team use is one copy of the application.

In the event the Field Team decides that a project to explore the subject claim groups will be recommended, it should advise the Applicant that we will require a set of six copies of Form HP-205 executed by Mid-Continent covering the Teton and P. H. groups and by the Copper State Drilling Company covering the Thunderbird group.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

Enclosures

FMMurphy/gla
4-22-57
cc to: Admr.'s Reading File
Operating Committee
THKiilsgaard, Rm. 5224
Code 700, Mr. Murphy

APPROVED:

Frank D. Lamb (JHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (JHB)
Member, Geological Survey

8623

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

IN REPLY REFER TO:

OFFICIAL FILE COPY
DMEA
RECEIVED APR 19 1957

DATE	INITIALS	CODE
4/19	C	220
4-19	Murphy	700
	G	
Comments		
Complete		
	April 17, 1957	

Memorandum

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

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

Subject: Review of application, DMEA 4719, Ula Uranium, Inc., Teton, et al. claims, White Canyon district, San Juan County, Utah, (uranium).

The applicant proposes to explore for uranium ore deposits on 74 virtually contiguous mining claims located in the White Canyon district. The proposed work would consist of a total of 26,700 feet of core and rotary drilling, to be done in three stages at a total estimated cost of $63,948.

The proposed drill holes are arranged in 'fence' pattern in order to intercept postulated Shinarump channel trends. At five locations channel trends seem to be indicated by 94 previously drilled holes. Of those holes 16 were weakly mineralized; none found ore. The reasons are not clear for positions of holes in lines 2 and 7 on the applicant's map.

The property is located in a general area where large ore deposits are known. More exploration on the claims may be warranted. I recommend that the application be referred to the Field Team for examination and report. The property appears to be adjacent to DMEA 4714, Strategic Minerals Exploration Co. Under those conditions both properties could be examined during one trip by the examining team.

W. P. Williams

W. P. Williams

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

OFFICIAL FILE COPY DMEA RECEIVED APR 9 1957		
DATE	INITIALS	CODE
4/10	JWE	120
"	Mr. Ellis	700

Date April 9, 1957

DMEA Docket No. 4719
DMEA Contract No.
Commodity Uranium
Name of applicant Ula Uranium Inc.
Name of property P. H. Group, Teton Group, el al
Location of property San Juan County, Utah
Estimated cost of project $63,948.00

To: Ernest William Ellis, DMEA Member
Uranium Commodity Committee
James Paone, Bureau of Mines Alternate Member
Uranium Commodity Committee

Subject: Review of Application
(Application, Field Team Report, etc.)

1. Date of subject document: 4/5/57. 2. Date received by reviewer: 5/8/57

3. Other reports on this property known to reviewer: Yes ☐ No ☐

4. Other reports on nearby properties known to reviewer: Yes ☐ No ☐

5. Information available on past production: Yes ☐ No ☐

6. Other pertinent factors known to reviewer: Yes ☐ No ☐

7. Explain items marked yes above:

8. Factors meriting special consideration:
- a. Location ☐
- b. Ownership ☐
- c. Evidence of mineralization ☐
- d. Geology ☐
- e. Proposed exploration method ☐
- f. Alternate exploration method ☐
- g. Costs ☐
- h. _____ ☐

9. Action advised:
- a. Obtain information from applicant ☐
- b. Refer to Field Team ☒
- c. Denial ☐
- d. Agree with Field Team ☐
  - i. Consult with Mr. _____ at _____ ABC office.
- e. Disagree with Field Team ☐
- f. Suggest alternate plan ☐
- g. Request another examination ☐
- h. Approval ☐

10. Remarks: (Use back of page if necessary)

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
Washington 25, D. C.

April 8, 1957

Mr. Darrow Thompson, President,
Ula Uranium, Inc.,
216 Luhrs Building,
Phoenix, Arizona.

Subject: DMEA 4719
Re: Exploration Assistance

Dear Mr. Thompson:

Your application for exploration assistance, dated March 22, 1957, submitted to our office at Denver, Colorado, has been assigned Docket Number DMEA 4719 and referred to the Rare & Miscellaneous Metals Division in the Washington office. Kindly identify all future correspondence relating to your application by this Docket Number.

Sincerely yours,

Allen S. Dakan, Chief
Operations Control and
Statistics Division

Copy to: Region III.

3571

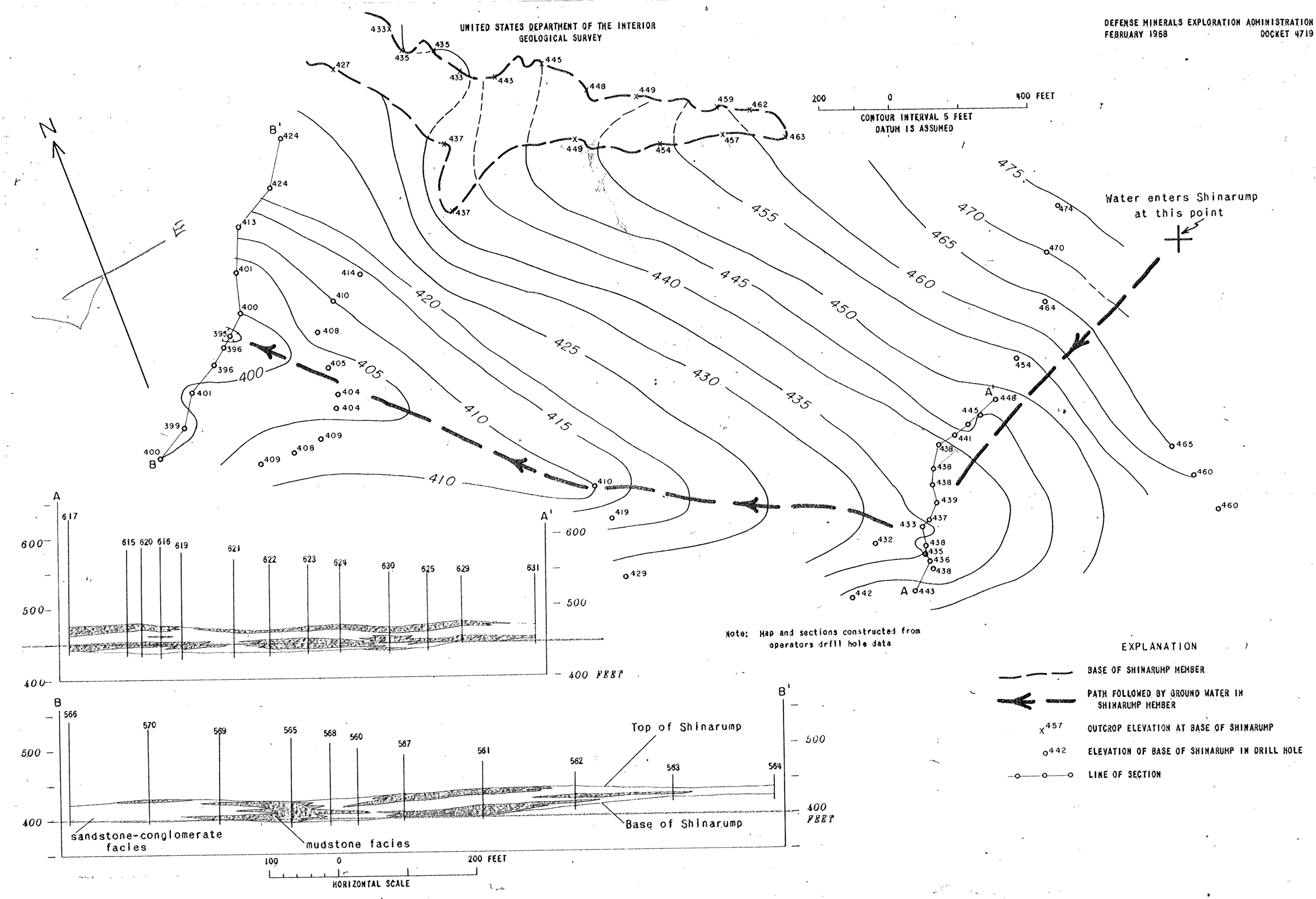


FIGURE 1.--STRUCTURE OF THE EAST PH CHANNEL ALONG EASTERN LIMIT OF EXPLORATION, THUNDERBIRD CLAIMS, ULA URANIUM INC., SAN JUAN COUNTY, UTAH

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET 4719

AUGUST 1957

EXPLANATION

APPROXIMATE CONTACT BETWEEN CHINLE FORMATION (Ꞧc) AND WINGATE SANDSTONE (Ꞧw) OF TRIASSIC AGE

SHINARUMP RIM

SHINARUMP CHANNEL BOUNDARY, DASHED WHERE PROJECTED BEYOND DATA

DRILL HOLES (NUMBERING IS REPEATED ON DIFFERENT CLAIM GROUPS. SOME WERE UNNUMBERED. U - SERIES HOLES ARE HOLES DRILLED BY ULA URANIUM IN JUNE 1957)

29 ORE-BEARING

10 WEAKLY MINERALIZED

11 BARREN

D ×1 TENTATIVE LOCATION OF PROPOSED DRILL HOLE ON 200 FOOT SPACING--FENCE D, HOLE 1 (APPLICANTS DRILL FENCES A, B, AND C DENIED AND THEREFORE NOT SHOWN)

Note: CLAIMS AND DRILL HOLE LOCATIONS FROM MAPS SUBMITTED BY APPLICANT. DRAINAGE, CONTOURS, AND GEOLOGIC CONTACT COMPILED BY F.M. BYERS, JR. FROM U.S.G.S. 1:24,000 7½ - MINUTE QUADRANGLES OF WHITE CANYON DISTRICT, LOCATIONS APPROXIMATE. SHINARUMP RIM AND CHANNEL TRENDS FROM PLANETABLE SURVEY BY FRANK J. FRANKOVICH AND R.C. ROBECK, CONSULTING GEOLOGISTS.
TETON, SOWBELLY, AND PH 1 THROUGH 6 CLAIMS TO BE EXCLUDED FROM CONTRACT

600 0 1200 FEET

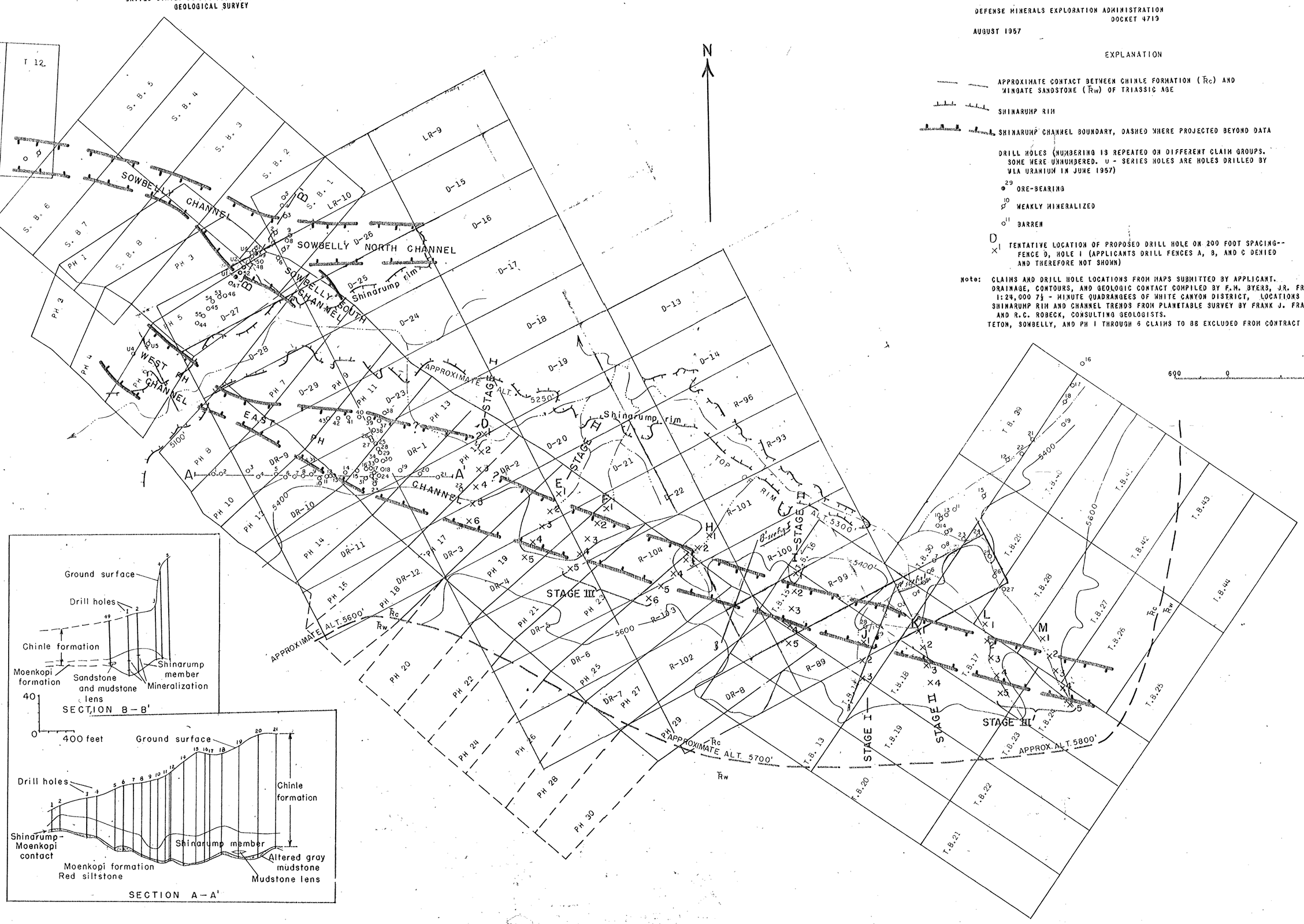


Figure 3.--CLAIM SURVEY MAP SHOWING GENERALIZED TOPOGRAPHY, DRILL HOLES AND PROPOSED STAGE I DRILL HOLES, PH 7 THROUGH PH 30, DIX GROUP, THUNDERBIRD 13 THROUGH 30, AND THUNDERBIRD 39 THROUGH 44 CLAIMS, ULA URANIUM, INC., WHITE CANYON MINING DISTRICT, SAN JUAN COUNTY, UTAH.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DEFENSE MINERALS EXPLORATION ADMINISTRATION
DOCKET 4719

AUGUST 1957

EXPLANATION

APPROXIMATE CONTACT BETWEEN CHINLE FORMATION (Rc) AND WINGATE SANDSTONE (Rw) OF TRIASSIC AGE

SHINARUMP RIM

SHINARUMP CHANNEL BOUNDARY, DASHED WHERE PROJECTED BEYOND DATA

DRILL HOLES (NUMBERING IS REPEATED ON DIFFERENT CLAIM GROUPS. SOME WERE UNNUMBERED. U - SERIES HOLES ARE HOLES DRILLED BY ULA URANIUM IN JUNE 1957)

29 ORE-BEARING

10 WEAKLY MINERALIZED

11 BARREN

D ×1 TENTATIVE LOCATION OF PROPOSED DRILL HOLE ON 200 FOOT SPACING--FENCE D, HOLE 1 (APPLICANTS DRILL FENCES A, B, AND C DENIED AND THEREFORE NOT SHOWN)

Note: CLAIMS AND DRILL HOLE LOCATIONS FROM MAPS SUBMITTED BY APPLICANT. DRAINAGE, CONTOURS, AND GEOLOGIC CONTACT COMPILED BY F.M. BYERS, JR. FROM U.S.G.S. 1:24,000 7½ - MINUTE QUADRANGEES OF WHITE CANYON DISTRICT, LOCATIONS APPROXIMATE. SHINARUMP RIM AND CHANNEL TRENDS FROM PLANETABLE SURVEY BY FRANK J. FRANKOVICH AND R.C. ROBECK, CONSULTING GEOLOGISTS.
TETON, SOWBELLY, AND PH 1 THROUGH 6 CLAIMS TO BE EXCLUDED FROM CONTRACT

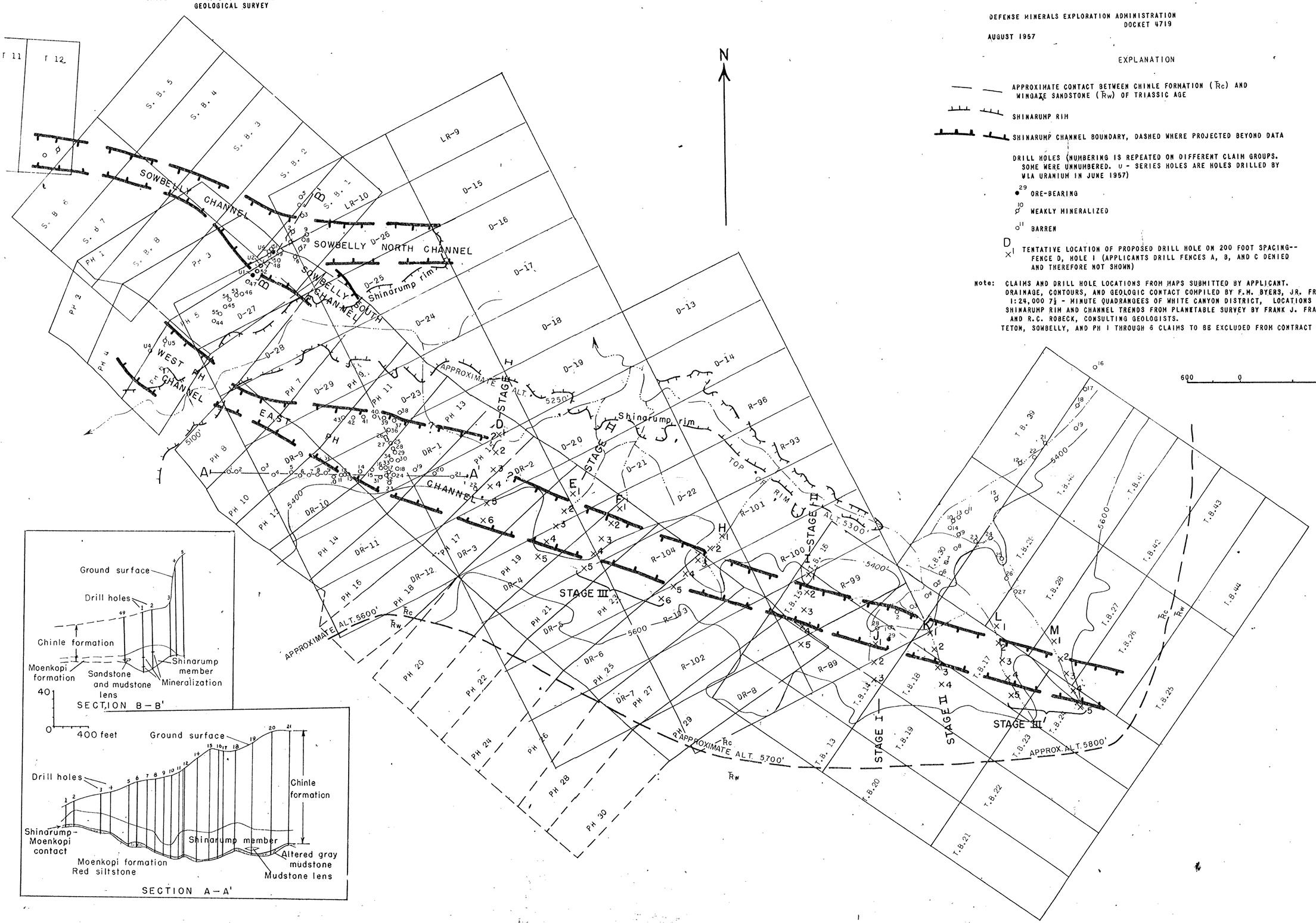
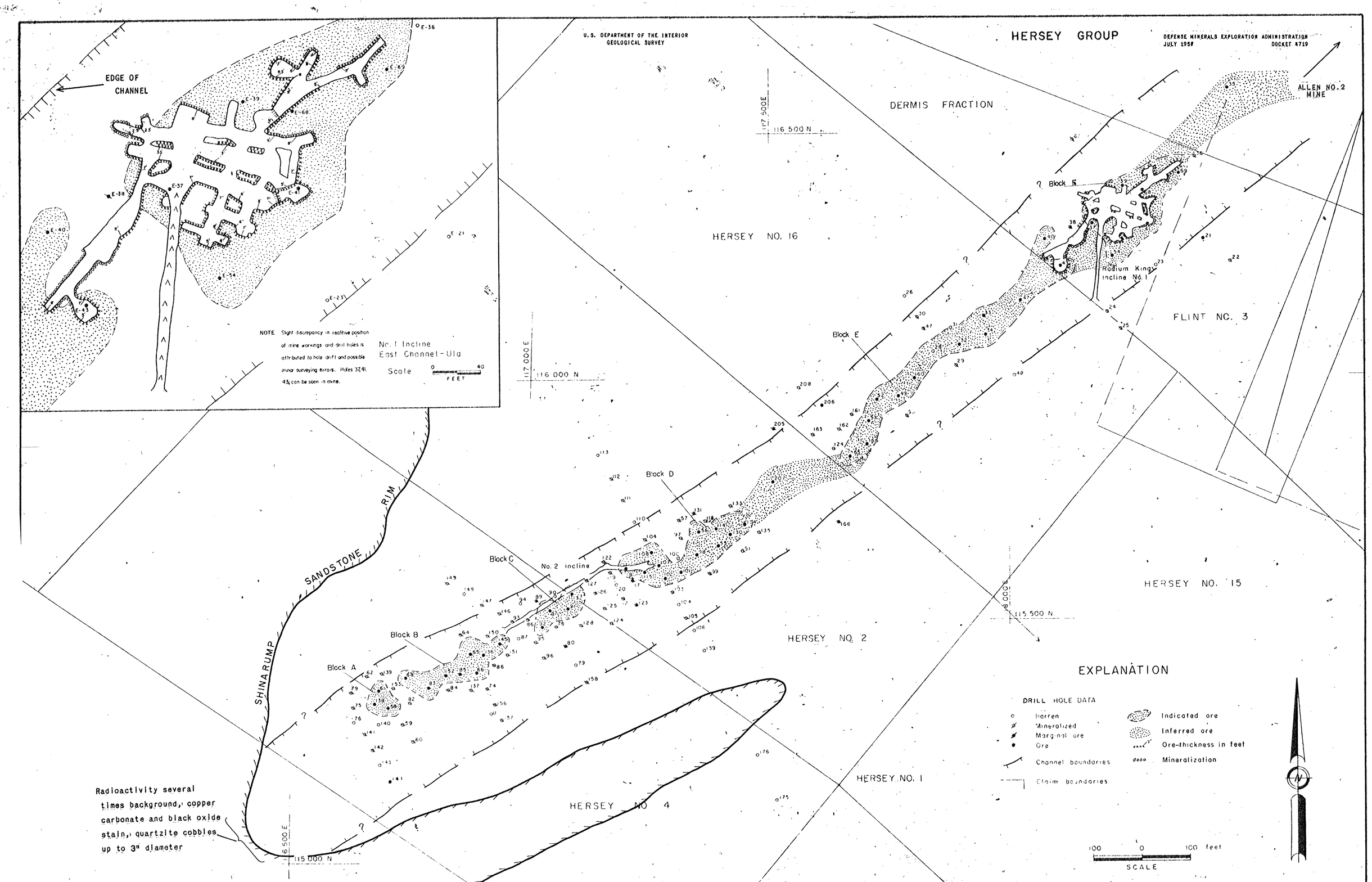


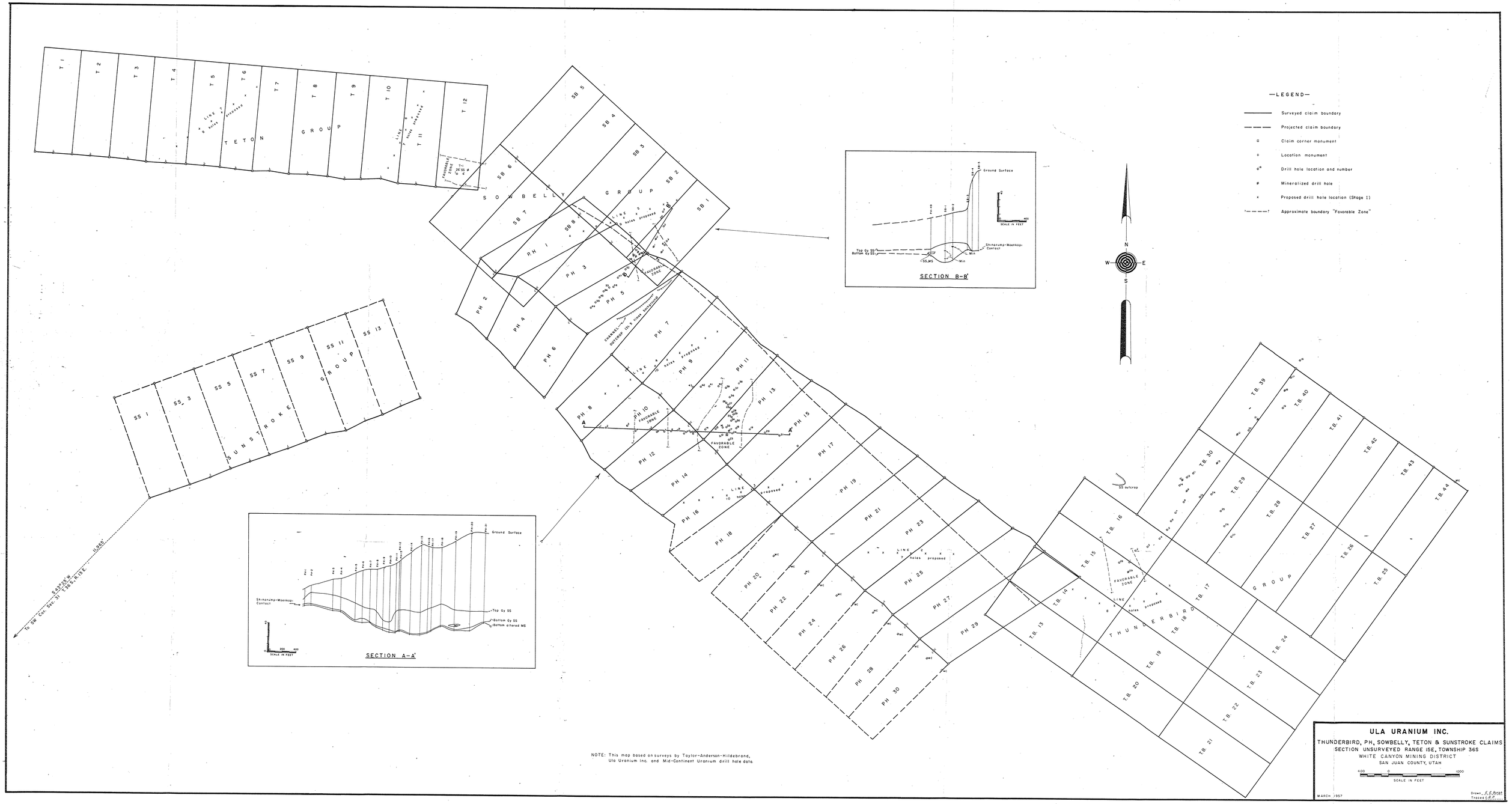
Figure 3.--CLAIM SURVEY MAP SHOWING GENERALIZED TOPOGRAPHY, DRILL HOLES AND PROPOSED STAGE I DRILL HOLES, PH 7 THROUGH PH 30, DIX GROUP, THUNDERBIRD 13 THROUGH 30, AND THUNDERBIRD 39 THROUGH 44 CLAIMS, ULA URANIUM, INC., WHITE CANYON MINING DISTRICT, SAN JUAN COUNTY, UTAH.



Compiled by Philip H. Dodd and others
U.S Atomic Energy Commission

Figure 4.--ORE RESERVE MAP OF PART OF ULA CHANNEL SHOWING DRILL HOLES, INDICATED AND INFERRED ORE, WIDTH OF CHANNEL, AND MINE WORKINGS, RADIUM KING MINES - ULA PROPERTY, WHITE CANYON, SAN JUAN COUNTY, UTAH.

FOR OFFICIAL USE ONLY (COMPANY CONFIDENTIAL)


—LEGEND—
Surveyed claim boundary
Projected claim boundary
Claim corner monument
Location monument
Drill hole location and number
Mineralized drill hole
Proposed drill hole location (Stage 1)
Approximate boundary "Favorable Zone"
N
W
E
S
TETON GROUP
SOWBELLY GROUP
SUNSTROKE GROUP
THUNDERBIRD GROUP
SECTION A-A'
SECTION B-B'
Ground Surface
Shinarump-Moenkopi Contact
Top Gy SS
Bottom Gy SS
Bottom altered MS
SCALE IN FEET
FAVORABLE ZONE
CHANNEL-SUPERIMP. ON 3 TIMES DEVIATION
SS outcrop
To SW Cor. Sec. 31 T36S, R15E
1,925'
S 53°25' W
ULA URANIUM INC.
THUNDERBIRD, PH, SOWBELLY, TETON & SUNSTROKE CLAIMS
SECTION UNSURVEYED RANGE 15E, TOWNSHIP 36S
WHITE CANYON MINING DISTRICT
SAN JUAN COUNTY, UTAH
400 0 1000
SCALE IN FEET
MARCH 1957
Drawn: J. E. Burge
Traced: J. E. Burge
NOTE: This map based on surveys by Taylor-Anderson-Hildebrand, Ula Uranium Inc. and Mid-Continent Uranium drill hole data.

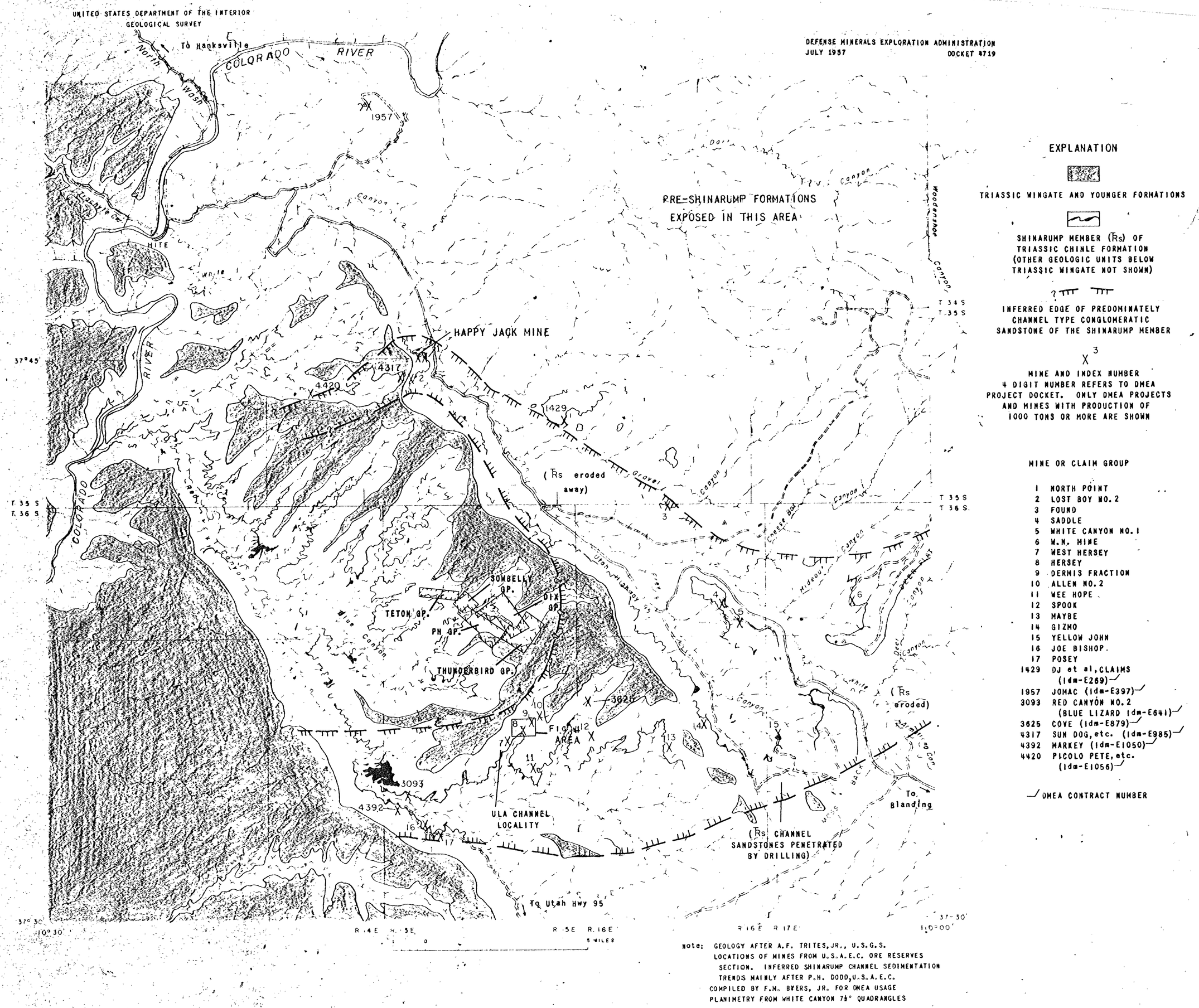
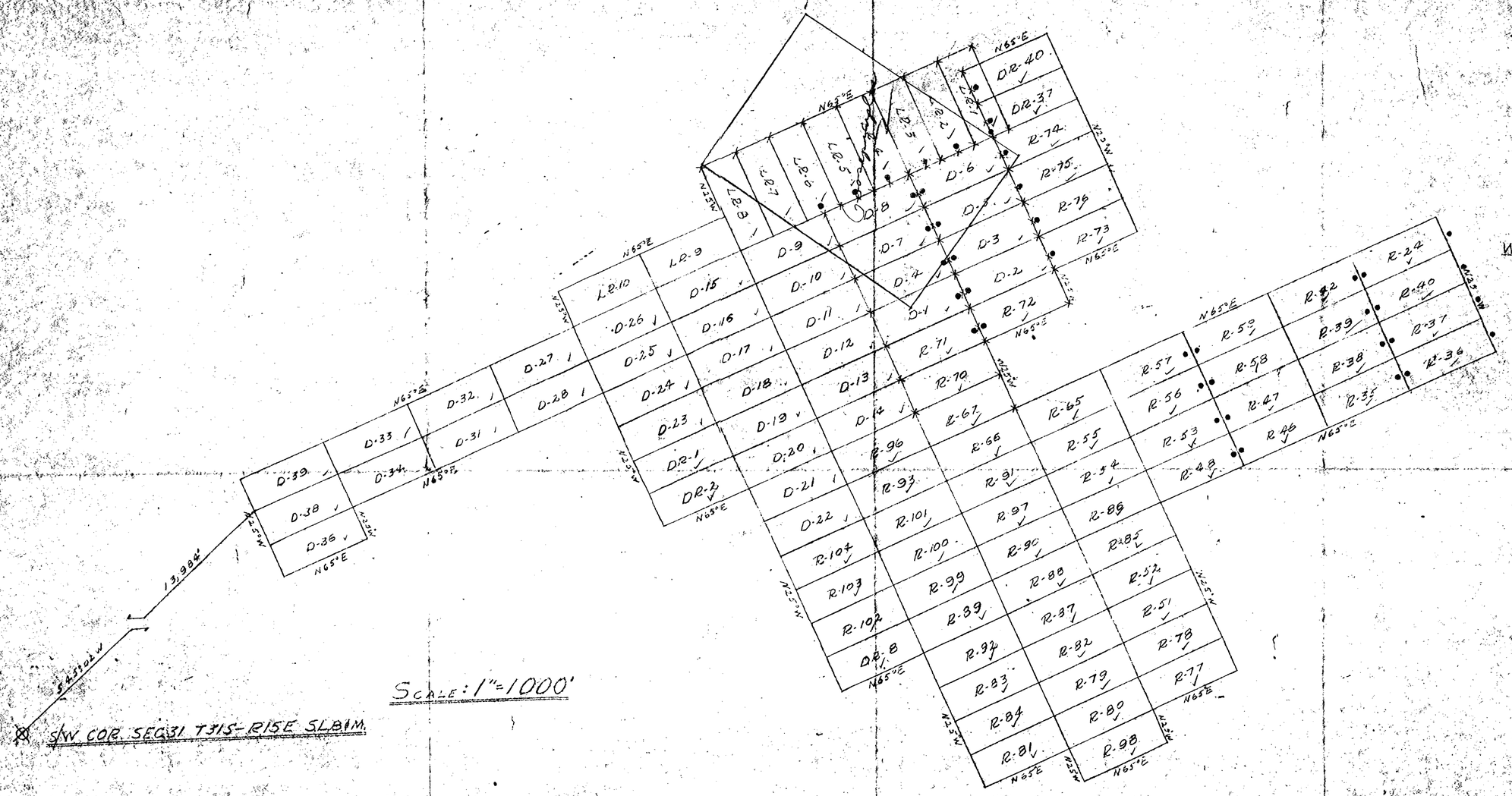


FIGURE 2.--GENERALIZED GEOLOGIC MAP OF WHITE CANYON AREA SHOWING LOCATION OF TETON, SOWBELLY, PH, THUNDERBIRD, AND DIX CLAIM GROUPS WITH RESPECT TO SHINARUMP FACIES TRENDS AND HERSEY AND DERMIS FRACTION MINES (FIGURE 4 AREA), ULA URANIUM, INC., SAN JUAN COUNTY, UTAH.



"DIX URANIUM CORP"

SAN JUAN COUNTY, UTAH.

REGISTERED LAND SURVEYOR No. 1770 GEORGE H. NEWELL STATE OF UTAH

I Certify the above to be correct to the best of my knowledge and belief.
George H. Newell
Registered Surveyor
Utah License No. 1770

NOTE:
STAKE SURVEY
ALL CLAIMS: 600 x 1500
ALL BEARINGS: N65°E & N25°W

X - PAINTED COR'S
• - AMMENDED NOTICE
D - DIX
R - REGAL
LR - LANE-REGAL
DR - DIX-REGAL