DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

RECEIVED 20 1956

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Klondike Uranium
114 Atlas Building
Salt Lake City, Utah

pertaining to Exploration Project Contract No. Idm-8873, Docket No. DMEA-3732, including Amendment No. 1, and Termination Agreement dated October 12, 1956, for the months of November, 1955 to December, 1955, inclusive, covering a project for the exploration of uranium on property known as Klondike Claims located in Grand County, Utah.

My review included an examination of the Monthly Reports (Form MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, consultation with the Executive Officer, DMEA Field Team, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the following reason:

> All of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs of units of work actually performed.

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

Total cost as billed by Contractor		$3,687.50
Exceptions:		
By DMEA Finance Officer	$0.00	
Herewith	0.00	0.00
Total Accepted Cost		$3,687.50

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Two thousand, seven hundred sixty-five and 63/100ths Dollars

** $2,765.63 **

is considered valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

December 17, 1956

T. H. Brading, Auditor

DEC 21 1956

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

Re: Report of Review
Idm-E873, DMEA-3732
Klondike Uranium

Dear Mr. Brading:

Receipt is acknowledged of the Washington copies of your Report of Review covering the above-cited project.

The report is acceptable and normal distribution is authorized.

Sincerely yours,

for Jay L. Chambers, Chief
Contract Administration
and Audit Division

AMAlley/ama
December 21, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

RECEIVED
FEB 20 1956

224 New Customhouse
Denver 2, Colorado

February 16, 1956

Memorandum

To: Secretary to the Operating Committee, DMEA

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-3732 (Uranium) Contract Idm-E873, Klondike Uranium, Inc., Grand County, Utah

Enclosed are two copies of the inspecting engineer's memorandum report dated February 14, 1956 which covers exploration by the subject Operator during the month of January 1956. No work was performed under the contract during the period, and therefore no Operator's Monthly Report and Voucher was submitted.

W. M. Traver

W. M. Traver

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

DMEA
Date Rec'd.
FEB 14 1956
BUREAU OF MINES
Denver, Colorado

RECEIVED
FEB 20 1956

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
February 14, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: Carl Belser

Subject: DMEA 3732, Contract Idm-E873 (Uranium) Klondike Uranium, Inc., Group of 16 unpatented claims, Grand County, Utah. - Progress report for January, 1956

The underground workings were visited on February 8, 1956. The contractor was crosscutting in a westerly direction and had penetrated some small stringers of uranium mineralization. On February 8th, a stoper drill was received but no vertical long holes had been drilled. No work had been done during January on the contract and no payment was claimed.

The contractor was waiting for Stage II work to be approved.

Carl Belser
Carl Belser
Mining Engineer

CB/mw
cc: 6
Idm-E873
Chron.

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

Budget Bureau No. 42-R1036.5

RECEIVED
JAN 30 1956

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

Month of December 1955 Docket No. DMEA 3732 Contract No. Idm-E 873
Operator's Name Klondike Uranium Inc. Minerals Uranium
Address 114 Atlas Bldg. Salt Lake City, Ut
Contract Amount, $ 19,132.00 Government Participation 75% Amount, $ 14,349.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting	$	$	$			
Drifting	1622.50	2065.00	3687.50			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$ 1622.50	$ 2065.00	$ 3687.50	1,622.50	2,065.00	3,687.50

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

Date Jan 4, 1956 *Payee Klondike Uranium Inc
Karl F. Bugli - Sec. Tres
Per J. F. Mitchell Title Supt. of Operations

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

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

(Instructions on reverse)

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

$ 1216.88

Signature [illegible]
(Authorized Certifying Officer)

Date 1/24/56 Vou. No. 55MA 56-62

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 14-E-873 in accordance with the terms of the contract.

Signature Carl Behr (3216.98) Title Mining Engineer Date 1/17/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Shaw Title Executive Officer Date JAN 19 1956

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
JAN 30 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of December 1955 Docket No. DMEA 3732 Contract No. Tdm.-E 873
Operator's Name Klondike Uranium Inc. Minerals Uranium
Address 114 Atlas Bldg - Salt Lake City Ut

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Ft	$1622.50	55	$3687.50	125	$29.50	385	$29.50
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn	0							
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		$1622.50		$3687.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$1622.50		$3687.50				

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

Date Jan 4, 1956 Operator Klondike Uranium Inc
Per Karl F. Burr - Sec. Treas. J. F. Mitchell Title Supt. of Operations

REMARKS:

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

(Instructions on reverse)

(For Government use only) Carl Belcher

INSTRUCTIONS

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

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

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

GPO 872894

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

RECEIVED
JAN 30 1956

224 New Customhouse
Denver 2, Colorado

FINAL DISTRIBUTION
JAN 26 1956
MADE

January 19, 1956

Memorandum

To: T. A. Christensen

From: Executive Officer, DMEA Field Team, Region III

Subject: DMEA Docket 3732 (Uranium) Contract Idm-E873, Klondike Uranium, Inc., Klondike et al claims, Grand County, Utah. Operator's Monthly Progress Report for the period December, 1955

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 75 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Reconciliation with amount claimed on Form MF-104

Operator has claimed 55 feet drifting at $29.50/ft. - - $1,622.50
Recommended payment at 75 percent- - - - - - - - - 1,216.88

Remarks

Date of Report- - - - - - - - - - - - - - - - - January 4, 1956
Date Received in Field Office - - - - - - - - January 6, 1956
Date Received in Region Office- - - - - - - -January 18, 1956

JDC:jy
cc: MF-104 File E873
Sec. Op. Comm. (2)
Shaw (2)
Chron.
Enclosures

W. M. TRAVER

W. M. Traver

RECEIVED
JAN 30 1956

Region III

Building 20
Denver Federal Center
Denver 2, Colorado
January 17, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shaw
Supervising Mining Engineer

From: Carl Balser

Subject: DMEA 3732, Contract Idm-F873 (Uranium),
Klondike Uranium, Inc., Group of 16 unpatented claims,
Grand County, Utah - Progress report for December 1955

The underground workings were visited on January 4, 1956. The drift had been driven to completion, a distance of 125 feet. One long-hole was run into the back a distance of 16 feet when the machine broke down. No uranium ore was penetrated in driving the drift.

The cost of drifting 55 feet at $29.50 a foot is $1,622.50.

Payment of 75 percent of the amount claimed, or $1,216.88 is recommended.

Carl Balser
Mining Engineer

CB/ch

cc 6
Idm-F873
Chron

P. O. Box 155
Moab, Utah
January 3, 1956

Mr. John F. Shaw
Supervising Mining Engineer
Building 20
Denver Federal Center
Denver 2, Colorado

RE: Docket No. D.M.E.A. - 3732
Contract No. Idm-E873
Klondike Uranium, Inc.

Dear Mr. Shaw:

Attached are the five required copies of MF-104 and MF-104A forms, along with necessary narrative report. An additional copy of this report is being sent to Mr. Hank Johnson, U.S.G.S., at Grand Junction, Colorado.

The remaining 55 feet of the total distance of 125 feet as outlined in the contract for the Klondike claim has been completed. The underground drilling is in progress.

Very truly yours,

T. F. Mitchell

T. F. Mitchell
Supt. of Operations

TFM:dk
Attach.

NARRATIVE REPORT

DOCKET NO. D.M.E.A.-3732
CONTRACT NO. Idm-E873

KLONDIKE URANIUM, INC.
December - 1955

The first stage of the project work on the Klondike claims, with regard to drifting, has been completed. Drifting under the contract was down-dip on the contact of the gray sandstone and mudstone lenses, and the underlying purple sandy mudstone. The drift was approximately South 31 degrees West for 50 feet and then, upon the suggestion of Mr. Hank Johnson, was turned to a heading of South 40 degrees West for the remaining 75 feet. Seventy feet of this drift was completed in November and the remaining 55 feet in December. There was no evidence of increased mineralization.

The drilling of the required long holes in the back of the drift is in progress.

Mr. Hank Johnson inspected the property on the 28th of December and was of the opinion that it would not be advisable to continue the drifting as outlined in the contract for Stage 11. This was to continue the drift in the same direction for another 60 feet.

As a result of Mr. Johnson's visit, the management of Klondike Uranium has started, and is working on a cross-drift which is approximately 60 feet from the point of beginning of the D.M.E.A. drift. This cross-drift will have a bearing of about North 50 degrees West. All costs of this cross-drift will of course be assumed by Klondike Uranium.

This cross-drift is being run in an effort to secure evidence that would warrant the continuation of Stage 11 on the Klondike claim.

When this work has been sufficiently advanced and the drilling of the required long holes in the back of the D.M.E.A. drift have been completed, Mr. Johnson will be notified.

Very truly yours,

T. F. Mitchell

T. F. Mitchell
Supt. of Operations

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of November 5 1955 Docket No. DMEA 3732 Contract Idm-873

Operator's Name Klondike Uranium, Inc. Minerals Uranium

Address 114 Atlas Bldg., Salt Lake City, Utah

Contract Amount, $ 19,132.00 Government Participation: 75 % Amount, $ 14,349.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting	$2065.00	None	$2065.00			
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$2065.00	None	$2065.00	2065.00		2065.00

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

Date _____ *Payee KLONDIKE URANIUM, INC. 114 Atlas Bldg. Salt Lake City, Utah

Per [signature] Title Sec. Treas.

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

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

(Instructions on reverse)

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

$ 1548.75

Signature [signature]
(Authorized Certifying Officer)

Date 12-20-55 Vou. No. DMA-56-52

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. T4W-E873 in accordance with the terms of the contract.

Signature [illegible] (1548.75) Title Mining Engineer Date 12/19/55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature for E. N. Harsham Title Acting Executive Officer Date DEC 14 1955

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November 5 Docket No. DMEA 3732 Contract No. Idm-373
Operator's Name Klondike Uranium, Inc. Minerals Uranium
Address 114 Atlas Bldg., Salt Lake City, Utah

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
	ft.	$2065.00	70	$2065.00	70	$29.50	385	$29.50
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		$2065.00		$2065.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		$2065.00		$2065.00				

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

Date _____ Operator KLONDIKE URANIUM, INC. 114 Atlas Bldg. Salt Lake City, Utah

Per K. F. Burns Title Gen. Mgr.

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

(Instructions on reverse)

Remarks:

(For Government use only) Carl Belcher

INSTRUCTIONS

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

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

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

GPO 872894

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

224 New Customhouse
Denver 2, Colorado

December 14, 1955

Memorandum

To: T. A. Christensen

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

Subject: DMEA Docket 3732 (Uranium) Contract Idm-E873, Klondike Uranium, Inc., Klondike et al. claims, Grand County, Utah. Operator's Monthly Progress Report, for the period November, 1955

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

It is deemed that the Operator has complied with the intent of the contract, and the work for which payment is recommended is acceptable to the Government. No documentation is required for work performed under contracts prepared on Form MF-200A, therefore, we recommend that payment be made for 75 percent of the amount reported by the Operator on Form MF-104, contingent on your verification of arithmetical accuracy within the report.

Remarks

Date of Report- - - - - - - - - - - - - - - - Not Dated
Date Received in Field Office- - - - - - - December 2, 1955
Date Received in Region Office- - - - - - December 12, 1955

E. N. Harshman

Enclosures
JDC:jy
cc: MF-104 File E873
Sec. Op. Comm. (2)
Shaw (2)
Chron.

Building 20
Denver Federal Center
Denver 2, Colorado
December 9, 1955

REGION III

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: John F. Shea
Supervising Mining Engineer

From: Carl Belser

Subject: DMEA 3732, Contract IAm-2873 (Uranium), Klondike Uranium, Inc.
Group of 16 unpatented claims, Grand County, Utah.
Progress report for November, 1955.

The underground workings were visited on November 7, 1955. The contract drift had been driven a distance of 81 feet. Uranium mineralization was scant.

Equipment consisted of a Gardner-Denver 105 gasoline-driven compressor, a jack-leg drill, a Gardner-Denver small air-driven slusher hoist, a Wakefield slide loader, and a Wakefield diesel-driven shuttle car.

The cost of drifting 70 feet at $29.50 a foot is $2,065.00. No chemical assays were run during the month and no radiometric-testing instrument use has been claimed.

Payment of 75 percent of the amount claimed, or $1,548.75 is recommended.

Carl Belser

Carl Belser
Mining Engineer

CB/mr

cc: 6
IAm-2873
Chron.

NARRATIVE REPORT

DOCKET NO. DMEA 3732
CONTRACT NO. Idm-873

KLONDIKE URANIUM, INC.
November 1955

On October 24th, Mr. Salisbury from the Grand Junction, Colorado DMEA office visited the Klondike property and outlined the work to be done under the contract. It was decided to begin work on the Klondike claim due to the inclement weather conditions encountered on the Bogger group of claims. Rehabilitation work was started on the old Klondike workings on November 1, 1955, and drifting under the contract was begun on November 9, 1955.

Drifting under the contract was down-dip on the contact of the grey sandstone and mudstone lenses on the Shinarump and the underlying purple sandy mudstone, presumably on the top of the Moenkopi formation. The drift was driven approximately South 35° West for a total distance of 70 feet during the reporting period. No difficulties were encountered and one round per day was accomplished. Some lenses of limestone conglomerate (?) were encountered which were weakly mineralized. For convenience in mining a well developed slip was carried as the right hand wall of the drift.

The project was visited on November 23rd by Mr. Hank Johnson, geologist, assigned to DMEA work from the Grand Junction office. Mr. Johnson suggested that the drift be turned slightly to the right to a heading of South 40° West. This was done and the last few rounds accomplished during the period were in this direction.

The plan of operation for the next month is to continue the drift as specified under the contract and to drill the required long holes in the back of the drift at approximately 50 feet from the point of beginning.

Summary of work during the reporting period:

Days worked on DMEA:	15 days
Drift advance:	70 feet
Advance per day:	4.66 feet

The attached maps show the direction and distance driven on the Klondike claims during the month.

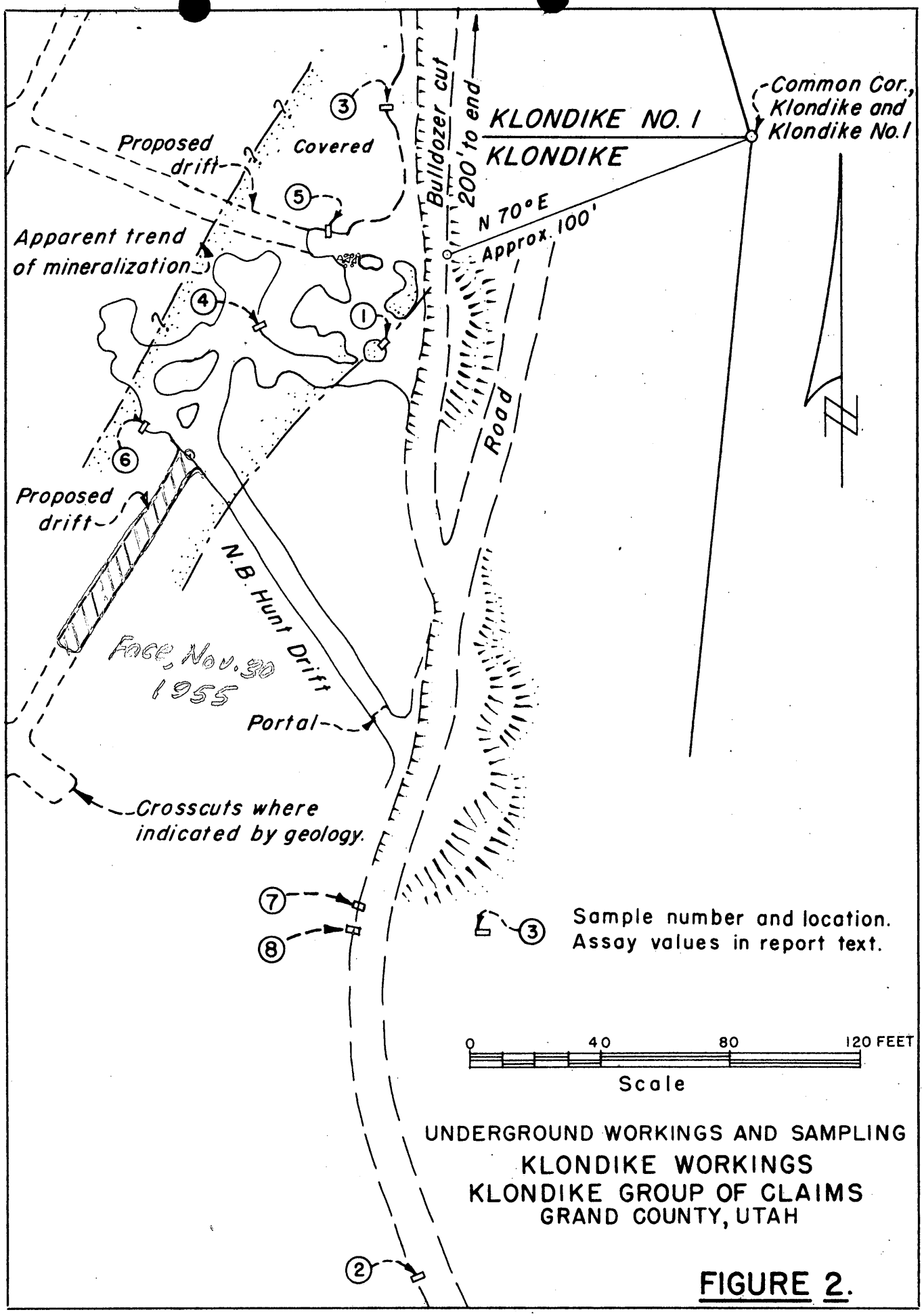
Common Cor., Klondike and Klondike No.1
KLONDIKE NO. 1
KLONDIKE
200' to end
Bulldozer cut
N 70° E
Approx. 100'
Proposed drift
Covered
Apparent trend of mineralization
Road
Proposed drift
N.B. Hunt Drift
Face, Nov. 30 1955
Portal
Crosscuts where indicated by geology.
Sample number and location. Assay values in report text.
0 40 80 120 FEET
Scale
UNDERGROUND WORKINGS AND SAMPLING
KLONDIKE WORKINGS
KLONDIKE GROUP OF CLAIMS
GRAND COUNTY, UTAH

FIGURE 2.

COPY

October 17, 1957

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

Re: Docket No. DMEA-3732 (Uranium)
Contract No. Idm-E873
Klondike Uranium, Inc.
Klondike, et al., Claims
Grand County, Utah

Dear Mr. Harshman:

This is in response to your memorandum, dated October 3, 1957, relating to the Operator's final report on the subject contract.

A review of the docket indicates that the Field Team has made sufficient effort to obtain a final project report from the Operator. Since the Field Team has been unsuccessful in this respect to date, we are considering the docket as closed. However, a closing letter will not be sent to the Operator.

Sincerely yours,

/s/ George C. Selfridge

Chairman, Operating Committee

APPROVED:

/s/ Frank D. Lamb
Member, Bureau of Mines

/s/ Thor H. Kiilsgaard
Member, Geological Survey

FMMurphy/gla
(10-8-57) 10-14-57
cc to: Admr.'s Reading File
Operating Committee
THKiilsgaard, Rm. 5224
Mr. Murphy

October 15, 1957

Memorandum

To: Chairman, Operating Committee

From: Jay L. Chambers, Director (Signed) J. L. Chambers
Contract Administration and Audit Division

Subject: Docket No. DMEA-3732 (Uranium)
Klondike Uranium, Inc.
Klondike, et al., Claims
Grand County, Utah
Contract No. Idm-E873

I suggest the following information be sent to the Operator of this project:

We have tried a number of times to get a final report of your project. We will not be able to release the subordination agreement on your land until we receive your final report.

Attachment

JLChambers/Wb
October 15, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

1-3/

Government's Copy

RECEIVED
OCT 15 1956

TERMINATION AGREEMENT

It is agreed this 12th day of October, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Klondike Uranium, Inc., hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E873, Docket No. DMEA-3732, dated September 15, 1955, as amended, hereinafter called the "Contract," that:

1. Effective January 1, 1956, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute to allowable costs incurred prior to said effective date.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final report and final account.

4. All rights of the Government provided for in the Contract with respect to a certification of discovery or development and a percentage royalty and liens for its payment, records, audits, and recovery of any overpayment, are preserved.

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

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

THE UNITED STATES OF AMERICA

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

KLONDIKE URANIUM, INC.

By Frank L. Seymour
Title Vice President

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

RECEIVED
APR 2 1956

224 New Customhouse
Denver 2, Colorado

CERTIFIED MAIL

April 19, 1956

Mr. Karl F. Buell, Secretary
Klondike Uranium, Inc.
114 Atlas Building
Salt Lake City 1, Utah

Re: Docket DMEA 3732 (Uranium),
Contract Idm-8873,
Klondike Uranium, Inc.,
(Klondike and Beggar Claims),
Grand County, Utah.

Dear Mr. Buell:

Reference is made to your letter of March 14, 1956, wherein you request the Government's approval for Stage II drifting on the Klondike Claim at a location other than that originally outlined in the contract for Stage II work.

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

A careful study of your property and data available to this agency indicates that the probability of disclosing minable reserves of uranium ore as a result of the drifting you propose is not considered sufficiently promising to justify the Government's participation in the costs of the work. Under these circumstances, we regret to advise that your request for the Government's approval of the Stage II work on the Klondike Claim is denied.

Very truly yours,

DMEA Field Team, Region III

W. M. Trever

W. M. Trever

E. H. Harshman

E. H. Harshman

w/copy of Operator's request and other supporting data.

T:prl
: Chairman, Op. Comm. (4)
Harshman
Shaw (2)
Hasler
Townsend
Corres. file
hron.

DMEA
Date Rec'd.
APR 23 1956
BUREAU OF MINES
Denver, Colorado

REGION III

Building 20
Denver Federal Center
Denver 2, Colorado
April 18, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

From: E. N. Harshman
John F. Shaw

Subject: Docket DMEA 3732 (Uranium) Contract Idm-8873,
Klondike Uranium, Inc. (Klondike et al claims)
Grand County, Utah

Enclosed are the original and 9 copies of a memorandum from F. M. Byers and Carl Palmer, relative to additional work under Contract Idm-8873.

The work performed on the Klondike to date has been very discouraging. The examining team indicates that the channel is poorly defined and the possibility of discovering a significant uranium deposit is remote.

We recommend that the request for additional work on the Klondike be denied.

E. N. Harshman

E. N. Harshman
Member Field Team

John F. Shaw

John F. Shaw
Supervising Mining Engineer

JFS/mw
cc: 9
Idm-8873
Chron

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

RECEIVED
APR 2 5 1956

P. O. Box 300
Grand Junction, Colorado

April 6, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region III

Through: E. N. Harshman
John F. Shaw
J. William Hasler

From: Frank M. Byers
Carl Belser

Subject: DMEA 3732 (Uranium) Klondike Uranium, Inc., State II drifting on Klondike claims

The subject property was examined January 20, 1956, by M. H. Salsbury of the Bureau of Mines, and F. M. Byers and H. S. Johnson of the Geological Survey.

At a point 60 feet from the start of the DMEA stage I drift a crosscut has been driven 100 feet N. 40° W., at company expense. The channel sandstone, about 2 feet thick, was crossed from about 40 feet to 95 feet northwest of the starting point. The channel is poorly defined the edges of the channel are gradational contacts between sandstone and mudstone-siltstone. No cut bank or scour can be observed, and the crosscut is entirely within the Chinle formation. The best trend on the Klondike channel that can be obtained from exposures in outcrop and present workings is S. 65° W. (fig. 1).

Weak mineralization was detected with Geiger counter from 60 to 80 feet in (NW) from the start of the company crosscut. The thickness of this mineralized zone is about one foot. The average grade might be as much as .08 percent eU_3O_8 with a few hot spots that may assay as high as 0.25 eU_3O_8 as checked with Geiger counter. A few tons of this mineralized sandstone have been mined out of a small drift, driven 25 feet N. 60° E., toward the Hunt workings from a point about 70 feet in (NW) from the start of the company crosscut (fig. 1).

The long-hole drilling required by the contract has been completed with negative results, excepting the vertical hole at station 1. This hole penetrated one foot of 0.10 eU_3O_8 at 12 feet above the collar.

Production from the Klondike workings to date includes 218 tons, averaging 0.13 percent of U_3O_8, according to AEC records. Klondike Uranium, Inc., also shipped 45 tons of mineralized rock containing less than 0.10 percent of U_3O_8, for which no payment was made. Thus, the grade of the ore and rock shipped from the Klondike workings has been marginal to submarginal. The exploration work of Klondike Uranium, Inc., on the Klondike and Klondike No. 1 claims to date has been essentially negative, except for occasional pods of ore-grade material.

RECOMMENDATIONS

In the opinion of the DMEA examining geologist, the recent DMEA underground work at the Thornburg (DMEA 3060), Chatu (3013), and Klondike mines (DMEA 3732) has been discouraging with respect to discovery of a significant ore reserve in the vicinity of the rim or mine workings. It is questionable on geologic grounds, whether any further drifting or crosscutting is justified with DMEA assistance on the Klondike and Klondike No. 1 claims. The possibility of finding a uranium deposit larger than those discovered to date is believed remote near the present workings. On geologic grounds alone, the operator's request for stage II drifting probably should be denied, but the present situation might be regarded as a border-line case.

Inasmuch as the Operator has shown good faith in crosscutting back to the channel after bypassing it under DMEA stage I, the following recommendation for an amended stage II program is made for consideration by Field Team, Region III: It is proposed that the best mineralized portion in the small channel now exposed in the recent company crosscut be explored by drifting 60 feet S. 65° W. from a point (fig. 1) 70 to 75 feet N. 48° W. from the spad in the DMEA stage I tunnel (fig. 1). This will require an amendment to the contract. The three vertical percussion drill holes at intervals along the proposed stage II drift and the one hole slightly up from horizontal in the face of the stage II drift are recommended as provided in the present contract. A firm bearing for the drift is believed to be necessary because the channel is rather vague and difficult to follow. It is believed, however, that the trend of the channel is now sufficiently well known so that a firm bearing of S. 65° W. can be stipulated in the amendment to the contract. At any rate, the operator would not get far out of the channel in the relatively short distance of 60 feet, in the event that the channel turned sharply from S. 65° W.

Although the results of the stage I work have been largely negative owing chiefly to misunderstandings concerning the trend of the channel, it is recommended that the above stage II drift be approved.

Frank M. Byers
Frank M. Byers
Geological Survey

Carl Beiser
Carl Beiser
U. S. Bureau of Mines

FMB/mlr

RECEIVED
APR 25 1956

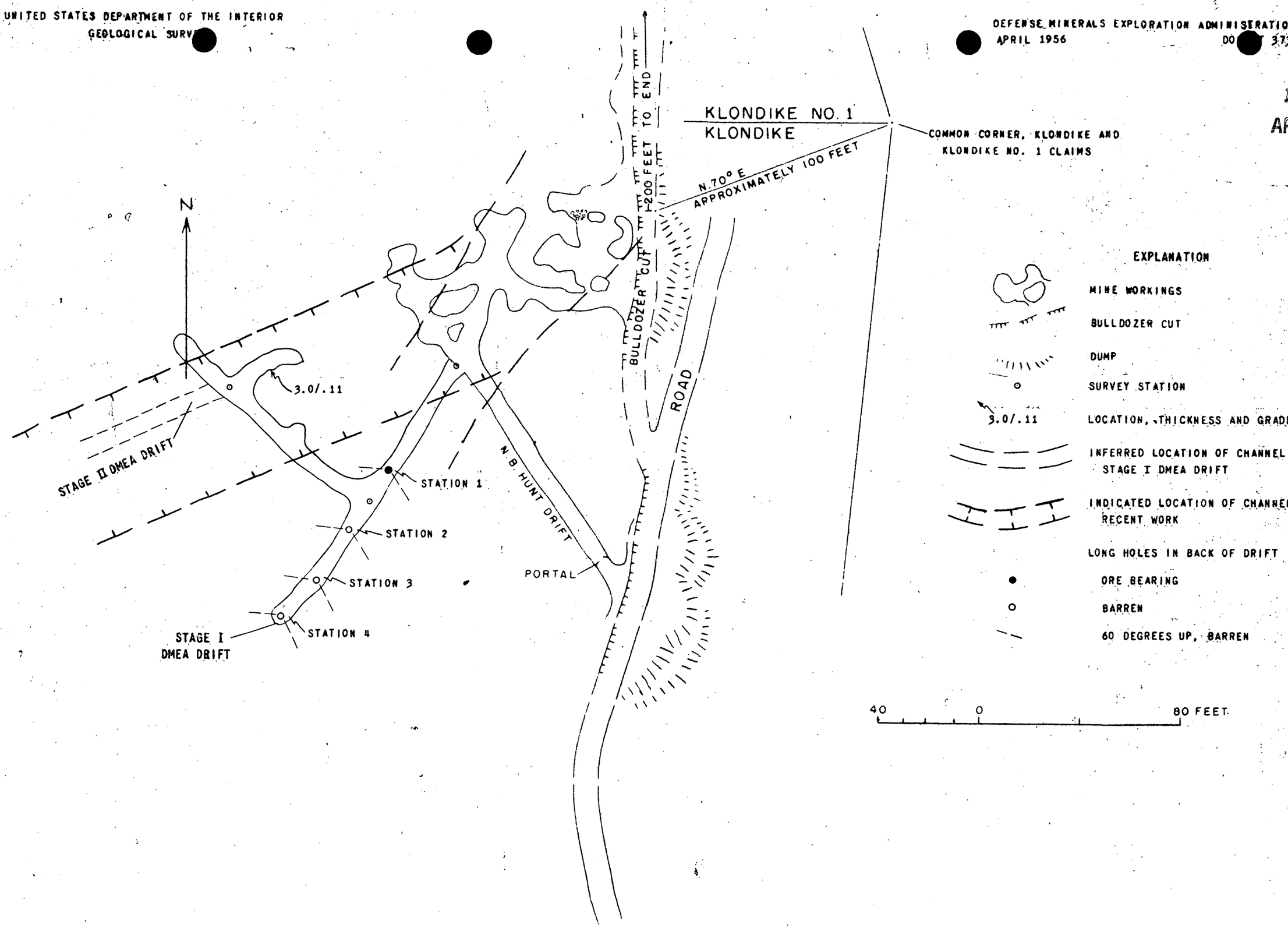

FIGURE 1. SKETCH MAP SHOWING PROPOSED STAGE II DRIFT ON THE KLONDIKE CLAIM, KLONDIKE URANIUM, INC., GRAND COUNTY, UTAH.

RECEIVED
APR 2 3 1956

DMEA
Date Rec'd.
MAR 26 1956

BUREAU OF MINES
Denver, Colorado

March 14, 1956

Mr. Wm. M. Traver
Executive Officer, DMEA
Region III
224 New Customshouse
Denver 2, Colorado

Re: Docket DMEA 3/32
Contract IDM-E873
Klondike Uranium, Inc.
Grand County, Utah
(Uranium)

Dear Mr. Traver:

The exploratory work under the subject contract has been completed in the area of the Klondike workings under Stage 1 as outlined in the description of work. The work consisted of 125 linear feet of drifting and the drilling of 4 sets of 3 holes each in the back of the drift driven under the contract. The location of the drift and the location of the drill holes is indicated on the attached map.

The drill holes in the back of the drift were drilled in a fan pattern from points as near as practicable to 50 feet, 75 feet, 100 feet and 125 feet from the spad indicating the start of the DMEA work. The depth of the holes as indicated on the geiger counter probe used by the operators in probing the holes are tabulated as follows.

Station 1 (at 50 ft.)	26.0 ft.	25.0 ft.	25.0 ft.
Station 2 (at 75 ft.)	26.0 ft.	26.0 ft.	26.0 ft.
Station 3 (at 100 ft)	25.5 ft.	22.0 ft.	26.0 ft.
Station 4 (at 125 ft)	24.5 ft.	26.0 ft.	25.0 ft.

These depths were measured by Mr. Benny Kisler and were checked by the company engineer. The markings on the probe were also checked on the surface using a steel tape.

Some mineralization estimated to be approximately 0.10 % eU_3O_8 and estimated to be approximately one foot was encountered 12 feet from the collar of the hole drilled vertically upward at Station 1. The significance of this mineralization is not immediately apparent and will not be apparent until holes are drilled in the cross-cut run on company account as indicated on the attached map. No significant mineralization was encountered in any of the other holes probed.

The attached map indicates the cross-cut driven on company account to attempt to delimit the channel fill material which is the apparent host rock for the uranium mineralization in the old workings. This cross-cut was driven approximately 103 feet to a point which was believed to be beyond the main channel fill thickness. A drift along the apparent course of the channel was driven to the right or up-dip a distance of approximately 30 feet. This was measured on March 7, 1956.

As noted on the map, some uranium mineralization was encountered in the cross-cut and in the last mentioned drift. The best mineralization was encountered at the point where the drift was begun. A sample taken for assay when the face of the drift had advanced approximately 18 feet contained 0.11% U_3O_8 over a 3 foot face. Unfortunately the mineralization was not consistent enough to be considered minable at this point.

It was suggested by DMEA field representatives that Stage 2 work could be undertaken from a point in the cross-cut driven on company account where the best mineralization was encountered or the most favorable geologic conditions were ascertained to exist. It was suggested that perhaps this second stage of work could be begun from the cross-cut without the necessity of formal amendment to the existing contract. If the remaining 60 feet of work outlined under Stage 2 can be done without requesting a formal amendment it is hereby requested that permission be granted that the work be done. Work will be started from a point determined by the DMEA field representatives. It is understood that this work should be done down-dip or in the general direction of the first stage of work but not on the same course.

If it is found necessary to write a formal amendment to the contract to do this work, a formal amendment is hereby requested to begin the Stage 2 work from a point in the cross-cut driven on company account to be determined by the DMEA field representatives. It is understood in requesting this amendment that it shall in no way increase the amount of the contract nor increase the government's participation in the contract. If this does not sufficiently constitute a request for amendment please advise this office at your earliest convenience.

A copy of this letter is being sent to the office of Mr. J. William Hassler in Grand Junction, Colorado for his information and possible expediting of this matter.

Very truly yours,

KLONDIKE URANIUM, INC.

Karl F. Buell

Karl F. Buell
Secretary

dl

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Box 300
Grand Junction, Colorado

IN REPLY REFER TO:
MINERAL DEPOSITS

DMEA
Date Rec'd.
FEB 17 1956

DMEA
RECEIVED
FEB 15 1956

U.S.
GEOLOGICAL SURVEY
DENVER, COLORADO

BUREAU OF MINES
Denver, Colorado

February 14, 1956

RECEIVED
APR 25 1956

MEMORANDUM

To: Executive Officer, DMEA Field Team, Region III

Through E. N. Harshman

From: J. William Hasler
M. H. Salsbury

Subject: DMEA docket 3732 (Uranium) contract Idm-E 873, Klondike Uranium, Inc., Klondike, et al claims, Grand County, Utah

The Klondike Uranium, Inc., has been contacted relative to the stage II work on the Klondike claims since my letter to Mr. Carl F. Buell of December 23.

In a telephone conversation with the applicant February 8, they stated they would complete the work under stage I about the 17th of February and would notify this office so that we could make an appraisal of the work to date and assist them in further recommendations for stage II.

J. William Hasler
J. William Hasler,
Geologist, USGS

M. H. Salsbury
M. H. Salsbury,
U. S. Bureau of Mines

JWH/mlr

cc: Orig. w/ 7

S.P.E.X

RECEIVED
APR 3 1956

ELDORADO URANIUM, INC.
114 Atlas Building
Salt Lake City, Utah

December 20, 1955

Mr. William E. Tanner
Executive Officer
DMEA - Region III
224 New Customhouse
Denver, Colorado

Re: Contract DMEA 3732
Contract IBM-2073
Eldorado Uranium, Inc.
Grand County, Utah

Dear Mr. Tanner:

The work under the subject contract on the Eldorado claims has nearly completed stage one of the work outlined in exhibit A of the contract. It is estimated that this work will be completed by December 24. In order to expedite the prosecution of work under stage two, can you arrange an examination of the completed work by a DMEA representative at some convenient time during the week of December 26 to December 30?

A carbon copy of this letter will be sent to Mr. J. William Hacker of the DMEA in Grand Junction, Colorado. It is our understanding that a man from his office will make the examination and approve the second stage of the work. Thank you for your cooperation in this matter.

Very truly yours,

ELDORADO URANIUM, INC.

/S/ Karl F. Duell

Karl F. Duell, Secretary

cc: J. William Hacker, DMEA
Atomic Energy Commission
Grand Junction, Colorado

EXPLORATION PROJECT CONTRACT
KLONDIKE URANIUM, INC.
DOCKET NO. DMEA 3732
CONTRACT NO. IDM-E873

RECEIVED
MAR - 5 1956

AMENDMENT NO. 1

It is agreed this 1st day of March, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Klondike Uranium, Inc., hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-E873, Docket No. DMEA 3732, dated September 15, 1955, hereinafter called the "Contract," that:

> The time fixed, under "Article 3" of Exploration Project Contract form MF-200A (Revised June 1954), for completion of the work is extended from "March 1, 1956" to "July 1, 1956."

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in sextuplet the day and year first above written.

KLONDIKE URANIUM, INC.

By Duke B. Woods
Duke B. Wood, President

UNITED STATES OF AMERICA

By W. M. Traver
W. M. Traver
Executive Officer, DMEA
Field Team, Region III

SEAL

DMEA
Date Rec'd.

FEB 15 1956

BUREAU OF MINES
Denver, Colorado

RECEIVED
MAR - 5 1956

February 11, 1956

Mr. W. M. Traver, Executive Officer, DMEA
Field Team, Region III
224 New Customhouse
Denver 2, Colorado

Re: DMEA Docket #3732 (Uranium)Contract IDM-E 873 Klondike et al Claims Grand County, Utah

Dear Mr. Traver:

Pursuant to the suggestion in your letter of February 8, Klondike Uranium, Inc. believes it advisable to request that an ammendment to our contract be written to extend the completion date for work that is outlined. The work under stage one on the Klondike claim which totaled 125 feet of drifting disclosed that the channel which was being explored had a strike different than that originally anticipated by the company and by the USGS geologists supervising the project. As a result, the drift went in a direction divergent to the channel and as a result it was suggested that a cross cut be driven on company account to re-enter the channel at a point some distance from the face of the drift. This has been done and the channel fill material encountered. Discussions with the DMEA representatives in Grand Junction lead us to believe that the second phase of the work will be allowed by the DMEA after examination and written approval by the DMEA. It is anticipated that this second phase which totals 60 feet of underground drifting, will require approximately one month to complete.

Other work remaining to be done on the contract consists of underground drifting on the Beggar Claims, work which was not undertaken because of the inclement weather on that part of the property. This work aggregates 200 feet of underground drifting and cross cutting. It is anticipated that this work will require approximately 40 days.

In view of the above time estimates and in order to have leeway for unforseen difficulties, it is specifically requested that an ammendment be written to contract IDM-E 873 to allow an additional 4 months for the completion of the work outlined in the contract. We request that the completion date for the work be set to July 1, 1956. We understand that this extention of time will in no way effect the total expenditures to be made under the contract nor will it effect in any way the amount of government participation in the project costs.

If there are any further questions or comments regarding this matter, please address them to our Salt Lake City Office.

Very truly yours,

Karl F. Buell

Karl F. Buell, Secretary
Klondike Uranium, Inc.

KFB/fbb

Contract No. Idm-E 873

Docket No. 3732

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Date of Contract	Region	State	Commodity
September 15, 1955	III	Utah	Uranium

Name and Address of Operator: Klondike Uranium, Inc.
114 Atlas Building
Salt Lake City 1, Utah

	Reserve	Obligation
Prior Amount	0	$14,349.00
Increase	0	0
Decrease	~~0~~	~~11,583.37~~
Revised Amount	0	$ 2,765.63

Remarks:

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

Date Delivered to Bureau of Mines, Washington 12/28/56

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Government's copy

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MF-200A
(Revised June 1954)

Docket No. DMEA - 3732

Commodity Uranium

Contract No. Idm-E 873

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this SEP 1 5 1955 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] Klondike Uranium, Inc., a Utah corporation,

whose mailing address is 114 Atlas Building
Salt Lake City 1, Utah,
hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Exhibit "A," Annex I, and 3 maps, Figures 1, 2, and 4.

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 Grand, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

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

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: 2½% royalty on any ore sold, payable to Duke B. Woods

(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 of the land (lessor, seller, optionor, etc.), are attached, as follows: ~~none~~ Subordination Agreement of Duke B. Woods.

[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."

(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 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(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 November 1, 1955, shall commence the work, and on or before March 1, 1956 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work, 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) *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.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $19,132.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $14,349.00: *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. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(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. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of 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. 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.

(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 a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit 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 the unit costs thereof.

(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 7. *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 6) 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 thereof 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 8. *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 the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further 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 the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and 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 8 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 9. *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 10. *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 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

KLONDIKE URANIUM, INC.
(Operator)

By Duke B. Woods

President

THE UNITED STATES OF AMERICA

By O. Mitchell Dow

Administrator, Defense Minerals
Exploration Administration

I, Karl S. Russell, certify that I am the secretary of the corporation named as Operator herein; that Duke B. Woods 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.

KLONDIKE URANIUM, INC.
114 Atlas Bldg.
Salt Lake City, Utah

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

EXPLORATION PROJECT CONTRACT
KLONDIKE URANIUM, INC.
DOCKET NO. DMEA-3732

Annex I

The land referred to in Article 2 of the contract form consists of sixteen unpatented lode mining claims which are recorded in the office of the County Recorder, Grand County, Utah, as follows:

Claim	Book	Page
Beggar	9 K	306
Beggar No. 2	9 K	307
Beggar No. 3	9 K	307
Red Rock	9 K	309
Mountain View	9 K	310
Klondike	9 K	304
Klondike No. 1	13	289
Klondike No. 3	13	291
Klondike No. 6	13	294
Klondike No. 7	13	295
Klondike No. 8	13	296
Klondike No. 9	13	297
Conglomerate	9 J	587
Black Tree	9 J	587
Island King	9 J	587
Gap No. 1	9 J	152

These claims are in Secs. 11, 12, 13, 14, 23, and 24, T. 25 S., R. 20 E., and in Sec. 19, T. 20 S., R. 21 E., S.L.B. and M., Grand County, Utah. The locations of the claims are shown on the attached claim map, Figure I.

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MF-201
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Klondike Uranium, Inc.
Docket No: DMEA- 3732
Contract No. Idm-E
Contract Date

SUBORDINATION AGREEMENT

To the United States of America:

Referring to that certain land in the County of Grand, State of Utah, described as follows:1/

116 unpatented lode mining claims: Beggar, Beggar Nos. 2 and 3, Red Rock, Mountain View, Klondike, Klondike Nos. 1, 3, 6, 7, 8, and 9, Conglomerate, Black Tree, Island King, Gap No. 1, recorded in Book K, pages 306, 307, 307, 309, 310 and 304; Book 13, pages 289, 291, 294, 295, 296, 297; Book 9 J, pages 587, 152, all 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. Subordinates whatever right, claim, lien or encumbrance the undersigned may have in or against the land to whatever interests, equities, and rights the Government may acquire under the contract (a) with respect to purchased property in or upon the land to the cost of which it has contributed, including the right to dismantle, sever, and remove it from the land; and (b) with respect to a percentage royalty on production from the land and a lien to secure the payment thereof: and

2. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Subordination Agreement; and (b) to give advance notice of this Subordination Agreement to any transferee of the right, claim, lien, or encumbrance hereby subordinated; and

3. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Subordination Agreement shall extend and apply thereto.

1/ 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.

(OVER)

Dated this 6th day of September, 1955.

Duke B Woods [Seal]
Duke B. Woods

[Seal]

[Seal]

I, Karl F. Rucks, certify that I am the Secretary, (Secretary, etc.) of the corporation named herein; that Duke B Woods 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.

KLONDIKE URANIUM, INC.
114 Atlas Bldg.
Salt Lake City, Utah

[Corporate Seal]

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EXPLORATION PROJECT CONTRACT
KLONDIKE URANIUM, INC.
DOCKET NO. DMEA-3732

EXHIBIT "A"

Description of the Work

The object of this project is to explore the basal member of the Chinle formation by means of drifting, cross-cutting, and long-hole drilling.

The work shall be performed in two successive stages. The Operator shall perform all the work under Stage I, and shall perform so much of the work under Stage II as is approved in advance in writing by the Government.

The approximate locations and extents of the drifts and crosscuts described below under each stage are outlined on the attached maps entitled "Figure 2 - Sketch Map Showing Proposed Exploration on the Klondike Claim . . .," and "Figure 4 - Sketch Map Showing Proposed Exploration on Beggar Claim . . ."

Stage I

A. Klondike claim.

1. From a point approximately 100 feet in from the portal of the N. B. Hunt drift, drive a drift in a southwest direction a distance of 125 feet.

2. Approximately 50 feet in from the starting point of the drift, driven under item 1, three holes, each 25 feet in depth, shall be percussion-drilled upward in a fan pattern to test the rock above the drift. The center hole shall be vertical, and the other two holes shall be 45° to 60° upward from horizontal. At each succeeding 25-foot interval as the drift progresses, three test holes shall be drilled using the same drill pattern described above.

3. Not more than 25 samples shall be taken and chemically analyzed for their U_3O_8 and V_2O_5 content.

B. Beggar claim.

1. From a point of maximum mineralization along the rim (approximately 125 feet west from the east side line of the Beggar claim), drive a drift a distance of 100 feet on a bearing of about S. 40° W. At the end of this drift drive a crosscut 50 feet in length into each side wall at right angles to the drift.

2. At points spaced 25 feet apart in the drift and crosscuts described in item 1, one test hole shall be percussion-drilled upward to a depth of 25 feet.

3. Not more than 20 samples shall be taken and chemically analyzed for their U_3O_8 and V_2O_5 content.

Stage II

A. Klondike claim.

1. Advance the drift driven on this claim under Stage I an additional 60 feet in the same southwest direction.

2. Percussion drill three vertical test holes at spaced intervals in the drift advanced under item A.1 of this stage, and also drill one hole from the face of the drift, slightly up from horizontal and in the same direction as the drift. Each hole shall be 25 feet in depth. Not in excess of 10 samples shall be taken and chemically analyzed for their U_3O_8 and V_2O_5 content.

B. Beggar claim.

1. Advance the drift driven on this claim under Stage I an additional 100 feet on the same approximate S. 40° W. bearing. At the end of this drift, drive a crosscut 50 feet in length into each side wall at right angles to the drift.

2. At points spaced 25 feet apart in the drift and crosscuts driven under item B.1 of this stage, one hole shall be percussion-drilled upward to a depth of 25 feet. Not in excess of 20 samples shall be taken and chemically analyzed for their U_3O_8 and V_2O_5 content.

General Provisions

1. All drifts and crosscuts shall be driven on the contact horizon of the basal member of the Chinle and the underlying purple-white bed which is believed to be the basal marker of the ore-bearing Chinle basal unit. The drifts and crosscuts shall be driven so as to keep the Chinle-purple-white bed contact in the upper half of the face of the opening, except in places where the Chinle may scour down to the Moenkopi formation in which case the marker horizon shall be the Chinle-Moenkopi contact. It is estimated that the drifts on the Klondike and Beggar claims will have to be driven on a minus 6 to 12 degree grade in order to follow the Chinle-purple-white bed contact.

2. All drifts and crosscuts shall be a minimum size of 5 feet by 7 feet in cross section in clear of timber. 1/

3. Material from each round broken in the drifts and crosscuts, a channel sample of each new face, and all cuttings from the long percussion-drilled holes, shall be tested radiometrically. Material, cuttings, and samples showing higher than normal radioactivity shall be split for sample purposes. One half of each sample shall be properly identified and stored for Government use, and the other half shall be chemically analyzed for its U_3O_8 and V_2O_5 content.

4. A supervisor shall be employed full time to direct the work under this contract.

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

Fixed Unit Costs

Klondike claim

Stage I

125 feet drift @ $29.50/ft.	$ 3,687.50
300 feet percussion drill hole @ $1.00/ft.	300.00
Use of radiometric-testing instrument, 2 months @ $100.00/mo.	200.00

1/ All workings shall be timbered as necessary.

25 chemical analyses @ $5.00 each sample	$ 125.00	$ 4,312.50
Stage II		
60 feet drift @ $29.50/ft.	1,770.00	
100 feet percussion drill hole @ $1.00/ft.	100.00	
Use of radiometric-testing instrument, 1 month @ $100.00/month	100.00	
10 chemical analyses @ $5.00 each sample	50.00	2,020.00
Beggar claim		
Stage I		
100 feet drift @ $29.50/ft.	2,950.00	
100 feet of crosscut @ $29.50/ft.	2,950.00	
200 feet percussion drill hole @ $1.00/ft.	200.00	
Use of radiometric-testing instrument, 2 months @ $100.00/month	200.00	
20 chemical analyses @ $5.00 each sample	100.00	6,400.00
Stage II		
100 feet drift @ $29.50/ft.	2,950.00	
100 feet of crosscut @ $29.50/ft.	2,950.00	
200 feet percussion drill hole @ $1.00/ft.	200.00	
Use of radiometric-testing instrument, 2 months @ $100.00/month	200.00	

20 chemical analyses @ $5.00 each sample	$ 100.00	$ 6,400.00
Estimated Total Cost of Project (rounded)		$19,132.00
Government Participation @ 75%		$14,349.00

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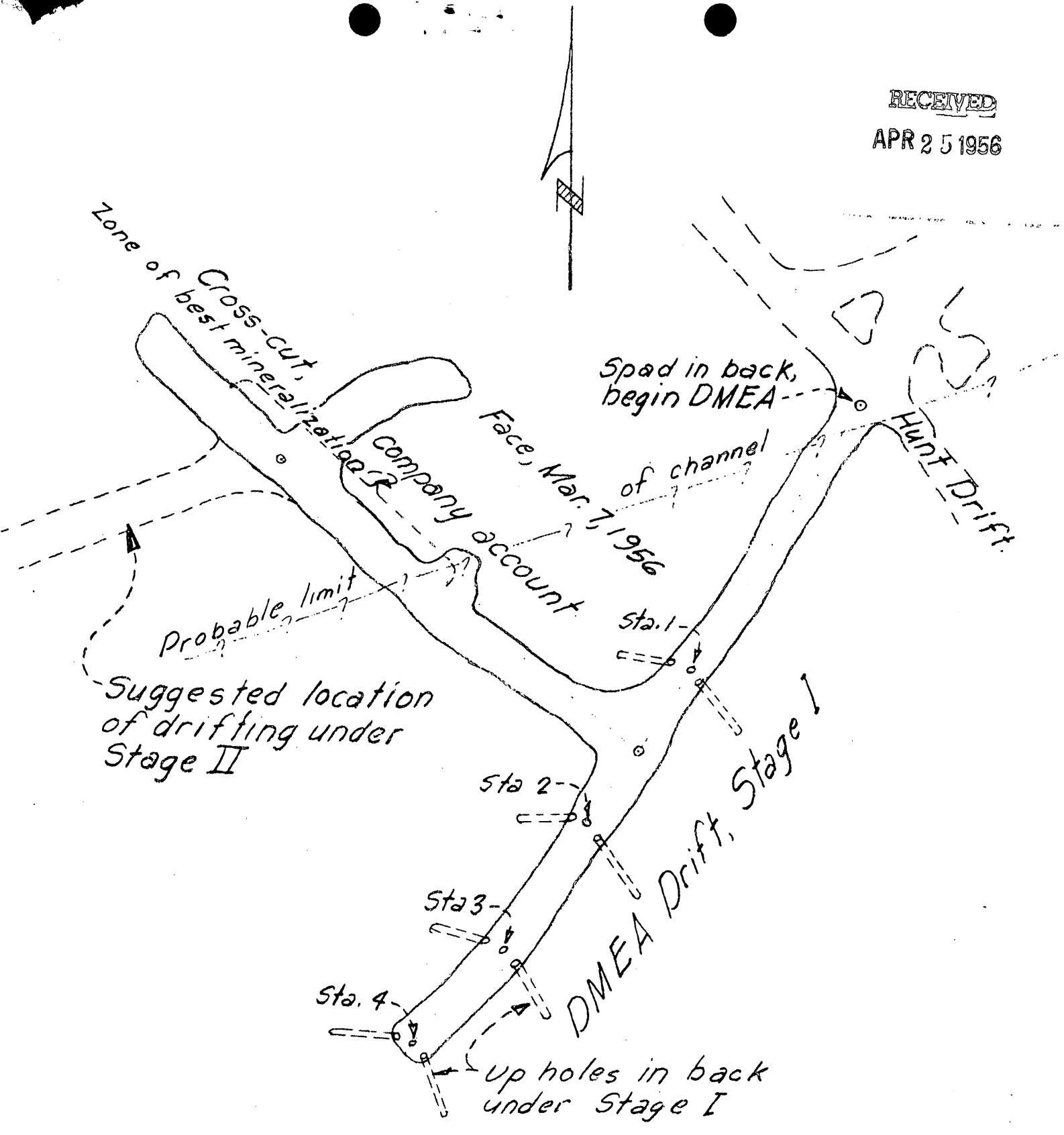

0 10 20 40 FEET

Scale

BRUNTON & TAPE SURVEY
PROGRESS, CONT. Idm-E873
KLONDIKE URANIUM, INC.
GRAND COUNTY, UTAH
Mar. 7, 1956

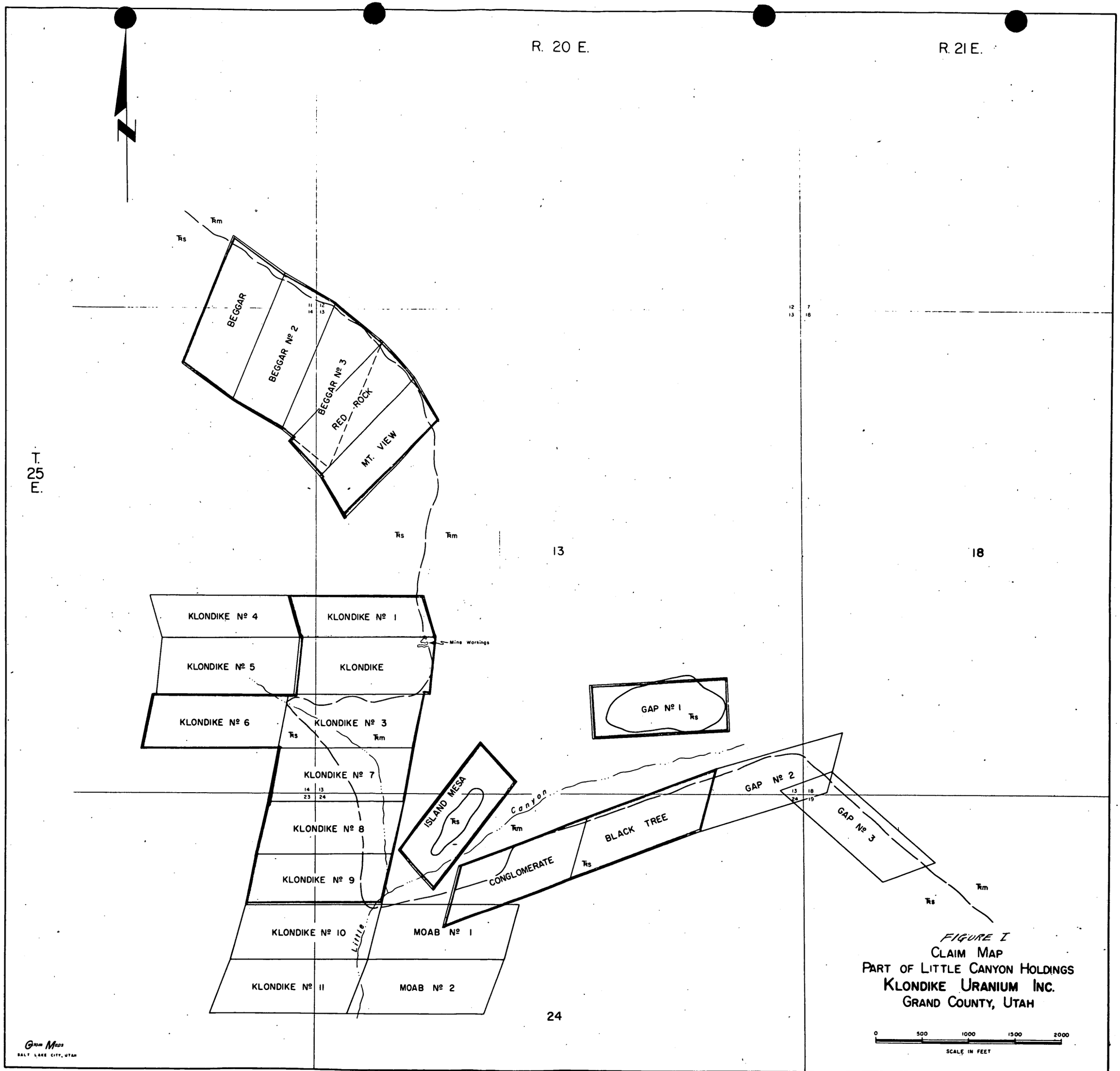

FIGURE I
CLAIM MAP
PART OF LITTLE CANYON HOLDINGS
KLONDIKE URANIUM INC.
GRAND COUNTY, UTAH

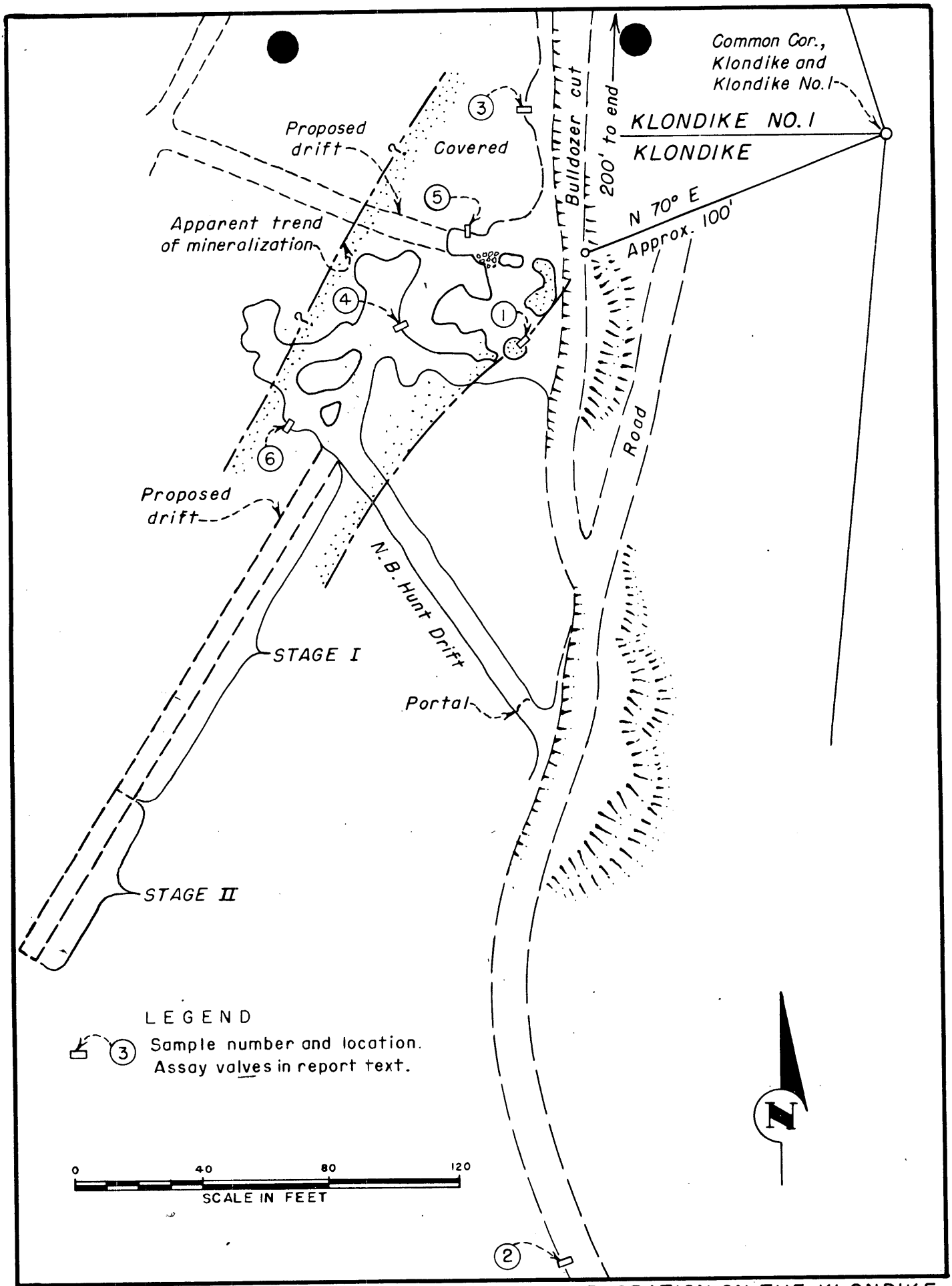

FIGURE 2 - SKETCH MAP SHOWING PROPOSED EXPLORATION ON THE KLONDIKE CLAIM, KLONDIKE URANIUM, INC., GRAND COUNTY, UTAH. DMEA 3732

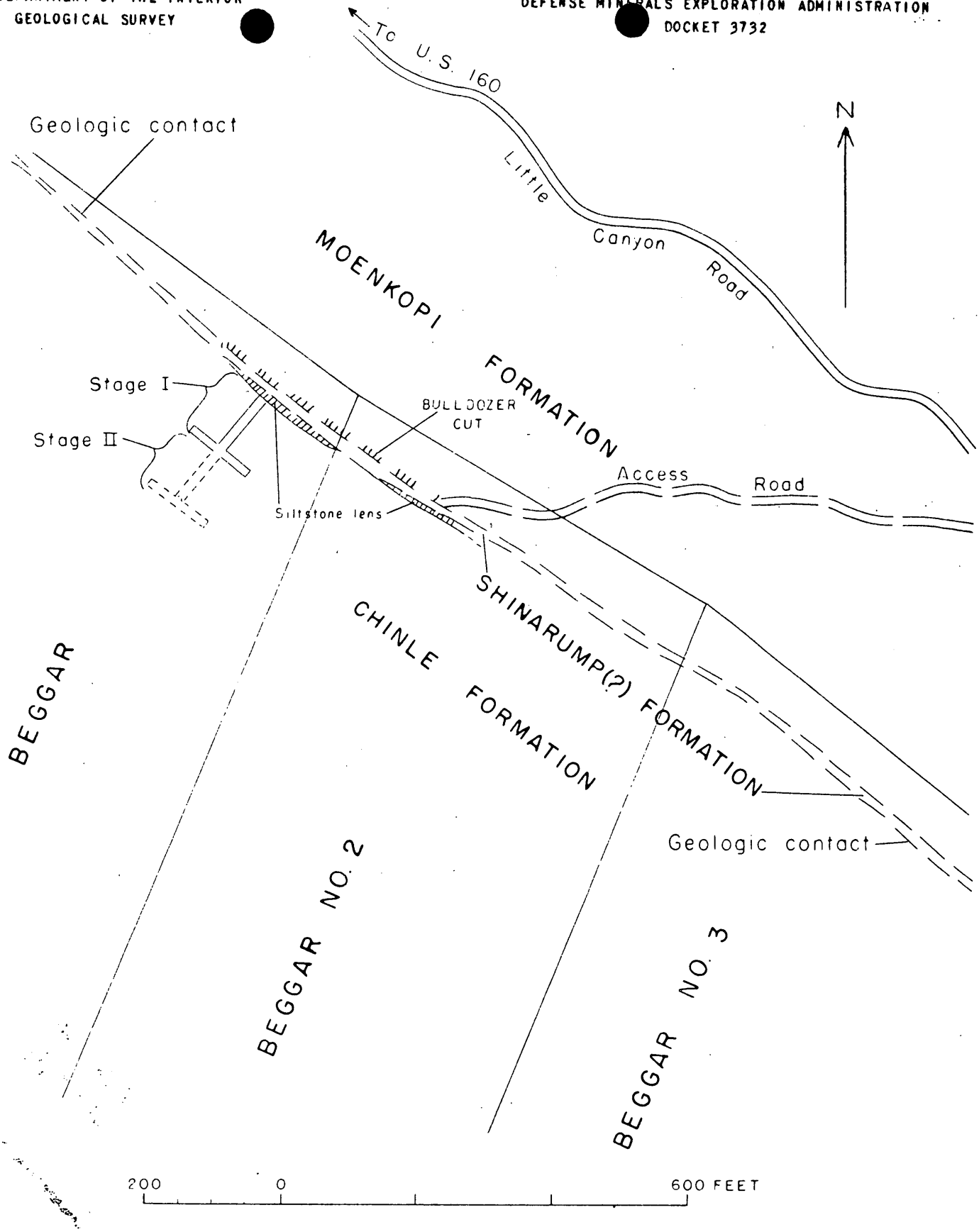

Figure 4. SKETCH MAP SHOWING PROPOSED EXPLORATION ON BEGGAR CLAIM
KLONDIKE URANIUM, INC., GRAND COUNTY, UTAH

CERTIFIED MAIL

224 New Customhouse
Denver 2, Colorado

October 17, 1955

Klondike Uranium, Inc.
114 Atlas Building
Salt Lake City 1, Utah

Re: Docket DMEA 3732 (Uranium),
Contract Idm-E873

Gentlemen:

Enclosed herewith is your copy of Exploration Project Contract Idm-E873, Docket DMEA 3732. Also enclosed are six copies of Form MF-104, Operator's Monthly Report and Voucher, and six copies of Form MF-104A, Operator's Unit Cost and Progress Report. At the completion of the first calendar month of operation and monthly thereafter, you are required to submit five copies of the completed forms to Mr. John F. Shaw, U. S. Bureau of Mines, Room 137, Building 20, Denver Federal Center, Denver 2, Colorado. The sixth copy of the form is for your records.

Please note that the monthly report requires a narrative report which should be accompanied by maps or sketches. The narrative report must be signed by the operator. The monthly report will not be processed for payment unless accompanied by a narrative report. Additional copies of forms MF-104 and MF-104A will be forwarded to you as required.

For your information and in reply to many questions that have been asked, after forms MF-104 and MF-104A are received an engineer will check progress and approve your accounts, after which it will be sent to the Regional Office, Region III, U. S. Bureau of Mines, 224 New Customhouse, Denver 2, Colorado, for auditing and vouchering. If the report is in order a check will be issued by the Treasury Department for the Government's portion of the costs.

The contract is prepared on short-form MF 200A, which establishes fixed unit costs for the performance of the various categories of work which will be the basis of reimbursement to you as units of work are completed.

Your attention is directed to the provision that Stage II work is contingent upon the results obtained from Stage I and performance of the work under Stage II is subject to the prior written approval of the Government.

When Stage I has been completed, if you desire to perform the work as outlined in the contract for Stage II, you must request the Government's approval prior to the performance of any work under Stage II. You should anticipate a suspension of operations between stages of work to enable the Government geologist and engineer to evaluate the results of the work performed and make their recommendations to this office relative to additional work to be performed.

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

Regarding the start of the work, please contact M. H. Salsbury, mining engineer, U. S. Bureau of Mines, P. O. Box 360, Grand Junction, Colorado; or he can be reached in person at the A.E.C. Compound in Grand Junction, 'phone No. 3000, extension 287. Mr. Salsbury will meet with your representative to establish starting points of the work and will further explain the contract and reporting procedures if additional information is desired.

It is a regulation that reimbursement for the cost of work accomplished prior to the date of the contract will not be allowed. It is a requirement and imperative that you notify this office in writing the date work actually commences under the contract with a copy of your letter to Mr. Shaw.

Very truly yours,

W. M. Traver

W. M. Traver
Executive Officer, DMEA
Field Team, Region III

Enclosures
JWT:prl
cc: Chairman, Oper. Comm. (4)
Marshman
Shaw (2)
Hasler
Townsend
Corres. file
Chron.

Docket No. 3732

Commodity Uranium

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 873

Date of Contract ~~or Amendment~~ September 15, 1955

Name and Address of Operator:

Klondike Uranium, Inc.
114 Atlas Building
Salt Lake City 1, Utah

Amount of Government participation $ 14,349.00

Percent of Government participation 75 %

Region: III State: Utah

E. J. Talbert
(Name)
for J. L. Chambers, Chief
Contract Administration and Audit Division
(Title)

Date Delivered to Bureau of Mines, Washington.

9/15/55

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