

3184177

AMENDMENT TO MINING LEASE \$

Recorded OCT 18 1978 at 3:17 p.m.
Request of J. W. Jacobson
KATIE L. DIXON, Recorder
Salt Lake County, Utah
By Evelyn Thompson Deputy
REF. Evelyn Thompson

THIS AMENDMENT TO MINING LEASE, made and entered into this 1993 Arcadia
7th day of Sept, 1978 by and between SALT LAKE 84117 Lam
CITY SUBURBAN SANITARY DISTRICT, a governmental agency of Salt Lake County,
State of Utah, hereinafter designated as Lessor, and JAY W. JACOBSON, here-
inafter designated as Lessee;

That whereas Lessor and Lessee have entered into that certain Mining
Lease dated April 6, 1978, (the Mining Lease), that whereas Lessor and Lessee
desire to amend the lease in certain respects, now therefore, for and in con-
sideration of Ten Dollars in hand paid by Lessee to Lessor, and other good and
valuable consideration, the parties hereto agree that henceforth, the Mining
Lease shall be amended in its entirety as set forth hereinbelow.

W I T N E S S E T H:

That the said Lessor, for and in consideration of the sum of One
Thousand Dollars in hand paid by Lessee to Lessor, and mutual considerations,
the receipt and sufficiency of which are hereby acknowledged, and of the royal-
ties, rentals, covenants and agreements hereinafter reserved and by said Lessee
to be paid, kept and performed, has granted, demised and let to the said Lessee
the land along the railroad siding tracks east of the Vitro Chemical Co. tail-
ings dump, as shown in exhibit "A" (outlined in red) and within the descrip-
tion shown in exhibit "B", together with access to the demised premises. Both
said exhibits are attached hereto and made a part hereof. This lease is sub-
ject to cancellation by the Lessor upon the operation of forces beyond Lessor's
control such as Federal, State or County edict which Lessor could not success-
fully and reasonably resist or court order initiated by entities with motives
not now perceived. Rights for judicial review are reserved to Lessee. Attached
hereto and made a part hereof are copies of letters from Mr. Scott Matheson,
Governor of the State of Utah; Dr. Lyman Olson, Director of Health of Utah;
Dr. Harry Gibbons, Director of Salt Lake County Health Department; and the Energy
Research Development administration signed by Eugene W. Grutt, Jr.; and the U. S.
Department of Energy signed by John G. Themelis, Director of Engineering and
Safety.

In the event a cancellation pursuant to this provision is determined
necessary by the Lessor, Lessor shall notify Lessee in writing of the grounds

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upon which cancellation is based, and Lessee shall have the right to contest or object to such grounds, during which time, this lease shall continue in full force and effect. A final determination by a Court of competent jurisdiction as to the justifiable grounds for termination, shall be the date upon which this lease shall terminate.

TO HAVE AND TO HOLD unto the said Lessee until forfeited or terminated as herein provided;

AND IN CONSIDERATION of said demise, said Lessee does covenant and agree with said Lessor as follows:

1. To pay to said Lessor at its place of business at 3844 South 11th East, Salt Lake City, Utah, royalties and rentals as hereinafter specified during the effective term of this agreement.
2. To keep proper books of account showing the amounts of minerals or metals produced and sold from the said mining property and to deliver duplicate reports and statements of said sales to the Lessor at its place of business, together with a check for royalties oweable within reasonable time after consummation of sale but not to exceed thirty days.
3. This lease shall not include any of the buildings or facilities presently upon the premises, and the operation of the lease shall not in any manner interfere with said buildings and facilities and shall not interfere with any of the operations of the Lessor in the operation, building or construction of operable facilities in the activity of collecting and treating sewage.
4. That during the term of this agreement and in periods when men are employed, Lessee, at his own risk and expense, shall carry adequate workmen's compensation insurance, and to at all times keep Lessor free and harmless from any and all damages for accidents to or injuries or health problems incurred by any person or persons upon, in or about the premises, and to comply with all governmental laws, regulations and ordinances, as applicable with respect to matters to be done and performed.
5. To keep all bills and accounts for labor performed and supplies and materials furnished, in or for operations under this lease paid and to not allow any claims or lien to be effectually made or asserted against the Lessor or its property.
6. Said Lessor reserves the right of general inspection of Lessee's operation upon said premises and the right to post notice of nonresponsibility and other notices necessary, proper or convenient for the protection of the Lessor, however Lessee further agrees to keep posted in a conspicuous place

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on said premises a notice to the effect that the owner (Lessor) herein) will not be responsible for any labor performed, materials furnished nor improvements made by the Lessee under this lease and shall file an affidavit of such posting with the Salt Lake County Recorder.

7. Lessee shall keep and preserve reasonable records and maps to reflect the progress and results of work undertaken, and shall allow Lessor to inspect such records at reasonable times, and, upon termination of this agreement and the request of the Lessor, deliver duplicate copies of such records to said Lessor.

8. Said Lessee shall pay any and all taxes assessed by reason of the mining operation upon said premises, including employee social security, taxes and income state and Federal withholding taxes, excepting tax upon the reserved royalty of the Lessor.

9. Lessee will comply with all state and Federal regulations of mining,

(a) Including excavation and loading of ores in a manner to not aggravate current radioactive contamination, Lessee will not work on days of high winds and will routinely sprinkle the area being worked to reduce dust during excavation and loading.

(b) Will provide facilities and require all workers to wear appropriate registered dust respirators.

(c) Will provide facilities and require employees to change clothing before and after work to avoid contamination of automobiles and homes.

(d) Will Cover and caulk all haulage trucks to prevent contamination of highways by loss of materials.

(e) All excavated commercial material must be hauled directly to the buyers mill or licensed buying station. Before backfilling of excavated areas, ~~if deemed appropriate by the Lessee~~, contamination within any area to be backfilled must be reduced to 10 uR/hour or less before such takes place. Data verifying this must be submitted to the Utah State Division of Health for evaluation before backfilling takes place. Lessee agrees to backfill the area to the proportionate extent required by Lessor but not to exceed the amount of material removed.

(f) The Division of Health must be notified the day excavation is to start so that it may monitor the entire operation.

10. In the event Lessee shall fail to make any payment of royalty or rental or any other payment herein provided for, at the time and in the manner stipulated, or shall fail to keep or perform any of the conditions, covenants or agreements herein contained on his part to be kept and/or performed, said Lessor may give to said Lessee a notice in writing of such specific proven default, and if such default is not corrected within twenty (20) days after the receipt of such notice this lease shall terminate and become forfeited. It is understood and agreed that, subject to the obligation of the Lessee to pay rents and royalties with relation to the sale of ores shipped from the premises to the date of such termination, the liability of Lessee for any default under the terms of this mining lease shall be the loss of the rights granted hereby to the Lessee in and to the leased property, and Lessee shall, under such circumstances, be fully liable to Lessor for all damages caused in addition to all rents and royalties paid. Lessee agrees to level the bottom of the pit areas from which ore has been removed. The word "damages" as above used shall be construed to include physical health.

11. To pay to Lessor at its place of business at 3844 South 11th East, Salt Lake City, Utah, the following royalties on all uranium ore shipped from the premises. Seven and one-half per cent (7½%) of the value of the ore of the balance *W.P.S.* based upon the customary published price schedule prevailing in the uranium industry in the Utah area, less the cost of freight and haulage to the mill or buying station to which the ore is shipped.

12. Lessee agrees to pay to the Lessor a rental of two hundred dollars (\$200.00) per month commencing six months from the date of execution of this agreement. Rental payments, including the down payment, are not refundable, however, such payments hereunder shall be considered as advanced royalty payments and shall be applied as a credit towards royalty payments which thereafter might be due, and royalty payments in excess of \$200.00 monthly shall apply as a credit against future rental payments. Royalty payments from the sale of ore shall be made directly to the Lessor by the buyer of ore, where and when such arrangements are in accord with the buyer's established custom. Twelve months from date, said rental or advanced royalty payments shall accelerate to Five Hundred Dollars (\$500.00) monthly and one year thereafter to One Thousand Dollars (\$1,000.00) monthly, subject to the

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same credit application herein set forth. Lessee warrants and covenants that upon any failure of Lessor's title to the leased premises, Lessee will not claim damages resulting therefrom.

13. Upon termination of this agreement, by default or otherwise, said Lessee shall surrender to said Lessor the said property, but any machinery, tools, equipment or buildings placed thereon by the Lessee, whether attached to the realty or not, shall belong to the Lessee and it or its agents shall be allowed to remove same within a reasonable time after date of termination, not to exceed six months.

14. Lessee, upon performance of all obligations hereunder, shall have the right to terminate this agreement at any time upon fifteen (15) days' written notice to Lessor.

15. All covenants and conditions herein contained, expressly or impliedly, shall extend to the successors, personal representatives, heirs, administrators and assigns of the parties hereto.

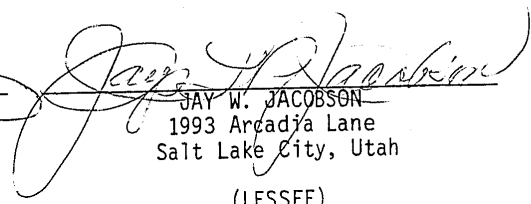
IN WITNESS WHEREOF, the parties hereto have set their hand the day and the year first above written.

SALT LAKE CITY SUBURBAN
SANITARY DISTRICT



DAVID B. BRINTON, MANAGER
3844 South 11th East
Salt Lake City, Utah

(LESSOR)



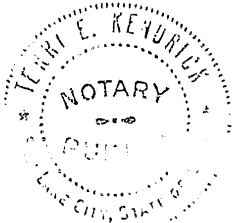
JAY W. JACOBSON
1993 Arcadia Lane
Salt Lake City, Utah

(LESSEE)

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STATE OF UTAH)
COUNTY OF SALT LAKE) SS.

On the 7th day of September, 1978, personally appeared before me, David B. Brinton, who being duly sworn, did say that he is the Manager of Salt Lake City Suburban Sanitary District, a governmental agency, and that said instrument was signed in behalf of said governmental agency by authority of a resolution of the Board of Trustees thereof, and said David B. Brinton duly acknowledged to me that said governmental agency executed the same.



Terry E. Kendrick
NOTARY PUBLIC

Residing at Salt Lake City, Utah

My Commission Expires:

Aug 1, 1981

STATE OF UTAH)
COUNTY OF SALT LAKE) SS.

On the 6th day of September, 1978 personally appeared before me Jay W. Jacobson, the signer of the within instrument, who duly acknowledged to me that he executed the same.



My Commission Expires:

March 25, 1979

Rodney B. Jacobson
NOTARY PUBLIC

Residing at Salt Lake City, Utah

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Exhibit A

KEAN SANITARY DIST.

FOR WAY WEST 1250.35'

RAILROAD RIGHT OF WAY

TAILINGS

SUBURBAN SANITARY DIST. HICNCH

VILLAGE OF AMERICA

CHLORINE REDUCTION UNIT

WATER TOWER

WATER STREET

Old Stock Pile
Slimes Area
Slimes (COTC)

Old site
Slimes
Old limehouse

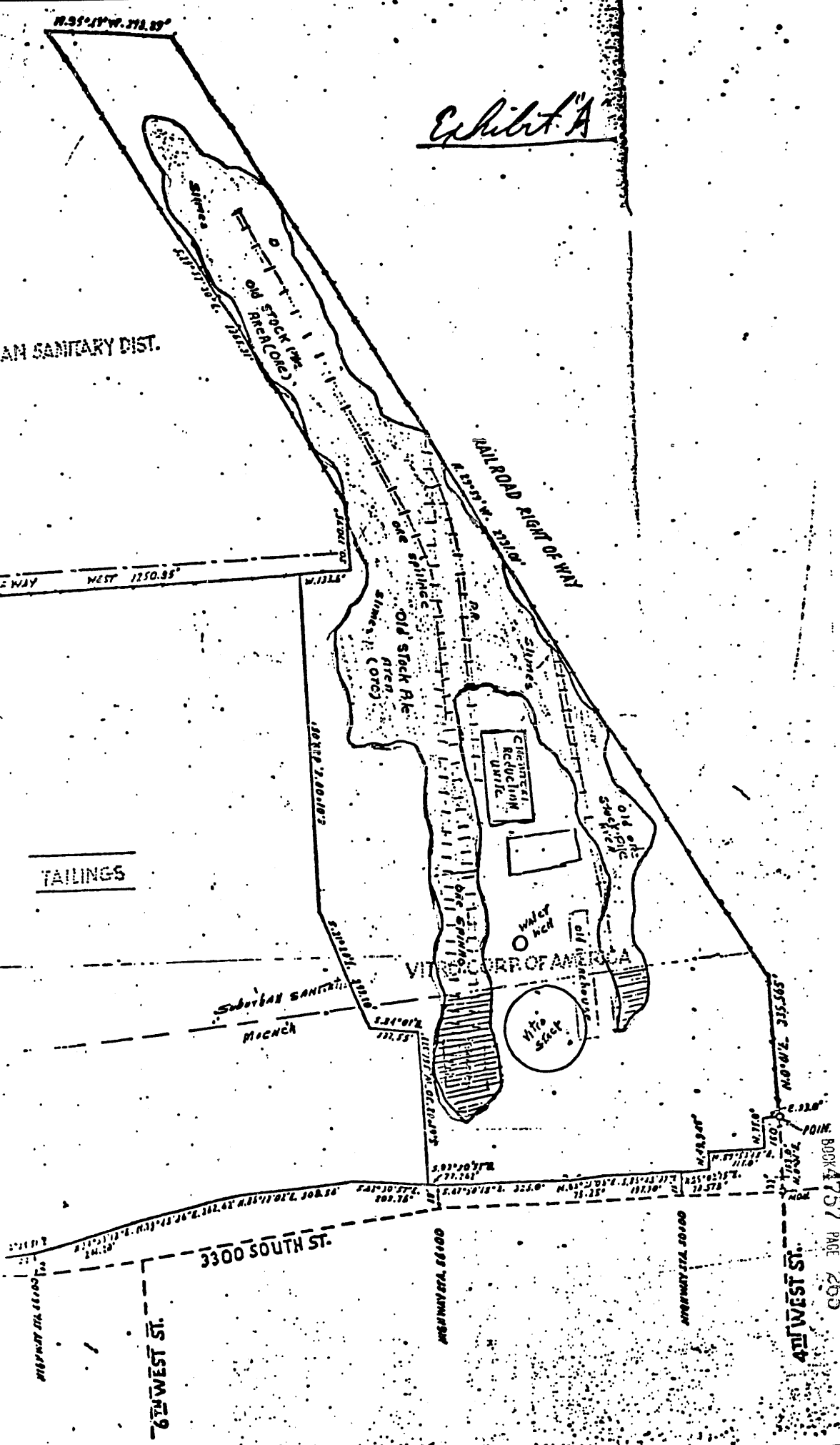


EXHIBIT "B"

Description covering area that contains the ore and slimes
being leased herein.

Beginning at a point 320.550 Ft., S. 88°53'30" W.; 1095.266
ft. N. 0°05'30" E.; 1593.15 ft. S. 89°53'45" W.; 183.0 ft.
N. 0°01' E. 335.565 ft. N. 0°01' E.; 150 ft. N. 29° 59' W.
from the South 1/4 Cor. of Sec. 25, T. 1 S., R. 1 W., S.L.B.M.,
and running thence 2581.01 ft. N. 29°59' W.; thence 298.89
ft. N. 85°49' W.; thence 1365.31 ft. S. 29° 57' 30" E.;
thence S. 170.75 ft.; thence W. 133.6 ft.; thence 829.05 ft.
S. 01°0' E.; thence 283.20 ft. S. 21°20' E., thence in an
easterly direction 1000 ft. m or l to point of beginning
along and adjacent to the north boundary line of Eugene
Moench land.



SCOTT M. MATHESON
GOVERNOR

STATE OF UTAH
OFFICE OF THE GOVERNOR
SALT LAKE CITY
84114

August 25, 1978

Mr. David B. Brinton
Salt Lake City Suburban
Sanitary District
3844 South 100 East
P.O. Box 6338
Salt Lake City, Utah 84106

Dear Mr. Brinton:

Early last week Mr. Jay Jacobson and his business consultant requested my assistance relative to a lease held from Salt Lake Suburban Sanitary District as lessor and reading to Jay Jacobson as lessee. The leased property covers the ore storage and slimes area containing contaminated material at the former site of the Vitro Chemical Company on 33rd South in Salt Lake City. I am enclosing copies of the correspondence I have received on this matter which develops a sound business and health rationale for amending the lease to allow Energy Fuels to remove the materials.

I hope you and your Board can support this request which I believe to be in the public's interest.

Sincerely,


Governor

SMM: kb

Enclosure

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Social Services

Scott M. Matheson, Governor, State of Utah
Anthony W. Mitchell, Ph.D., Executive Director

August 7, 1978

(801) 533-6121

Governor Scott M. Matheson
State Capitol
Salt Lake City, UT 84114

THROUGH: Anthony W. Mitchell, Ph.D.
Executive Director

Dear Governor Matheson:

In response to a telephone call from Jay W. Jacobson on August 7, 1978, we have reviewed the file on his proposed removal of slimes and ores from the Vitro property now owned by the Salt Lake City Suburban Sanitary District #1.

We see no reason that Mr. Jacobson and Energy Fuels cannot proceed with the transport of these materials to the storage site in southern Utah as long as they meet with the requirements set forth in the letter to Mr. Jacobson from the Division of Health dated October 13, 1977 (copy attached).

Mr. Jacobson's concern with the lease that he has obtained from Salt Lake City Suburban Sanitary District #1 is not well founded as we could not cancel the lease in event the material is handled in a manner contrary to the requirements of the letter of October 13. Our only recourse in such a case would be to close the operation until the requirements were met.

Certainly, it is more desirable to have these materials in a tailings in a remote area of Southern Utah than in a similar pile in the center of Salt Lake City.

Sincerely,

Lyman J. Olsen, M.D.
Director of Health

cc: Mr. Jay Jacobson
Salt Lake City-County Health Dept.

Division of Health
Lyman J. Olsen, M.D., M.P.H.
Director of Health

150 West North Temple, Suite 474
P.O. Box 2500, Salt Lake City, Utah 84110
801-533-6111

An Equal Opportunity Employer

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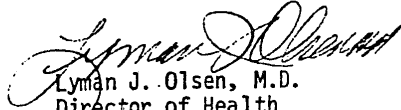
Frank McGinley
May 19, 1977
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in the Salt Lake Valley. We would object to any process or activity in that area that would in any way lessen the chance of a satisfactory solution.

Sincerely yours,



Harry L. Gibbons, M.D., M.P.H.
Director of Health
Salt Lake City-County Health
Department



Lyman J. Olsen, M.D.
Director of Health
Utah State Division of Health

Attachment

cc: ✓ Mr. Jay W. Jacobsen
Salt Lake City Suburban Sanitary District No. 1
Mr. Richard Moench

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STATE OF UTAH—DEPARTMENT OF SOCIAL SERVICES

SCOTT M. MATHESON
Governor

ANTHONY W. MITCHELL, Ph.D.
Executive Director

DIVISION OF HEALTH
44 MEDICAL DRIVE
SALT LAKE CITY, UTAH 84113
AREA CODE 801
533-6111

Board of Health
Air Conservation Committee
Health Facilities Council
Medical Examiner Committee
Nursing Home Advisory Council
Water Pollution Committee

LYMAN J. OLSEN, M.D., M.P.H.
Director of Health

May 19, 1977.

OFFICE OF THE DIRECTOR

Frank McGinley
Contract Administrator
U.S. Energy Research and Development
Administration
Grand Junction, Colorado 81501

Dear Mr. McGinley:

Mr. Jay W. Jacobsen, 1943 Arcadia Lane, Salt Lake City, Utah 84117, has submitted a proposal for the removal of slimes and ore from the site of the former Vitro Chemical Corporation uranium operation in the Salt Lake Valley. The area of concern is east of the tailings pile at the old plant site and paralleling the railroad right-of-way (map attached). Removal of this material would not disturb the existing tailings piles.

Mr. Jacobsen had taken samples in this area and the assays of the samples indicate fairly high grade ore. The EPA gamma survey data surrounding the Vitro site found in Figure 3-4 of Phase II, Title 1, Engineering Assessment of Inactive Uranium Mill Tailings, Vitro Site, Salt Lake City, as prepared by Ford, Bacon and Davis Utah Inc., verify the fact that there are high level deposits in this area.

Mr. Jacobsen has not determined the depth of material he proposes to remove but it is presumed that a considerable depression will be left. In discussing this with the Salt Lake City Suburban Sanitary District No. 1, we learn that they are interested in developing a catch basin in that general area for use in the event of plant breakdown. Initially, Mr. Jacobsen indicated he would backfill the excavated depression but in light of the desire of the Sanitary Sewer District to develop a catch basin that probably would not be a requirement placed on Mr. Jacobsen if this proposal is approved.

The purpose of this letter is to obtain an expression from you as to whether such an activity at the plant site would in any way adversely affect final solution to the tailings pile problem

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UNITED STATES
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION
GRAND JUNCTION OFFICE
GRAND JUNCTION, COLORADO 81501

August 16, 1977

RECEIVED

AUG 18 1977

Utah State Div. of Health
Environmental Health

Harry L. Gibbons, M.D., M.P.H.
Director of Health
Salt Lake City-County Health Department
610 South 200 East
Salt Lake City, Utah 84102

and

Lyman J. Oisen, M.D.
Director of Health
Utah State Division of Health
44 Medical Drive
Salt Lake City, Utah 84113

Gentlemen:

We have reviewed your two May 19, 1977 letters regarding the Vitro tailings problem and discussed the situation with ERDA-HQ personnel. We offer the following comments and guidance on each of the activities:

- A. Tailings Removal From Private Property - The owner should be cautioned that there is no guarantee he will be reimbursed for his costs for having the tailings removed. Since this type of situation has arisen in the Grand Junction Remedial Action Program, ERDA will attempt to assure that such reimbursement will be allowed if legislation to undertake remedial action for the Vitro site is passed. We suggest that State or City-County health personnel monitor the tailings removal for certification in the event cost reimbursement is considered. Monitoring should include pre- and post-tailings removal, inside and outside gamma, and inside radon or radon daughter measurements. The pre-removal measurements will be particularly important in determining eligibility for reimbursement if authorized. We will be glad to authorize Ford, Bacon & Davis Utah, Inc. to make radon measurements if you need assistance. The exact volume of tailings removed and their disposal location on the existing tailings pile should be documented. We do not believe that this activity will adversely affect the final solution to the Vitro tailings problem.

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Harry L. Gibbons, M.D., M.P.H. -2-
and
Lyman J. Olsen, M.D.

August 16, 1977

B. Removal of Slimes and Ore - We are uncertain what effect this activity might have on the final solution to the Vitro problem. If properly conducted, it probably would not have an adverse effect. However, before the State authorizes Mr. Jacobsen to remove this material, we suggest he be requested to develop a detailed plan, including but not limited to the following:

1. Purpose of the removal.
2. Precise limits of the excavation, including estimated depth.
3. Where the material will be shipped.
4. Plans to decontaminate the excavated area to the gamma and radium in soil criteria contained in Appendix A.2 of the Vitro Phase II report.
5. Assurance that the excavation will not be backfilled unless the decontamination criteria are met.

Plans should also be made for State or City-County health personnel to monitor the removal and provide official documentation of the post removal conditions. Every effort should be made to keep removal operations from spreading contamination, thus requiring extensive remonitoring prior to any authorized remedial action. Also, Mr. Jacobsen's operations schedule should not interfere with possible remedial action undertaken by the government. We will reserve our concurrence with the proposed removal until the appropriate plans are developed and forwarded to us for review.

We request that you direct any questions on these items and coordinate future activities with Mr. John G. Themelis, Director, Engineering & Safety Division in this office.

Sincerely,

Eugene W. Grutt, Jr.
Manager

cc: RHKennedy - DOES - w/incoming letters
DRDalley - Utah State Division of Health

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United States
DEPARTMENT OF ENERGY
P. O. Box 2567
Grand Junction, Colorado 81501

October 3, 1977

Mr. Jay W. Jacobson
1993 Arcadia Lane
Salt Lake City, Utah 84117

Dear Mr. Jacobson:

Thank you for providing us with the detailed plans of your proposed removal of slimes and ore from a portion of the Vitro millsite.

It was the intent of our August 16 letter that the interested City, County and State Health Department officials be aware of our concerns of possible adverse effects on the final solution to the Vitro problem. We would have no objections to your proposed operations if the activities are properly monitored and documented by the appropriate State or City-County Health Department authorities, if radioactive contamination is not spread further, and if the activities do not result in increased labor and expenses for the final solution of stabilization or removal of contaminated materials at the site.

Any authorization for you to commence or proceed with this proposal should come from the appropriate State or City-County Health Department. By copy of this letter we request that the appropriate health officials advise us of the measures they will take in regard to the concerns mentioned in the preceding paragraph.

Sincerely,



John G. Themelis, Director
Engineering & Safety Division

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Carbon copies sent to:

R. H. Kennedy
Div. Environmental Control Technology
Mail Stop E-201

Dr. Harry L. Gibbons
County Health Officer for Salt Lake County
610 South 200 East
Salt Lake City, Utah 84102

Dr. Lyman J. Olsen
Director of Health
State of Utah Division of Health
44 Medical Drive
Salt Lake City, Utah 84113

Dennis R. Dalley, Chief
Radiation & Occupational Health Section
Utah State Division of Health
Bureau of Environmental Health
44 Medical Drive
Salt Lake City, Utah 84113