OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-X674, Docket DMEA-3287 (mica), dated June 1, 1954, with:

Sam L. Phillips, John Phillips, Lin Carpenter,
Jeter Boone, and Homer Boone
d/b/a Mud Cut Mining Company
Spruce Pine, North Carolina

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Mud Cut (Mudhole) and Tallent (Talent) Mines located in Mason County, North Carolina, during the period May 8, 1959, through November 26, 1962.

A certification of discovery or development was issued on July 22, 1955, and, in accordance with Annex II of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 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. A Report of Review dated May 19, 1955, indicated accepted costs under the exploration contract amounting to $10,538.00 with the Government's contribution on a 75 percent basis being $7,903.50.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review established no sales subject to the Government's royalty subsequent to the period covered by prior Reports of Royalty Review which found the sales subject to the Government's royalty through May 7, 1959, to be $12,334.20. The royalty account as of May 7, 1959, was:

Total Royalty Payable	$617.71
Total Royalty Paid	617.71
Balance of Royalty Due	$ -0-

As of November 26, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$617.71
Total Royalty Paid	617.71
Balance of Royalty Due	$ -0-

December 5, 1962

E. D. Talbert, OME Auditor

STATUS OF PROJECT, SCOPE OF REVIEW AND REASONS THEREFOR

This contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The land consists of lot D of the M. D. Billings-Allman Cove Subdivision, Franklin Township, containing 12.4 acres, more or less. At the time the contract was executed the Operator was in possession by virtue of a March 12, 1954, lease and option granted by Eliza C. and Paul L. Grist, Rabun Gap, Georgia. In consideration of the contract the Lessors executed an Owner's Consent to Lien on June 4, 1954. The contract's so-called "abandonment" clause was deleted by Amendment No. 1.

Exploration work under the contract was completed on April 30, 1955. Production during the exploration period resulted in total sales of 1,573.64 lbs. of trimmed mica and 19,322 lbs. of scrap, punch, and washer mica. These sales, on which the proceeds aggregated $12,354.20, are covered by a Report of Royalty Review dated February 1, 1956.

Examinations of the property and checks of the G.S.A. Mica Purchase Depot's records by DMEA and OME regional representatives disclosed no further production and no evidence of activity through April 26, 1961, other than some bulldozing work by Ralph Cunningham, Franklin, North Carolina, during the first part of 1961.

A check of the G.S.A. Mica Purchase Depot's records by a representative of this Division during June 1962 disclosed no unreported production. In a November 26, 1962, reply to a MME Form 63 inquiry one of the partners (Sam L. Phillips) advised that neither change in property status nor production from the property had occurred since May 18, 1961.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) The files indicate that all production from the property since the date of the contract has been reported and proper royalty thereon paid; and
(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

DEC 1 1 1962

Memorandum

To: Chief, Fiscal Section, Division of Administrative Services, Office of the Secretary

From: Chief, Division of Field Operations, OSE

Subject: EMRA-3287 (Miss)
Red Cut Mining Company
Red Cut Mine
Macon County, North Carolina
Contract I4m-8674

Enclosed for your files is the original of a Report of Royalty Review on the subject contract.

George C. Selfridge

Enclosure

GCSelfridge/gla (12-11-62)
cc to: Docket EMRA-3287
Director's Reading File
CAAA Division ✓
G. C. Selfridge
R. A. Laurence, USGS, Reg. IV, w/cy of Report of Royalty Review dtd 12/5/62 and orig. cy of memo dtd 12/5/62 to Chief, Division of Field Operations, from CAAA Division.
Avery Reed, USBM, Reg. IV, w/cy of ea. item sent to Mr. Laurence.

December 5, 1962

Memorandum

To: Chief, Division of Field Operations

From: E. D. Talbert, Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: DMRA-3287 (Mica)
Mud Cut Mining Company
Mud Cut Mine
Macon County, North Carolina
Contract Idu-E674

Enclosed are the original and two copies of a Report of Royalty Review covering the subject Region IV contract. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary; and

(b) Two copies to Region IV files.

This report is for OMM record purposes only; therefore, no copy has been provided for the Operator.

As evidence of your concurrence, a copy of your memorandum transmitting the original of the report to the Department's Fiscal Section should be furnished this Division. If for any reason you do not concur, the original and both copies should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 12-5-62

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

E 674 6/1/54 DM8a-3287 Mud Cut Mining Company

Macon County, N.C. Mud Cut, Talent (Talent) Mine

Last reported Depot sale 1/6/55 1249 $1,299.99 Sam Phillips auth 153A

Other known parties of possible interest:

Sam L. Phillips Partner — Paul L. & Eliza Cobb Kirk owners

John Phillips " — Ralph Cunningham

Lin Carpenter "

Jeter Boone "

Homer Boone "

All sales on which royalty paid were made under Sam Phillips Authorization EPS 4-153A, except that extra quantities of "Heavy Stone" were mixed with lots of old by other producers.

Did Ralph Cunningham make any sales - he operated in 1960-61?

No sales found.

No subsequent purchases by S. P. Depot were noted.

CEF

Ab.

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
[illegible]		[illegible]
[illegible]		50[illegible]
		[illegible]
		110
		100
		220

[illegible] 22, 1962

Memorandum

To: [illegible]

From: [illegible], [illegible]

Subject: [illegible] of Spruce Pine [illegible] records, [illegible] 17 - 22, 1962

During the [illegible] June 1[illegible], 1962, [illegible] the purchase records [illegible] Mica [illegible] at [illegible] Pine, North Carolina, [illegible] the purpose of ascertaining [illegible] mineral production under [illegible] project [illegible] not disclose any [illegible] projects [illegible] under the following contracts:

Contract No.	Docket No.	Operator	Mine Names
[illegible] 87	[illegible]	Pitt Mica Corporation	[illegible], Reid, Reid-Mary, [illegible] Hooker
456	2[illegible]	A. W. Reid and [illegible] H. Hooker	[illegible], Reid, Reid-Mary, [illegible] Hooker
393	2293	Dixie Minerals, Inc.	[illegible] H. Stephens (Stevens)
412	2277	Battle John Mica Miners	Battle John, N. L. Barnard
461	2[illegible]	[illegible] Angel	[illegible]
472	2[illegible]	[illegible] Associates	[illegible], [illegible], Turley
686	[illegible]	[illegible] Mines, Inc.	" " "
476	2[illegible]	Andrew W. Reid	[illegible]
516	29[illegible]	The [illegible] Mining Co.	[illegible] Cope
519	2[illegible]	H. J. Twiggs [illegible]	[illegible] Hawkins, Little Sam [illegible]
547	[illegible]	[illegible] Mining Co.	[illegible]
560	[illegible]	[illegible] Mining Co.	[illegible], Bennett
562	[illegible]	[illegible] Mica Co.	[illegible]
601	3[illegible]	[illegible] Burleson, et al.	[illegible]
613	[illegible]	[illegible]	[illegible]
626	3133	[illegible] Mica Co.	[illegible] (Sanders)
636	3154	Reid Mica Miners	[illegible]
[illegible]	[illegible]	[illegible] Ryder [illegible]	[illegible]
6[illegible]2	3[illegible]	Non-Metallic Minerals	[illegible] Peterson [illegible]
674	3237	Nut Cut Mining Company	[illegible], Talent (Talent)
679	3290	C. [illegible] Burleson	[illegible] Left
6[illegible]	3[illegible]	J. [illegible]	[illegible]

Director's Reading File
CA & A Division
Region IV Files (2)

Docket
[illegible]

[illegible]Fisher/ams
6-26-62

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Division of Nonmetallic Minerals, Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-E674, Docket No. DMEA-3287 (Mica), dated June 1, 1954, with

Sam L. Phillips, John Phillips, Lin Carpenter,
Jeter Boone and Homer Boone
d/b/a Mud Cut Mining Company
Spruce Pine, North Carolina

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Mud Cut Mine located in Macon County, North Carolina, during the period January 27, 1956 through May 7, 1959.

A certification of discovery or development was issued on July 22, 1955, and accordingly royalty is payable on all production from the land described in Article 2 of the contract for a maximum period of 10 years from the date of the contract. A Report of Review in lieu of final cost audit dated May 19, 1955, indicated accepted costs under the exploration contract amounting to $10,538.00 with the Government's contribution, on a 75 percent basis, being $7,903.50.

A prior report of royalty review dated February 1, 1956, indicated total sales subject to Government royalty amounting to $12,354.20 for the period June 1, 1954, through January 26, 1956, and that the royalty due the Government amounting to $617.71 had been paid. No royalty has been received by the Government applicable to this project since the latter date.

This review was made in lieu of an on-site royalty audit of the Operator's accounts and records for the following reasons:

(1) Periodic inspections by a representative of the Field Team, Region V, have failed to disclose any evidence of production or sales of minerals from this project during the period covered by this review, and

(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible royalty which might be disclosed.

C. E. Fisher
C. E. Fisher, OME Auditor

May 14, 1959

(Check Sheet of Examining Engineer filed in Docket)

REPORT OF
ROYALTY REVIEW

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, DMEA Field Team, Region V, Knoxville, Tennessee, pertaining to Contract DMA-[illegible]. Docket No. DMEA-3387, dated June 1, 1954, and Amendment No. 1, dated January 7, 1955, with

Sam L. [illegible], John Phillips, Lin Carpenter,
[illegible] Boone and Henry Boone
[illegible] Mad Cut Mining Company
[illegible] Pine, North Carolina

for the purpose of determining the amount of royalties due the United States Government on sales of mica from property referred to as Mad Cut Mine located in Mason County, North Carolina, during the period June 1, 1954, to January 26, 1956.

A certification of discovery or development was issued on July 22, 1955, and, in accordance with the contract as amended, royalty is payable on all production from the land described in Article 2 of the contract for a maximum period of 10 years from the date of the contract. A Report of Review in lieu of final cost audit dated May 19, 1955, indicated accepted costs under the exploration contract amounting to $10,556.00 with the Government's contribution, on a 75 percent basis, being $7,903.50.

My review included a verification of the royalty paid in connection with the sale of 1,553.64 pounds of trimmed and 19,341 pounds of scrap and punch mica recovered during the exploration period. In addition, a conference was held with Mr. William A. Beck, Mining Engineer, Knoxville, Tennessee, who is thoroughly familiar with the project.

This review was made in lieu of an on-site audit of the operator's accounts and records for the following reasons:

(a) The production involved was incidental to the exploration operations.
(b) The property has been idle since completion of the exploration work.
(c) The administrative cost to the Government of an on-site audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

The review established the total sales of mica to be $12,354.20. Royalty due the United States Government at the contract rate of 5 percent is $617.71. The royalty paid and balance due are as follows:

Total Royalty Due	$617.71
Total Royalty Paid	617.71
Balance of Royalty Due	$ -0-

C. E. Fisher

February 1, 1956

C. E. Fisher, Auditor

For Certificate of Deposit No. 102, dated May 26, 1955, giving royalty repayment of $2.65, see E-410.

QUADRUPLICATE

STANDARD FORM 209c (Formerly Cert. of Deposit, Form 6599)
Promulgated August 1951 by Treasury Department, Fiscal Service

CERTIFICATE OF DEPOSIT FOR CHECKING ACCOUNT

Deposited with Hamilton National Bank, Knoxville, Tennessee 4/29/55
(Name and location of depositary) (Date sent)

DEPOSIT NO. 14-20-070-97

the sum shown opposite for credit, subject to check, in the disbursing account of—

$ 810.85

SYMBOL NO. 1428

E. A. Hudson, Oak Ridge, Tennessee
(Name and address of officer to be credited)

On account of—

14X4401 $10.85 Royalty Payments

Idm-E-671 Mud Cut Mining $2.25
Idm-E-712 Rock Mining Co. 8.60

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Helen R. Miller, Adm. Asst.
Dept. of Interior, Bureau of Mines
P. O. Box 1909
Knoxville 1, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY
I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

E-674

For Certificate of Deposit No. 71, dated February 23, 1955, giving royalty repayment of $11.28, see E-364.

E-674

For Certificate of Deposit No. 56, dated January 11, 1955, giving royalty repayment of $65.00, see E-410.

SEXTUPLICATE

STANDARD FORM 209e (Formerly Cert. of Deposit, Form 6599)
Promulgated August 1951 by Treasury Department, Fiscal Service

CERTIFICATE OF DEPOSIT FOR CHECKING ACCOUNT

DEPOSIT NO.
24-23-070-30

Deposited with Hamilton National Bank, Knoxville, Tennessee (Name and location of depositary) 12/22/54 (Date sent)

$ 65.32

the sum shown opposite for credit, subject to check, in the disbursing account of—

SYMBOL NO.
3128

E. A. Hudson, Oak Ridge, Tennessee
(Name and address of officer to be credited)

On account of—

24-23-01 65.32 Royalty Payment - Tim-E-67A Red Cut Mining Company

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Helen R. Miller, Administrative Officer
U. S. Dept. of Interior, Bureau of Mines
P. O. Box 1909
Knoxville 1, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY
I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

(Date of credit in Treasurer's account)

DEPOSITOR WILL RETAIN THIS COPY

For Certificate of Deposit No. 45, dated December 8, 1954, giving royalty repayment of $2.54, see E-181.

For Certificate of Deposit No. 44, dated December 3, 1954, giving royalty repayment of $64.32, see E-410.

E-674

For Certificate of Deposit No. 41, dated November 16, 1954, giving royalty repayment of $76.46, see E-561.

QUADRUPLICATE

STANDARD FORM 209c (Formerly Cert. of Deposit, Form 6599)
Promulgated August 1951 by Treasury Department, Fiscal Service

CERTIFICATE OF DEPOSIT FOR CHECKING ACCOUNT

DEPOSIT NO.
14-23-070-39

Deposited with Hamilton National Bank, Knoxville, Tenn. 11/4/54
(Name and location of depositary) (Date sent)

$ 38.57

the sum shown opposite for credit, subject to check, in the disbursing account of—

SYMBOL NO.
1428

R. A. Hudson, Oak Ridge, Tennessee
(Name and address of officer to be credited)

On account of—

14X4401 $ 38.57

Royalty payment: IDF-3-674
Red Cut Mining Co.

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Cora A. Piper, Fiscal Officer
Bureau of Mines
Department of the Interior
Knoxville, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

SEXTUPLICATE

STANDARD FORM 209e (Formerly Cert. of Deposit, Form 6599)
Promulgated August 1951 by Treasury Department, Fiscal Service

CERTIFICATE OF DEPOSIT FOR CHECKING ACCOUNT

DEPOSIT NO.
14-33-070-36

Deposited with Hamilton National Bank, Knoxville, Tenn. 10/27/54
(Name and location of depositary) (Date sent)

the sum shown opposite for credit, subject to check, in the disbursing account of—

$ 66.46

SYMBOL NO.
1425

R. A. Hudson, Oak Ridge, Tennessee
(Name and address of officer to be credited)

On account of— 147401 266.46 Royalty payment: 1011-P-674 Bad Cat Mining Co.

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Cora A. Piper, Fiscal Officer
Bureau of Mines
Department of the Interior
Knoxville, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY
I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Thomas J. Duncan
(Authorized signature)

OCT 27 1954
(Date of credit in Treasurer's account)

DEPOSITOR WILL RETAIN THIS COPY

For Certificate of Deposit No. 35, dated October 25, 1954, giving royalty repayment of $20.92, see E-692.

SEXTUPLICATE

STANDARD FORM 209e (Formerly Cert. of Deposit, Form 6599)
Promulgated August 1951 by Treasury Department, Fiscal Service

CERTIFICATE OF DEPOSIT FOR CHECKING ACCOUNT

DEPOSIT NO.

Deposited with _____ _____
(Name and location of depositary) (Date sent)

$

the sum shown opposite for credit, subject to check, in the disbursing account of—

SYMBOL NO.

_____
(Name and address of officer to be credited)

On account of—

_____
(Depositor will insert below his name, title, Department or Agency concerned, and his address)

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

_____
(Authorized signature)

_____
(Date of credit in Treasurer's account)

DEPOSITOR WILL RETAIN THIS COPY

E-674

For Certificate of Deposit No. 30, dated October 11, 1954, giving royalty repayment of $136.27, see E-476.

STANDARD FORM 209e (Formerly Cert. of Deposit, Form 6599)
Promulgated August 1951 by Treasury Department, Fiscal Service

SEXTUPLICATE

CERTIFICATE OF DEPOSIT FOR CHECKING ACCOUNT

Deposited with Hamilton National Bank, Knoxville, Tenn. (Name and location of depositary) 10/5/[illegible] (Date sent)

DEPOSIT NO. 1b-23-070-27

the sum shown opposite for credit, subject to check, in the disbursing account of—

$ 10.0[illegible]

SYMBOL NO. 1b0

[illegible] Dulson, Oak Ridge, Tennessee
(Name and address of officer to be credited)

On account of Lithol 010.0[illegible] Royalty Payment, [illegible] Oak Ridge Mining Co.

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Tom A. Piper, Fiscal Officer
Bureau of Mines
Department of the Interior
Knoxville, Tenn.

SPACE BELOW TO BE USED BY DEPOSITARY ONLY
I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

[illegible]
(Authorized signature)

(Date of credit in Treasurer's account)

DEPOSITOR WILL RETAIN THIS COPY

E-674

For Certificate of Deposit No. 21, dated September 13, 1954, giving royalty repayment of $29.80, see E-561.

For Certificate of Deposit No. 12, dated August 9, 1954, giving royalty repayment of $12.83, see E-613.

REPORT
OF REVIEW

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Sam Phillips, John Phillips,
Lin Carpenter, Jeter Boone and Homer Boone
d/b/a Mud Cut Mining Company
Spruce Pine, North Carolina

pertaining to Exploration Project Contract No. Idm-E674, Docket No. DMEA-3287, including Amendment No. 1, for the months of June, 1954 to April, 1955, inclusive, covering a project for the exploration of mica on property, known as the Mud Cut Mine located in Mason County, North Carolina.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, verification of work performed by reference to Field Team reports, and 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 reasons:

(a) all of the costs incurred were under a contract provision for payment by the Government on the basis of agreed estimated costs of units of work actually performed; and

(b) a large portion ($5,538.00) of the costs incurred were covered by a Report of Review dated December 1, 1954.

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

Total cost as billed by Contractor		$10,536.00
Exceptions:		
By DMEA Finance Officer	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$10,536.00

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 Seven thousand nine hundred three and 50/100 Dollars

$7,903.50

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.

E. D. Talbert

May 19, 1955

E. D. Talbert, Auditor

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

Final Report

OPERATOR'S MONTHLY REPORT AND VOUCHER

VOUCHER & SCHEDULE OF PAYMENTS K-

Month of April, 1955 Docket No. DMEA 3287 Contract No. Idn-E-674
Operator's Name Sam L. Phillips et al. Minerals Mica
Address Spruce Pine, N. C.
Contract Amount, $ 10,838.00 Government Participation: 75 % Amount, $ 8128.50

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						
40' Drifting @ $30.00 ft.	1200.00	3750.00	4950.00			
Shaft		5250.00	5250.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Powder Magazine		25.00	25.00			
Exploder Magazine		13.00	13.00			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs		300.00	300.00			
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1200.00	9338.00	10,538.00	1200.00	9338.00	10,538.00

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

Date 4-28-55 *Payee Sam L. Phillips, et al.

Per Sam L. Phillips Title Partner

*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:

$ 900.00

Signature Helen R. Miller
(Authorized Certifying Officer)

Date 5-5-55 Vou. No.
(See other side)

847 C 4130 300.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Hm-E674 in accordance with the terms of the contract.

Signature Lawrence E. Shirley Title Mining Engr. 4 S.B.m Date May 3, 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature N. J. Lynch ACTING Title EXECUTIVE OFFICER DMEA REGION V Date MAY 4 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 195_)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

MAY 9 - 1955

Month of April 195 5 Docket No. DMEA 3287 Contract No. Idm-E674
Operator's Name Sam L. Phillips, et al. Minerals Mica
Address Spruce Pine, N.C.

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
40' Drifting 0 030.00	Ft.	1200.00	40	4950.00	165	30.00	175	30.00
Crosscutting								
Raising								
Shafts				5250.00	(50	40.00	50	40.00)
Winzes					(65	50.00	65	50.00)
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1200.00		10,200.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs				300.00				
New Buildings, Improvements, etc. Powder Magazine				25.00				
Exploder Magazine				13.00				
Total Costs		1200.00		10,538.00				

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 4-28-55 Operator Sam L. Phillips, et al.

Per Sam L. Phillips Title Partner

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)

Lawrence E. Shirley - May 3, 1955
U.S.B.M.

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 83-38475

OPERATOR'S

Monthly Report of Progress

April,1955

DMEA-3287

Idm-E 674

Work Accomplished:

We completed the contract drift, except for 10' and this was left undone upon recommendations of the field team when they visited the mine. Extra men were employed and rapid progress made during the month. No mica of strategic quality was found, all that was recovered being clay stained and of very poor quality.

Daily Notes:

April 4 - 8: Drilled and shot, then mucked. In vein material and recovered some scrap mica.

April 11-15: Continued with drift, encountering very little water. Drilled, shot and mucked, still in vein material.

April 18-22: Employed one extra man, repeated same operations daily. Continued to recover same type poor quality mica in small amounts.

April 25-30: Completed 40' of drift during month, which completes work to be done on the contract. Field team recommended the last 10' be cancelled. Same operations repeated.

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-54 APR 13 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of March 1955 Docket No. DMEA 3287 Contract No. Idm-E 674

Operator's Name Sam L. Phillips, et al. Minerals Mica

Address Spruce Pine, N. C.

Contract Amount, $ 10,838.00 Government Participation: 75 % Amount, $ 8,128.50

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Contracts: Short Form						
Rehabilitating Shaft		300.00	300.00			
Drilling						
Bulldozing						
Crosscutting						
50' Drifting @ 30.00 ft.	1500.00	2250.00	3750.00			
20' Shaft @ 40.00 ft.	800.00	4450.00	5250.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Powder Magazine		25.00	25.00			
Exploder Magazine		13.00	13.00			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	2300.00	7038.00	9338.00	2300.00	7038.00	9338.00

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

Date 4-4-55 *Payee Sam L. Phillips, et al.

Per Sam L. Phillips Title Partner

*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:

$ 1725.00

Signature Helen R. Miller
(Authorized Certifying Officer)

Date 4-11-55 Vou. No.
(See other side)

7

575.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E674 in accordance with the terms of the contract.

Signature Lawrence E. Shirley Title Mining Engr. U.S.B.M. Date April 6, 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature V. J. Lynch ACTING EXECUTIVE OFFICER Title DMEA REGION V Date APR 7 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
Approval expires 6-30-53.

OF THE INTERIOR
Minerals Administration
RECEIVED
APR 13 1955

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

Month of March 195 5 Docket No. DMEA 3287 Contract No. Idm-E674
Operator's Name Sam L. Phillips, et al. Minerals Mica
Address Spruce Pine, N.C.

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
50' Drifting @ 30.00	Ft.	1500.00	50	3750.00	125	30.00	175	30.00
Crosscutting								
Rehabilitating Shaft	Ft.			300.00	25	12.00	25	12.00
20' Shafts @ 40.00	Ft.	800.00	20	5250.00	(50	40.00	50	40.00)
Winzes					(65	50.00	65	50.00)
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Powder Magazine	Ea.			25.00	1	25.00	1	25.00
Roads and Trails								
Exploder Magazine	Ea.			13.00	1	13.00	1	13.00
Total Distributed Costs		2300.00		9338.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		2300.00		9338.00				

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 4-3-55 Operator Sam L. Phillips, et al.

Per Sam L. Phillips Title Partner

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

Remarks:

(Instructions on reverse)

(For Government use only)

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 83-38475

OPERATOR'S

Monthly Progress Report

March, 1955

DMEA-3287

Idm-E 674

Work Accomplished:

We completed the contract shaft and drifted 50 feet since last report. We have recovered some fairly large mica which is clay stained and poor quality. From the 1/2 ton recovered, we do not believe any good stained mica can be trimmed. No difficulties encountered, and very little water. Rapid progress has been made.

Daily Notes:

March 1 - 4 : Drilled, shot and mucked. Shaft being lowered at good rate of speed. In vein material.

March 7 -11 : Continued down with shaft, drilling, shooting. Still in vein material. Completed shaft and began with drift.

March 14-18 : Continued with drift in direction recommended by field team, in vein material all the way. Drilled, shot and mucked. No water.

March 21-25: Began to encounter mica for first time. Recovered some fairly large mica, which was clay stained. Drilled and shot.

March 28-31 : Reached 50' with the drift, continuing to recover mica. Recovered a total of about 1/2 ton, all stained.

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-44 DEPARTMENT OF THE INTERIOR Defense Minerals Exploration Administration RECEIVED MAR 11 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of February, 1955 Docket No. DMEA 3237 Contract No. 86-D674
Operator's Name Sam L. Phillips, et al. Minerals Mica
Address Spruce Pine, N. C.
Contract Amount, $ 10,833.00 Government Participation: 75 % Amount, $ 8123.50

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent / Short Form } Contracts:						
Drilling						
Bulldozing						
Crosscutting						
30' Drifting @ 40.00	1200.00		1200.00			
25' Rehabilitating @ 12.00	300.00		300.00			
(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):						
						7038.00
TOTALS	1500.00		1500.00	1500.00	5538.00	~~1500.00~~

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 3-1-55 *Payee Sam L. Phillips
Per Sam L. Phillips Title Partner

*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:

$ 1125.00

Signature Helen R. Mullin
(Authorized Certifying Officer)

Date 3-9-55 Vou. No.
(See other side)

b

375.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Tdm-E674 in accordance with the terms of the contract.

Signature Lawrence E. Shurley Title Mining Engr. U.S.B.M. Date March 7, 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION V Date MAR 8 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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 11 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of February 195 5 Docket No. DMEA 3267 Contract No. Ion-0674

Operator's Name Sam L. Phillips, et al. Minerals Mica

Address Spruce Pine, N. C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
30' Shafts @ 40.00	Ft.	1200.00	30	1200.00	30	40.00	50	40.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
25' Rehabilitating @ 12.00	Ft.	300.00	25	300.00	25	12.00	25	12.00
Total Distributed Costs		1500.00		1500.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		1500.00		1500.00				

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 3-1-55 Operator Sam L. Phillips, et al.

Per Sam L. Phillips Title Partner

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

Remarks:

(Instructions on reverse)

(For Government use only)

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
MAR 11 1955

OPERATOR'S
Monthly Report of Progress

February, 1955

DMEA-3287

Idm- E 674

Work Accomplished:

Moved in hoist, air compressor and lumber. Set up boom pole. Rehabilitated and timbered old shaft, sank shaft an additional 30 ft. In vein material from the 30 ft. depth to the 50 ft. depth, then ran out of vein. No mica recovered except small amount of scrap.

Daily Notes:

Feb. 1 - 4 - Moved in hoist and air compressor with bulldozer. Moved in lumber, set up boom pole.

Feb. 7- 11 - Started widening old shaft and timbering. Began mucking out bottom after rehabilitation was complete.

Feb. 14-18 - Began to lower shaft below old level. Drilled and shot. Hit vein material 5' below old shaft.

Feb. 21-28 - Continued down with shaft, drilling and shooting, then mucking. No mica recovered except small amount of scrap. Ran out of vein at 50' level.

Three men worked full time one shift.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Month Reports of:

Sam L. Phillips, John Phillips,
Lin Carpenter, Jeter Boone & Homer Boone
d/b/a Mad Cut Mining Company
Spruce Pine, North Carolina

pertaining to Exploration Project Contract No. Idm-2474, Docket No. DMEA-3287, for the months of June, 1954 to October, 1954, inclusive, covering a project for the exploration of mica on property, known as the Mad Cut Mine, located in Mason County, North Carolina.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, verification of work performed by reference to Field Team's Final Report, 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 agreed estimated 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		$5,538.00
Exceptions:		
By DMEA Finance Officer	$ - 0 -	
Herewith	- 0 -	-0-
Total Accepted Cost		$5,538.00

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 Four thousand one hundred fifty-three and 50/100 Dollars,

"$4,153.50"

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.

E. D. Talbert

December 1, 1954

E. D. Talbert, Auditor

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 October 195 4 Docket No. DMEA 3287 Contract No. Idn-E674
Operator's Name Sam L. Phillips et al Minerals Mica
Address Mud Cut Mining Co., Spruce Pine, N. C.
Contract Amount, $ 5538.00 Government Participation: 75% Amount, $ 4153.50

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
10' Drifting @ 30.00	300.00	1950.00	2250.00			
Shafting		3250.00	3250.00			
(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						
Powder Magazine	25.00	-	25.00			
Exploder Magazine	13.00	-	13.00			
(8) Contingencies (specify):						
TOTALS	338.00	5200.00	5538.00	338.00	5200.00	5538.00

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

Date 10-26-54 *Payee Sam L. Phillips, et al.
Mud Cut Mining Co.

Per Sam L. Phillips Title Partner

*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:

$ 253.50

Signature Helen R. Miller
(Authorized Certifying Officer)

Date NOV 23 1954 Vou. No. 79

(See other side)

Sub 17 C 10/8/54 $4.50

(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. Idm-E674 in accordance with the terms of the contract.

Signature Lawrence E. Shirley Title Mining Engr. U.S.B.M. Date Oct. 28, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE

Signature W. A. Beck Title ACTING EXECUTIVE OFFICER DMEA REGION VII Date OCT 29 1954

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 October 195 4 Docket No. DMEA 3287 Contract No. Idm-E674

Operator's Name Sam L. Phillips, et al Minerals Mica

Address Mud Cut Mining Co., Spruce Pine, N. C.

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
101 Drifting 0 30.00	Ft.	300.00	10	2250.00	75	30.00	75	30.00
Crosscutting								
Raising								
Shafts				3250.00	65	50.00	65	50.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		300.00		5500.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		38.00		38.00				
Total Costs		338.00		5538.00				

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 10-26-54 Operator Sam L. Phillips, et al
Mud Cut Mining Co.

Per Sam L. Phillips Title Partner

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)

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

OPERATOR'S
Monthly Report of Progress

Month of October, 1954

DMEA-3287

Idm-E674

Work Completed: 10-8-54

Work Accomplished:

We completed 10' of drifting to finish the contract on October 8,1954. We continued to have water and pumping difficulties, but recovered some better quality mica on the last few feet of the drift than we had been getting.

Daily Notes:

Oct. 1 Pumped water, mucked.

Oct. 4 - 8 Continued with drift, shooting and recovering several bags of mica. Mica is improved some in quality.

Completed contract on Oct. 8. Plan to continue with vein

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

M

OCT 15 1954

Month of September, 1954 Docket No. DMEA 3207 Contract No. Idn-E674
Operator's Name Sam L. Phillips, et al. Minerals Mica
Address Mud Cut Mining Co., Spruce Pine, N. C.
Contract Amount, $ 5538.00 Government Participation: 75 % Amount, $ 4153.50

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent / Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
30' Drifting @ 30.00 ft.	900.00	1050.00	1950.00			
7' Shafting	350.00	2900.00	3250.00			
(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	1250.00	3950.00	5200.00	1250.00	3950.00	5200.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 10-1-54 *Payee Sam L. Phillips, et al Mud Cut Mining Co.
Per Sam L. Phillips Title Partner

*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:

$ 937.50

Signature Conn A. Pipes
(Authorized Certifying Officer)

Date OCT 8 1954 Vou. No. 65

(See other side)

4

(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. Idm-E674 in accordance with the terms of the contract.

Signature Lawrence E. Shirley Title Mining Engr. U.S.B.M. Date Oct. 5, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title DMEA EXECUTIVE OFFICER REGION VII Date OCT 7 1954

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.

GPO 872893

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

OCT 15 1954

Month of Sept. 195 4 Docket No. DMEA 3237 Contract No: Ion-E674
Operator's Name Sam L. Phillips, et al. Minerals Mica
Address Mud Cut Mining Co., Spruce Pine, N. C.

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
30' Drifting @ 30.00	Ft.	900.00	30	1950.00	65	30.00	75	30.00
Crosscutting								
Raising								
7' Shafts @ 50.00	Ft.	350.00	7	3250.00	65	50.00	65	50.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1250.00		5200.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		1250.00		5200.00				

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 10-1-54 Operator Sam L. Phillips, et al. Mud Cut Mining Co.

Per Sam L. Phillips Title Partner

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)

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

OPERATOR'S
Monthly Report of Progress

Month of September, 1954

DMRA-3287
Idm-E674 (Mica)

Work Accomplished:

We deepened the shaft 7' during September, and drifted 30'. We have had some trouble with the pump and continue to have difficulty keeping the water out. We have recovered about 3½ tons of mica, about 3/4 of which is non-ruby and 1/4 ruby. The non-ruby mica is all heavy stained, and is not of a very high quality. We drifted off from the shaft, then returned to deepen it because it was easier to do it this way; hence the 7' of shafting after some drifting had been done.

Daily Notes:

September 1 - 3 - Pumped water, began lowering shaft.

September 6 - 10 - Deepened shaft a total of 7'. Pumped water, drilled, mucked.

September 13 - 17 - Pumped water, began drifting in vein material. Recovered some mica, part of which is ruby. The mica is broken up and the green heavy stained.

September 20 - 24 - Pumped water, shot and drilled. Recovered several bags of mica, quality a little improved.

September 27 - 30 - Continued with drift, completing about 30'. Drilled, shot and mucked. Recovered about 3½ Ton of mica during month.

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

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

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

SEP 17 1954

Month of August, 1954 Docket No. DMEA 3237 Contract No. Idn-E674
Operator's Name Sam L. Phillips et al, Hud Cut Mining Co. Minerals Mica
Address Spruce Pine, N. C.
Contract Amount, $ 5530.00 Government Participation: 75 % Amount, $ 4153.50

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
30' Drifting 30.00 ft.	900.00	150.00	1050.00			
Shafting		2900.00	2900.00			
(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	900.00	3050.00	3950.00	900.00	3,050.00	3,950.00

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-14

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 9-1-54 *Payee Sam L. Phillips et al. Hud Cut Mining Co.
Per Sam L. Phillips Title Partner

*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:

$ 675.00

Signature Ora A. Pierce
(Authorized Certifying Officer)

Date SEP 10 1954 Vou. No. 52
(See other side)

225.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E674 in accordance with the terms of the contract.

Signature Lawrence E. Shirley Title Mining Engr. U.S.B.M. Date Sept. 2, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION VII Date SEP 8 1954

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.

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED
SEP 17 1954

Month of August 195 4 Docket No. DMEA 3287 Contract No. Ion-E574
Operator's Name Sam L. Phillips et al, Mud Cut Mining Co. Minerals Mica
Address Spruce Pine, N. C.

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
30' Drifting @ 30.00'	Ft.	900.00	30	1050.00	35	30.00	75	30.00
Crosscutting								
Raising								
Shafts	Ft.			2900.00	58	50.00	65	50.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		900.00	30	3950.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc								
Total Costs		900.00		3950.00				

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

Date 9-1-54 Operator Sam L. Phillips et al. Mud Cut Mining Co.

Per Sam L. Phillips Title Partner

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)

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 83-38475

OPERATOR'S

MONTHLY REPORT OF PROGRESS

Month of August, 1954

DMEA-3287, Idm-E674

Work Accomplished:

Numerous machinery difficulties slowed the progress this month, including hoist trouble and two work stops due to pump repairs. However, 30 feet of drift was completed, and about 1500 lbs. f mica recovered. The field team visited the mine and gave advice which resulted in the discovery of more vein and mica. One shift has been on the job most of the time, but part of the month a double shift has been carried.

Daily Notes:

August 2 - 6 - Continued with the drift which was begun last month and did drilling and shooting. Pumped water.

August 9 - 13 - Pumped water, mucked, continued drifting. The pump went out and work had to be stopped until it could be repaired. Some mica recovered.

August 16 - 20 - Pumped water, drilled, shot, mucked. Twelve bags of reasonably good mica recovered.

August 23 - 27 - Field team visited the mine and helped crew locate and start with better vein. Had hoist trouble and had to have considerable work done on hoist.

August 30 - 31 - Continued with shooting and recovering mica. At end of month about 1500 lbs. had been brought in.

Form MF-104 (Rev.)
April 1952)

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July 1954 Docket No. DMEA 3287 Contract No. Idm-E674
Operator's Name Sam L. Phillips, et al, Mud Cut Mining Co. Minerals Mica
Address Spruce Pine, N. C.
Contract Amount, $ 5538.00 Government Participation: 75 % Amount, $ 4153.50

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						
5' Drifting @ 30.00	150.00	-	150.00			
28' Shafting @ 50.00	1400.00	1500.00	2900.00			
(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	1550.00	1500.00	3050.00	1550.00	1,500.00	3,050.00

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-6

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 8-1-54 *Payee Sam L. Phillips, et al. Mud Cut Mining Co.
Per Sam L. Phillips Title Partner

*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:

$1162.50

Signature Cora A. Piper
(Authorized Certifying Officer)

Date AUG 11 1954 Vou. No. 29
(See other side)

387.50

(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. Idm. E674 in accordance with the terms of the contract.

Signature Henry H. Amos Title Geologist-USGS Date Aug. 5, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION VII Date AUG 6 1954

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.

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1954 Docket No. DMEA 3287 Contract No. Idm-E674
Operator's Name Sam L. Phillips, et al, Mud Cut Mining Co. Minerals Mica
Address Spruce Pine, N. C.

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
5' Drifting @ 30.00	FT.	150.00	5	150.00	5	30.00	75	30.00
Crosscutting								
Raising								
28' Shafts @ 50.00	Ft.	1400.00	28	2900.00	58	50.00	65	50.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1550.00		3050.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc								
Total Costs		1550.00		3050.00				

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 8-1-54 Operator Sam L. Phillips et al.
Mud Cut Mining Co.
Per Sam L. Phillips Title Partner

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)

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 83-38475

OPERATOR'S
MONTHLY REPORT OF PROGRESS

for month of July,1954

DMEA-3287

Idm-E674

Work Accomplished:

We have completed 58 feet of shafting, in vein material part of the time, but have recovered no mica this month. We have had some pump trouble which slowed our progress, and are faced with the problem of a tremendous amount of water. At the 42½ foot level, upon advice from the field team, we began inclining the shaft to attempt to stay with the vein. It is necessary to timber all the way.

Daily Notes:

July 1- 2	Pumped water, timbered, continued sinking shaft.
July 5 - 9	Pumped water, timbered, did some shooting. Mucked, and continued with shaft.
July 12 - 16	Pumped water, did more shooting. Mucked, and timbered. In vein material, and vein seems to start an incline. Field team advised us to incline shaft a little so as to stay with vein.
July 19- 23	Pumped water, continued to follow vein material. No mica in sight. Timbered, sank shaft further. Had some pump trouble. Had to have repairs made.
July 26 - 30	Pumped water, mucked, drilled and shot. At end of month had reached 58' level with the shaft. Vein material looks promising but no mica recovered to date this month. We began drifting and have completed 5' of drift. Have been working two shifts part of the month.

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

JUL 16 1954

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June 1954 Docket No. DMEA 3287 Contract No. Idm-R 674
Operator's Name Sam L. Phillips et al. Minerals Mica
Address Spruce Pine, N. C.
Contract Amount, $ 5533.00 Government Participation: 75% Amount, $ 4153.50

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						
30' Shafting @ 50.00 ft.	1500.00	None	1500.00			
(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	1500.00		1500.00	1500.00		1500.00

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-1

I certify that the above bill is correct and just and that payment therefor has not been received.
Date June 1, 1954 Payee Sam L. Phillips et al.
Per Sam L. Phillips Title Partner

*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:

$1125.00

Signature Cora A. Piper
(Authorized Certifying Officer)

Date JUL 14 1954 Vou. No. 2
(See other side)

1 of 1 S/6-9

(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. Idm-E674 in accordance with the terms of the contract.

Signature Lawrence C. Shirley Title Mining Engr. U.S.B.M. Date July 3, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION VII Date JUL 8 1954

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.

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 1954 Docket No. DMEA 3287 Contract No. Ida-F674
Operator's Name San L. Phillips et al. Minerals Mica
Address Spruce Pine, N. C.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
30' Shafts 50.00 ft.	Ft.	1500.00	30	1500.00	30	50.00	65	50.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		1500.00		1500.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		1500.00		1500.00				

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 June 1, 1954 Operator San L. Phillips et al.

Per San L. Phillips Title Partner
San L. Phillips

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

REMARKS:

(Instructions on reverse)

(For Government use only)

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 83-38475

OPERATORS
MONTHLY REPORT OF PROGRESS

for Month of June, 1954

DMEA-3237

Contract No. Idm-3674

Date work began: June 7,1954

Work Accomplished:

We moved in machinery, including Hoist, Boom Pole and Mask and Air Compressor. Began sinking shaft on June 11, and have hit some timbers which slowed the progress, then hit some of the old workings. We also hit the corner of a section of hard slate and it was necessary to drill and shoot through this. The shaft has been timbered all the way and has now been sunk a total of 30 feet.

Daily Notes:

June 7 - 10 - Moved in machinery, including Hoist, Air Compressor Boom Pole and Mask. Set up machinery except compressor.

June 11 - Started sinking the shaft. Timbered, pumped water. Water is in old shaft, and it is necessary to pump this daily to keep it away as we go down with the shaft.

June 14 - 18 - Pumped water, timbered. Continued sinking the shaft encountering no difficulty until we reached the 10 foot level, where we hit some timbers. These were removed and slowed the progress.

June 21 - 23 - Pumped water, timbered shaft and continued to sink. We hit old workings as we approached the 15 foot level, and had to remove timbers again. We hit the edge of a vein just before reaching old workings and recovered about 15 lbs. of black mica.

June 24 - 25 - Pumped water, mucked from the old shaft, timbered and continued to sink.

June 28 - 30 - Pumped water, timbered. We hit the corner of a section of hard slate at the bottom of the old works, and had to drill and shoot through this. Continued to sink shaft without much difficulty and have now reached the 30' level.

COPY

JUN 9 1964

Mud Cut Mining Company
c/o Mr. Sam L. Phillips
Spruce Pine, North Carolina

Re: DMEA-3287 (Mica)
Mud Cut Mining Company
Mud Cut Mine
Mason County, North Carolina
Contract Lhr-5674

Gentlemen:

Thank you for returning the completed Form 63's mailed to you on June 1, 1964.

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development dated July 22, 1955, all minerals mined or produced from June 1, 1954, to June 1, 1964, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

George Fumich, Jr.

Acting Director

MMerrithew/mm
6/8/64
cc: Mr. and Mrs. Paul L. Grist, Rabun Gap, Georgia
Director's Reading File
R. A. Laurence, Knoxville, Tenn. w/cy of incoming Form 63
CA&A Division
Docket
Code 500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

[illegible]

To: [illegible] Mining Co.

Spruce Pine, North Carolina

Pursuant to the provisions of Exploration Project Contract No. [illegible]-576, dated June 1, 1954 (Docket No. [illegible]), hereinafter called the "Contract" between you and the United States of America, hereinafter called the "Government", to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described briefly or [illegible] to be as follows:

A project were approved strategic mica concentrating [illegible] a proved production that is essentially conformable to the [illegible] [illegible] subject and phase. The discovery was sufficient to enable the calculation of indicated and inferred reserves of strategic mica.

[illegible]

By O. O. Mathewson
Administrator, Defense Minerals
Exploration Administration

Date: JUL 22 1955

JHopkins:pk 7/21/55
Copy to: Admr. R. File
Mr. Johnson
Docket
Operating Committee
Mr. Chambers
Finance Office
Field Team, Region V
Mr. Ki lagaard, 5222
Mr. Gerhan
Mr. Houk
Mr. Clarence A. Fredell, [illegible]S,GSA
Mr. Hopkins

Copy to: Mr. Paul L. Grist & Mrs. Eliza Cobb Grist (attached to Field Team copy for forwarding)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

Mad Cut Mining Co.

JUL 2 5 1955

Spruce Pine, North Carolina

Re: Docket No. DMEA-3287 - Mica
Mad Cut Mining Co.
Mad Cut Mine
Mason County, North Carolina
Contract No. Idm-2674

Gentlemen:

Transmitted herewith is a certification of discovery or development under Contract No. Idm-2674 on the Mad Cut Mine, Mason County, North Carolina.

By the terms of the Exploration Project Contract and of the certification, all production from the aforesaid lands from the date of the Exploration Project Contract, June 1, 1954, is subject to the Government's percentage royalty as set forth in the contract until the sum of $7,903.50 is paid or until June 1, 1964, whichever occurs first.

Payments should be made to Mr. Robert A. Laurence, Executive Officer, Defense Minerals Exploration Administration Field Team, Region V, Room 13, Post Office Building, Knoxville 2, Tennessee. Checks should be drawn payable to the Defense Minerals Exploration Administration. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward check to the Executive Officer.

Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets showing quantity and grade of ore sold, the name of the purchaser, and the price and charges certified to be correct by the purchaser.

You are requested to notify Mr. Laurence of any changes in ownership or production rights that may have any affect on the Government's right to its percentage royalty. Also, if production ceases at any time for any extended period, please notify Mr. Laurence at six-month intervals that no production has been made.

Sincerely yours,

E. O. Mittendorf

Administrator

Enclosure

Field Team, Region V
Mr. Lillegaard, 5222
Mr. Dietrich, 3061
Mr. Kook
Mr. Paul L. Grist & Mrs. Eliza Cobb Grist (sent to Field Team for forwarding)

JHopkins:pk 7/12/55
Copy to: Admr. R. File
Docket
Mr. Johnson
Mr. Chambers
Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

JUL 25 1955

Mr. Clarence A. Fredell, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration
7th and D Streets, S. W.
Washington 25, D. C.

Re: Docket No. DMEA-1287 - Mica
Mud Cut Mining Co.
Mud Cut Mine
Macon County, North Carolina
Contract No. Idm-1474

Dear Mr. Fredell:

I am enclosing one copy of a certification of discovery or development relating to the subject contract.

The exploration contract is dated June 1, 1954, and is for a total amount of $10,838.00 with the Government participating to the extent of 75 per cent or $8,128.50. The project was started June 7, 1954 and completed April 30, 1955, after the expenditure of $10,538.00 which is the total net and accepted cost according to the Audit Review. The Government paid 75 per cent of the total accepted cost or $7,903.50.

The work performed on this project consisted of constructing a powder and an exploder magazine, sinking two shafts totaling 115 feet on two different pegmatites on the property and driving a total of 165 feet of drifts from the shafts.

The project work resulted in the discovery of mica reserves in the following categories:

Indicated (above 60-foot level)	35,000 Lbs.	"Mine-run" mica
Inferred (60-foot to 120-foot level)	60,000 "	" "
Total	95,000 "	" "

The DMEA is of the opinion that the project work was of definite benefit to the property and, therefore, we have certified that a discovery or development has resulted from the work.

Sincerely yours,

C. O. Mittendorf

Administrator,

Enclosure

Field Team, Region 5
Mr. Hillsgaard, 5222
Mr. Dieterich, 3061 Parham
Mr. Houk

JHopkins:pk 7/15/55
Copy to: Admr. R. File
Docket
Mr. Johnson
Mr. Chambers
Operating Committee

Government's copy

DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Adm.
RECEIVED
JAN 26 1955

EXPLORATION PROJECT CONTRACT
SAM L. PHILLIPS, JOHN PHILLIPS, LIN CARPENTER
JETER BOONE, AND HOMER BOONE
DOCKET NO. DMEA-3287

AMENDMENT NO. 1

It is agreed this 7th day of January, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and the partnership of Sam. L. Phillips, John Phillips, and Lin Carpenter, Spruce Pine, North Carolina, and Jeter Boone and Homer Boone, Route #3, Bakersville, North Carolina, that Contract Idm-E674 (Docket No. DMEA-3287), dated June 1, 1954, is amended, effective June 1, 1954, as follows:

A. In Article 3 of the contract substitute the completion period "twelve (12) months" for the period "six (6) months."

B. In Exhibit "A" under the heading "Description of the Work," the following additional work items are added:

Additional Work

4. The existing northern 25-foot shaft, shown on the map entitled "Sketch of Talent Pros. Macon Co., N. C.," attached hereto and made a part hereof, shall be trimmed and timbered to minimum cross-sectional dimensions of 5 feet by 7 feet in the clear of timber.

5. Extend the rehabilitated shaft 50 feet, to a total depth of 75 feet, with the same minimum dimensions as in work item 4.

6. Drive not more than an aggregate of 100 feet of drifts and/or crosscuts from the 75-foot level in the shaft. The drifts and/or crosscuts shall have minimum cross-sectional dimensions of 5 feet by 7 feet in the clear of timber.

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

C. In Exhibit "A", under the heading "Agreed Unit Costs," the following items are added:

Rehabilitate shaft, 25 feet @ $12/ft. (work item 4)	$ 300.00
Sinking 50 feet of shaft @ $40/ft. (work item 5)	2,000.00
Driving 100 feet of drift and/or crosscut @ $30/ft. (work item 6)	3,000.00

D. At the end of Exhibit "A," substitute the totals "$10,838.00" and "$8,128.50," for the figures "$5,538.00" and "$4,153.50," respectively.

E. In Article 4 of the contract, the figure "$10,838.00" is substituted for the figure "$5,538.00," and the figure "$8,128.50" is substituted for the figure "$4,153.50."

F. In Article 7 of the contract, that part of the second sentence beginning with the word "Provided" is deleted.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Administrator, Defense
Minerals Exploration
Administration

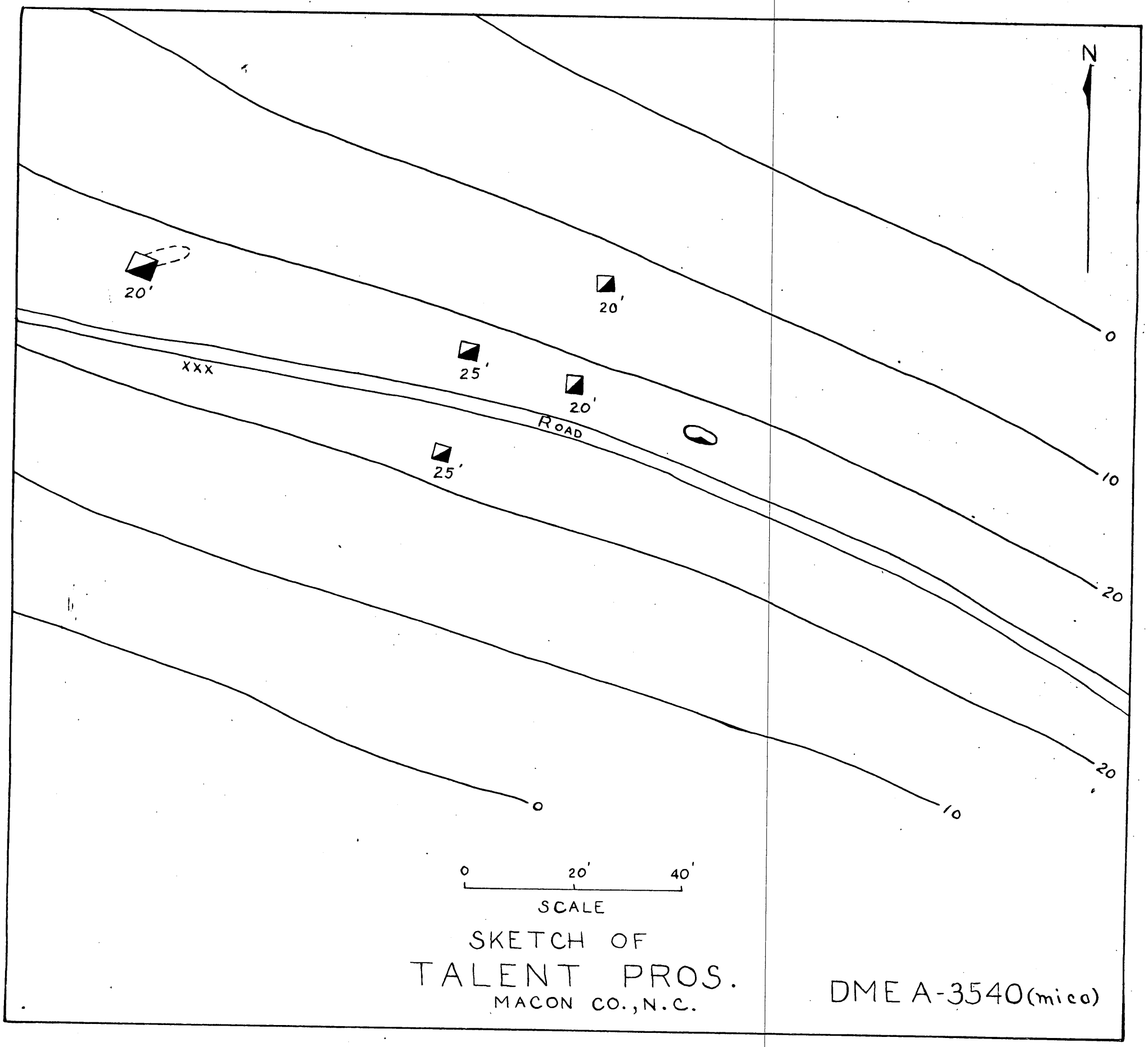
By _____ (Partner)
Sam L. Phillips

By _____ (Partner)
John Phillips

By _____ (Partner)
Lin Carpenter

By _____ (Partner)
Jeter Boone

By _____ (Partner)
Homer Boone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TALENT PROS.
MACON CO., N.C.
DME A-3540(mica)

Docket No. DMEA - 3287

Commodity Mica

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 674

Date of Contract ~~[illegible]~~ May 23, 1955

Name and Address of Operator:
Mud Cut Mine
Macon, North Carolina

Amount of Government participation ____ $ 8,128.50

Percent of Government participation 75 %

Region: V State: North Carolina

Note: Please release $ 225.00

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

Date Delivered to Bureau of Mines, Washington. 5/23/55

54458

Docket No. DMEA - 3287

Commodity Mica

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 674

Date of Contract ~~or Amendment~~ June 1, 1954

Name and Address of Operator:

Mud Cut Mine
Macon, North Carolina

Amount of Government participation ____ $ 8,128.50

Percent of Government participation 75 %

Region: V11 State: N. C.

Note: This document establishes the obligation shown above and cancels the previous obligation of 4,153.50

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

Date Delivered to Bureau of Mines, Washington. 1/10/55

54458

Docket No. DMEA - 3287

Commodity Mica

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 674

Date of Contract ~~or Amendment:~~ June 1, 1954

Name and Address of Operator:
Mud Cut Mine
Macon, N. C.

Amount of Government participation $ 4,153.50

Percent of Government participation 75 %

Region: V11 State: North Carolina

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

Date Delivered to Bureau of Mines, Washington.

6/1/54 54458

MF-200 (A)
(February 1952)

DOCKET NO. DMEA-3287

COMMODITY Mica

Government's copy

Idm-E674

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 16 1954

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 1st day of June, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Sam L. Phillips, John Phillips, and Lin Carpenter, Spruce Pine, North Carolina, and Jeter Boone and Homer Boone, Route #3, Bakersville, North Carolina,

hereinafter called the "Operator," ~~[illegible]~~ as set forth in Annexes I and II attached hereto and made a part hereof, and as follows:

ARTICLE 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of North Carolina, County of Macon, described as ~~[illegible]~~[3] set forth in Annex I, and hereinafter referred to as the "land,"

the Operator represents and undertakes:[4]

(*a*) ~~That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached:~~

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within 60 days from the date of this contract shall commence work on a project of exploration for[5] mica

in or upon the described land; and shall bring the project to completion within a period of six (6) months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 75 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $4,153.50, which is 75 percent of $5,538.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or 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 ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of units of work performed on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) *Compliance with requirements.*—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account and statement of work performed to accompany his final report.

ARTICLE 6. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales, or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be the gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations. See Annex II, substituted for Article 6

ARTICLE 7. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided*, that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 8. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if, in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified.

ARTICLE 9. *Changes and added provisions* .....

Executed in sextuplicate the day and year first above written.

By Sam L. Phillips (Partner)

By John Phillips (Partner)

(Operator)

By Lin Commander (Partner)

By Peter Boone (Partner)

By Howell Boone (Partner)

THE UNITED STATES OF AMERICA

By O. Mitterdorf
Administrator, Defense Minerals Exploration Administration

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

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

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NOV 3 1954

EXPLORATION PROJECT CONTRACT
SAM L. PHILLIPS, JOHN PHILLIPS, LIN CARPENTER,
JETER BOONE, AND HOMER BOONE
DOCKET NO. DMEA-3287

ANNEX I

The land referred to in Article 2 of the contract form is known as the Mud Cut Mine and was leased for mining purposes to Sam L. Phillips, John Phillips, Lin Carpenter, Jeter Boone, and Homer Boone for a period of five years with option to renew for an additional five years, by Eliza Cobb Grist and husband, Paul L. Grist, by an instrument dated March 12, 1954. The land is described as follows:

> Being lot D of the M. D. Billings-Allman Cove Subdivision map of which Subdivision is recovered in Part Book I at page 92, records of Macon County, N. C., situated on the West side of Windy Gap Road, Franklin Township, Macon County, N. C. more particularly described as follows:
>
> Beginning at an iron pin, the S. W. Corner of the said Lot D. and N. W. Corner of the 98.36 acre tract described in and conveyed by the deed from H. S. Higgins and wife Agnes Y. Higgins to the North Carolina Highway and Public Works Commission dated September 13th., 1933 and recorded in Book W4 at page 202. Thence with the boundary of the said lot D, N. 50 degrees 30' E. with the N. W. boundary of the said 98.36 acre tract, 102 3/4 poles to a point in a large boundary thence N. 85 degrees W. up and with the branch as it meanders, 18 poles to a point in the branch the N. E. Corner of lot D. and the eastern most corner of Lot C. of the said Subdivision. Thence with the Northern boundary of the said Lot D and the Southern boundary of the said Lot C four courses and distances S. 88 degrees 30' W. 7 poles to a stake; S. 73 degrees 15' W. 8½ poles to a stake; S. 50 degrees 30' W. 32 poles to a Chestnut Oak and S. 81 degrees W. 53 poles to a stake, the N. W. corner of Lot D and the S. W. corner of Lot C. a corner common to the old Z. Baird Property, thence with the eastern boundary of the old Z. Baird Property 2 courses and distances S. 48 degrees E. 12 poles and S. 39 degrees 15' E. 32 poles to the place of the beginning. Containing 12.4 acres be the same more or less.

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ANNEX II

The following provisions are in lieu of Article 6 :

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 the Operator has rendered the final report and final account, 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, for 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

*The "land" refers to the land described in Article 2 of the contract form.

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 raw 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 ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) 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 ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

f. 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.

g. 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.

h. 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 mining or production operations.

i. 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.

58694

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of North Carolina, County of Macon, described as follows:1/

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Defense Minerals Administration
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See attached sheet

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Sam L. Phillips, John Phillips, Lin Carpenter, all of Spruce Pine, N. C., and Jeter and Homer Boone of Route 3, Bakersville, N. C.,

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production ~~(as set forth on the reverse side hereof)~~ and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions

Interior—Duplicating Section, Washington, D. C.
4731

~~RELEVANT CONTRACT PROVISIONS~~

~~Repayment by Operator.--a. Certification.--If at any time the Government considers that~~ a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(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 of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half ($1\frac{1}{2}$) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half ($1\frac{1}{2}$) percent of any such net amounts, plus one-half ($\frac{1}{2}$) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production ~~operations.~~

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Being lot D of the M. D. Billings-Allman Cove Subdivision map of which Subdivision is recovered in Part Book I at page 92, records of Macon County, N. C., situated on the West side of Windy Gap Road, Franklin Township, Macon County, N. C. more particularly described as follows:

Beginning at an iron pin, the S. W. Corner of the said Lot D and N. W. Corner of the 98.36 acre tract described in and conveyed by the deed from H. S. Higgins and wife Agnes Y. Higgins to the North Carolina Highway and Public Works Commission dated September 13th., 1933 and recorded in Book W 4 at page 202. Thence with the boundary of the said lot D , N. 50 degrees 30' E. with the N. W. boundary of the said 98.36 acre tract, 102 3/4 poles to a point in a large boundary thence N. 85 degrees W. up and with the branch as it meanders, 18 poles to a point in the branch the N. E. Corner of lot D, and the eastern most corner of Lot C, of the said Subdivision. Thence with the Northern boundary of the said Lot d, and the Southern boundary of the said Lot C four courses and distances S. 88 degrees 30' W, 7 poles to a stake; S 73 degrees 15' W, 8½ poles to a stake; S 50 degrees 30' W, 32 poles to a Chestnut Oak and S 81 degrees W., 53 poles to a stake, the N. W. corner of Lot D and he S. W. corner of Lot C., a corner common to the old Z. Baird Property, thence with the eastern boundary of the old Z. Baird Property 2 courses and dist ances S 48 degrees E. 12 poles and S 39 degrees 15' E. 32 poles to the place of the Beginning. Containing 12.4 acres be the same more or less.

EXPLORATION PROJECT CONTRACT
SAM L. PHILLIPS, JOHN PHILLIPS, LIN CARPENTER,
JETER BOONE AND HOMER BOONE
DOCKET NO. DMEA-3287

EXHIBIT "A"

Description of the Work

1. Construct a powder magazine and an exploder magazine.

2. Sink on the pegmatite 65 feet of two compartment shaft with a cross-sectional dimension of not less than 5 feet by 7 feet in the clear of timber. The approximate location of the shaft is shown on the attached map entitled "Sketch of Mud Cut (Mudhole) Mine, Macon Co., N.C."

3. Drive not more than an aggregate of 75 feet of drift and/or crosscut from the 60-foot level in the shaft. The drifts and/or crosscuts shall have a cross-sectional dimension of not less than 5 feet by 7 feet in the clear of timber.

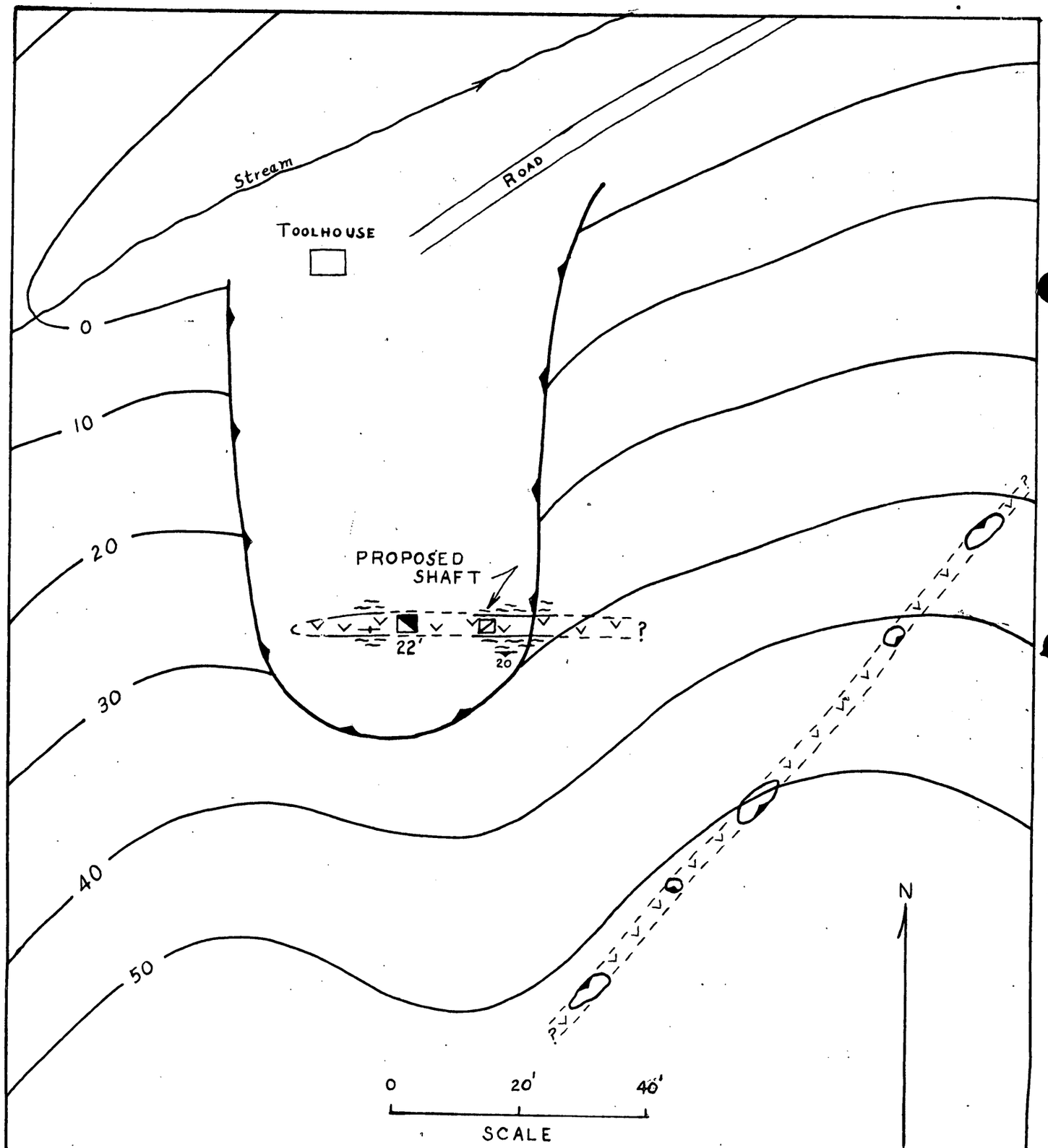
All work shall be timbered as necessary.

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

Agreed Unit Costs

Construction of:		
Powder magazine 1/	$ 25.00	
Exploder magazine 1/	13.00	
Sinking 65 ft. of shaft @ $50.00/ft.	3,250.00	
Driving 75 ft. of drift and/or crosscut @ $30.00/ft.	2,250.00	
Total agreed estimated cost of project		$5,538.00
Government participation @ 75%		$4,153.50

1/ The completed work constitutes the unit.



SKETCH OF
MUD CUT (MUDHOLE) MINE
MACON CO., N.C.

DMEA-3287 (mica)