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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 October 1, 1958 shall commence the work, and on or before ..... (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A", except as otherwise provided in Exhibit "A" with respect to stages of work.

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

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.

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 6.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

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

(b) 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.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C O Mitterdorf
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]

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

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 Uto Uranium, Inc.
Docket No. DMEA- 0719
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 BH7-20 inclusive, recorded in the official records of San Juan County, Utah on July 17, 1956 in Book 131, pages 284-310 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

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 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 [illegible]
Docket No. DMEA-[illegible]
Contract No. Idm-E [illegible]
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/

[illegible] lode mining claims [illegible] 13-30 inclusive and 99-00 inclusive, recorded in the official records of San Juan County, Utah, on August 8, 1950 in Book 149 at pages 309-317 incl., and 322-330 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.

COWIE COWIE DRILLING COMPANY	[Seal]	216 LUHRS BLDG-PHOENIX, ARIZONA	[Address]
W. T. Willey, Pres.	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, ROBERT P. COWIE certify that I am the Secretary (Secretary, etc.) of the corporation named herein; that W. T. WILLEY 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.

Robert P. Cowie

[Corporate Seal]

[redacted]05
(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]

EXTRA
OFFICE FILE COPY
DMEA
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CODE

MF 205 ANNEX

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

Claim Name	Dated Recorded	Book No.	Page
Dix 13-20 Incl.	June 14, 1954	134	7 thru 20
Regal 89 and 93	June 7, 1954	134	30 thru 33
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	21 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.

EXPLORATION PROJECT CONTRACT
ULA URANIUM, INC.
DOCKET NO. DMRA-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	$ 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	----	
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".

Finance Office copy

DATE	[illegible]	CODE

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 [illegible],
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 [illegible] (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A", except as otherwise provided in Exhibit "A" with respect to phases 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 $ 40,000.00 The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $ 30,040.00 : *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

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

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

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); See Article 13

(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.)

(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.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. F. 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]

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

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

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

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

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, 195 7

Dix Uranium Corp.	[Seal]	P.O. Box 401 Provo, Utah	[Address]
Flint C. Dixon	[Seal]	930 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]

EXTRA COPY
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MF 300 ANNEX

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

Claim Name	Date Recorded	Book No.	Page
Dix 13-20 Incl.	June 14, 1954	134	7 Thru 20
Regal 89 and 93	June 7, 1954	134	89 thru 93
Regal 96	June 7, 1954	134	96
Regal 99-103 Incl.	June 7, 1954	134	99 thru 103
Dix-Regal 1-12 Incl.	June 14, 1954	134	1 thru 27
Lane-Regal 9 & 10	Sept. 13, 1954	197	339
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

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 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 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]
N. T. Willey, Pres.	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, MILAR D. COUN certify that I am the Secretary (Secretary, etc.) of the corporation named herein; that O. R. UNITS 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.

Robert P. Cowie

[Corporate Seal]

EXPLORATION PROJECT CONTRACT
ULA URANIUM, INC.
DOCKET NO. DMRA-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	$ 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,[illegible].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	----	
200-400 foot depths, 800 ft. @ $3.75/ft.	3,000.00	
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

S U M M A R Y

Estimated Total Cost Stage I	$ 0,881.30	
Estimated Total Cost Stage II	$15,[illegible].00	
Estimated Total Cost Stage III	$24,405.00	
Estimated Total Cost of Project (rounded)		[illegible],120.00
Government Participation @ 75%		$[illegible],040.00

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".

Operator's copy

RECEIVED
JUL 14 1958
D.M.E.A.

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, 1956 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A," except as otherwise provided in Exhibit "A" with respect to stages of work.

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

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.

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);

See Article 13

(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.)

(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.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

ULA URANIUM, INC.
(Operator)

By .....

Title .....

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

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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UP 200 ANNIX

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

Claim Name	Dated Recorded	Book No.	Page
Dix 13-19 Incl.	June 14, 1954	134	7 thru 20
Regal 89 and 90	June 7, 1954	131	90 & 90
Regal 96	June 7, 1954	131	96
Regal 99-101 Incl.	June 7, 1954	131	99 thru 101
Dix-Regal 1-12 Incl.	June 14, 1954	134	21 thru 27
Lane-Regal 9 & 10	Sept 13, 1954	137	366
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 Ute 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 204-210 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

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, 195?.

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-[illegible]1 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 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 W. T. Willey, Pres.	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, ROBERT P. COVIE certify that I am the Secretary (Secretary, etc.) of the corporation named herein; that W. T. WILLEY 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.

Robert P. Covie

[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	$ 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	----	
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

S U M M A R Y

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".

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 page I, 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 commenced a work program (see Article 6) in accordance with the estimated total allowable cost set forth in 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

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.

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. 8.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

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

(b) 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.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By /s/ C. O. Mittendorf
Administrator, Defense Minerals
Exploration Administration

ULA URANIUM, INC.
(Operator)

By .....

TITLE .....

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

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	207-216
Thunderbird 13-30 incl.	8-6-54	143	309-317
Thunderbird 39-44 incl.	8-6-54	143	322-324
Dix 13-89 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

COPY

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]
/s/ 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.

/s/ John H. Peterson (SEAL)

[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

COPY

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

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]
/s/ Norman Ebbley	[Seal]	Box 883, Grand Junction, 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.

/s/ Mark D. Dunn (SEAL)

[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 1151
Contract Date 14 NOV 1957

COPY

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]
bt /s/ W. T. Willey, Pres.	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, ROBERT P. COWIE certify that I am the Secretary (Secretary, etc.) of the corporation named herein; that W. T. WILLEY 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.

/s/ Robert P. Cowie (SEAL)

[Corporate Seal]

EXPLORATION PROJECT CONTRACT
ULA URANIUM, INC.
DOCKET NO. DMSA-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 Hi 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 Chinarump 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 [illegible] 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	$ 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	- - - -	
200-400 foot depths, 100 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

S U M M A R Y

Estimated Total Cost Stage I	$ 3,881.30	
Estimated Total Cost Stage II	$15,[illegible]	
Estimated Total Cost Stage III	$24,[illegible]	
Estimated Total Cost of Project (rounded)		$[illegible].00
Government Participation [illegible]		$[illegible].00

1/ Categories (2) through (5) do not apply to this contract

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

MF-200
(Revised June 1954)

COPY

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 allowable costs (see Article 6) in a sum not less than the estimated total allowable costs set forth in 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

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.

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~~. 8.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.*—

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

(b) 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.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By /s/ C. O. Mittendorf
Administrator, Defense Minerals
Exploration Administration

ULA URANIUM, INC.
(Operator)

By .....

TITLE .....

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

EXPLORATION PROJECT CONTRACT
ULA URANIUM, INC.
DOCKET NO. DMA-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

COPY

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]
/s/ Flint C. Dixon	[Seal]	759 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.

/s/ John H. Peterson (SEAL)

[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
Lone-Regal 9 & 10	Sept 13, 1954	197	358
Lone-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

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

COPY

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

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 25th day of September, 195 7.

Mid-Continent Uranium Corp.	[Seal]		[Address]
/s/ Norman Ebbley	[Seal]	Box 683, Grand Junction, 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.

/s/ Mark D. Dunn (SEAL)

[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 1151
Contract Date 14 NOV 1957

COPY

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, 195 7.

COPPER STATE DRILLING COMPANY	[Seal]	216 Luhrs Bldg., Phoenix, Arizona	[Address]
by /s/ W. T. Willey, Pres.	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

I, ROBERT P. COWIE certify that I am the Secretary (Secretary, etc.) of the corporation named herein; that W. T. WILLEY 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.

/s/ Robert P. Cowie (SEAL)

[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 PT 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. [illegible] and [illegible] 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 800 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 30 feet of the Moenkopi formation has been penetrated.

It is estimated that, on an average, 40 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 screened 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 cuttings samples and the drill core.

Core and cuttings from the drill holes shall be logged geologically and the holes proted radiometrically by the Operator. Records of such logging and proting, 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 EX 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:		
50 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		$9,881.30

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. @ $3.75/ft.	2,250.00	
Stand-by time for probing, 13 hours @ $12.50/hr.	162.50	$13,825.00

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	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,[illegible].00

Stage III

Actual Costs[1]

Category (1) Independent Contracts:

Bulldozing access roads and drill sites, 100 hours @ $12.00/hr.	1,[illegible]	
Drilling, non-core		
0-200 foot depths, 7,400 ft. @ $1.50/ft.	11,[illegible]	
200-400 foot depths, 3,300 ft. @ $1.75/ft.	5,775.00	
Drilling, core		
0-200 foot depths, None	- - - -	
200-400 foot depths, 700 ft. @ $3.05/ft.	2,[illegible]	
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

S U M M A R Y

Estimated Total Cost Stage I	$ 8,881.30	
Estimated Total Cost Stage II	$15,[illegible]	
Estimated Total Cost Stage III	$24,405.00	
Estimated Total Cost of Project (rounded)		$[illegible],120.00
Government Participation (50%)		$[illegible],560.00

1/ Categories (7) 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 "C".

INSTRUCTIONS FOR USE

1. Identify Agency of Addressee
2. Void Previously Used Block
3. Write Clearly
4. Send Surplus Envelopes to Supply Room for Reissue

U.S. Government Messenger Envelope

Standard Form No. 65 (Rev. 1957)
Promulgated by Bureau of the Budget Circular A-33 (Rev.)

NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM		NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM	
Jas. W. H. Chamberlain D. M. E. A.	STOP		STOP
4719	STOP		STOP
	STOP		STOP
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1511187

Use other side

Use STOP only when messenger service between Government buildings in Washington, D. C., is required or wherever a STOP system is used. Your mail room has STOP information.

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

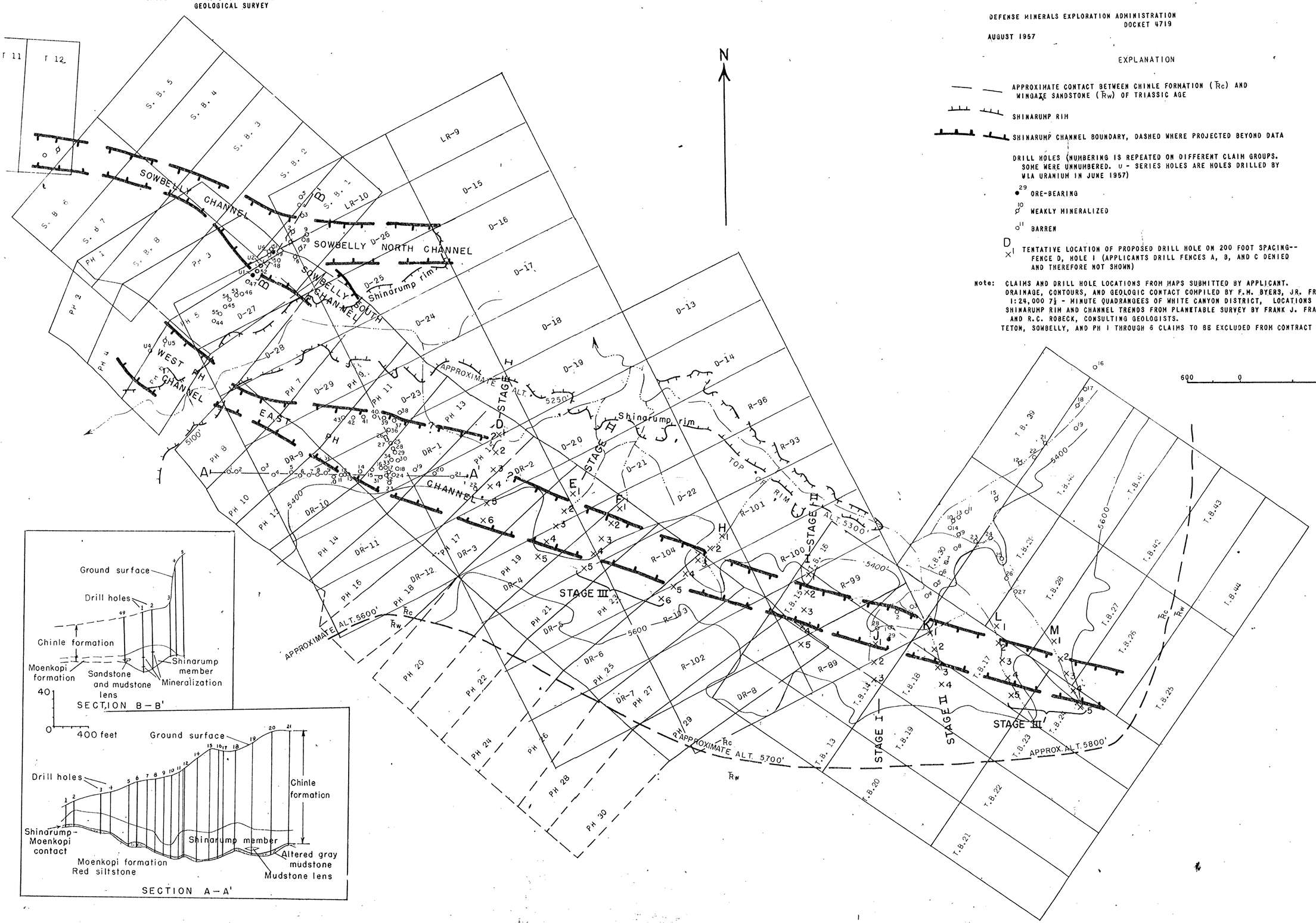

Figure 3.--CLAIM SURVEY MAP SHOWING GENERALIZED TOPOGRAPHY, DRILL HOLES AND PROPOSED STAGE I DRILL HOLES, PH 7 THROUGH PH 30, DIX GROUP, THUNDERBIRD 13 THROUGH 30, AND THUNDERBIRD 39 THROUGH 44 CLAIMS, ULA URANIUM, INC., WHITE CANYON MINING DISTRICT, SAN JUAN COUNTY, UTAH.