DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Fletcher Smith, S. M. Smith,
Noah Smith, and Fanny Smith
d/b/a Smith Mica Company
Route 2, Delta, Alabama

pertaining to Exploration Project Contract No. Idm-8593, Docket No. DMEA-3046, including Amendment No. 1, for the months of October, 1953 to November, 1953, inclusive, covering a project for the exploration of mica on property known as the Fletcher Smith Prospects, located in Clay County, Alabama.

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, consultation with the Executive Officer of the Regional Field Team, and a determination of the reasonableness and propriety of the costs.

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

the contract provides 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		$ 560.00
Exceptions:		
By DMEA Finance Officer	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$ 560.00

The contract calls for a 90 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Five hundred four and no/100 Dollars

$504.00

is considered valid and proper.

E. D. Talbert, Auditor

January 20, 1954

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.

PAID ON VOUCHERS & SCHEDULES OF DEPARTMENTS
Defense Minerals Administration
RECEIVED
DEC 28 1953

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of November, 1953 Docket No. DMEA 3046 Contract No. Idm-E 593
Operator's Name Smith Mica Company Minerals Mica
Address Rt. 2, Delta, Alabama
Contract Amount, $ 6000.00 Government Participation: 90 % Amount, $ 5400.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing		$160.00	$160.00			
Crosscutting						
Drifting						
Sinking	$400.00		400.00			
(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	$400.00	$160.00	$560.00	400.00	160.00	560.00

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

Date 12-11-53 *Payee Smith Mica Company

Per Fletcher Smith Title Manager

*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:

$ 360.00

Signature Cora A. Piper
(Authorized Certifying Officer)

Date DEC 22 1953 Vou. No. 169
(See other side)

2

40.00

(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. E-593 in accordance with the terms of the contract.

Signature J. F. O'Neill Title Engineer Date 12-14-53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION VII Date DEC 16 1953

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.

Minerals Administration
RECEIVED
DEC 28 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November 1953 Docket No. DMEA 3046 Contract No. Idm-E 593
Operator's Name Smith Mica Company Minerals Mica
Address Rt. 2, Delta, Alabama

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	10'	$400.00	10'	$400.00	10'	$400.00		
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching				$160.00	16 hr	160.0		
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		$400.00		$560.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS								

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 12-11-53 Operator Smith Mica Company

Per Fletcher Smith Title Manager

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

Minerals Administration
RECEIVED
DEC 28 1953

OPERATORS
MONTHLY PROGRESS REPORT
for the
MONTH OF NOVEMBER, 1953

DMEA No. 3046
Idme-E 593

Work Accomplished

Nov. 2, Started work on shaft 5 feet by 7 feet. Recovered small amount of mica- small and badley stained. Bryan Luker and N. J. Smith with Fletcher Smith- worked eight hours, debth of shaft approximately two feet. Purchased 15 sticks dinamite, 50 feet of fuse and 25 caps- $4.38

Nov. 3. Worked in shaft, formation very hard- made three shots, and recovered small amount of mica., pit down about four feet. Bryan Luker, N. J. Smith with Fletcher Smith, worked eight hours.

Nov. 4, Shaft down six feet, mica in the North end of shaft mica small put some improvement in grade. Bryan Luker, N. J. Smith with Fletcher Smith worked eight hours. Shaft down about six feet.

Nov. 5, Mica recovered shows a little better grade, but small and cracked. Shaft down about eight feet, Bryan Luker, N. J. Smith with Fletcher Smith, worked eight hours.

Nov. 6, Made platform and windless. Shaft down nine feet, and mica small and stained. Worked eight hours- Bryan Luker, N. J. Smith with Fletcher Smith.

No. 7. Shaft down about ten feet, very little mica. Stopped work for Government inspection.

Nov. 10, Mr. J. F. O'Neill visited the mine and recommended that worked be discontinued.

November 28, 1953

Smith Mica Company,

By Fletcher Smith Manager.

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.

ON VOUCHER & SCHEDULE
PAYMENTS K- 28

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October, 1953 Docket No. DMEA 3046 Contract No. Idm-E 5953
Operator's Name Smith Mica Company Minerals Mica
Address Rt. 2, Delta, Ala.
Contract Amount, $ 6000.00 Government Participation: 90 % Amount, $ 5400.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting	$160.00	0	$160.00			
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$160.00	0	$160.00	160.00		160.00

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

Date Oct. 31, 1953 *Payee Smith Mica Company

Per Fletcher Smith Title Manager

*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)

1 S-10/7/53 1600

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

$ 144.00

Signature Cora A. Pipes
(Authorized Certifying Officer)

Date NOV 12 1953 Vou. No. 129
(See other side)

DEPARTMENT OF THE INTERIOR
Minerals Administration
RECEIVED
NOV 16 1953

(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. E 593 in accordance with the terms of the contract.

Signature J. F. Mell Title Engineer Date 11/5/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION VII Date NOV 9 1953

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

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 16 1953

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October 195 3 Docket No. DMEA 3046 Contract No. Idm-E 593
Operator's Name Smith Mica Company Minerals Mica
Address Route #2, Delta, Ala.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching	16hrs	$160.	16hrs	$160.00	16	$10.00	20	$10.00
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		$160.00	16	$160.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc								
TOTAL COSTS								

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 Oct 31,1953 Operator Smith Mica Company

Per Fletcher Smith Title Manager

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 16 1953

OPERATORS
MONTHLY PROGRESS REPORT
for the
Month of October, 1953

DMEA No. 3046
Idm-E 593

Work Accomplished

October 7. Started with D C 7 Tractor, worked 3½ hours. Small amount of mica recovered mostley in surface material.

October 8. Worked 8½ hours, O'Neill visited project and recommended trench be changed to cut along the dike.

October 9. Worked four (4) hours with dozer, Dike exposed fifteen feet deep on South face, mica showing poor, some large sized books uncovered, badley stained and cracked. Held up further work for Government examination.

October 31, 1953, Smith Mica Company

Per Fletcher Smith Manager.

C
O
P
Y

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

February 24, 1954

Mr. Fletcher Smith
Smith Mica Company
Route 2
Delta, Alabama

Re: Docket No. DMEA-3046 - Mica
Smith Mica Company
Fletcher Smith Prospects
Clay County, Alabama
Contract No. Idm-E593

Dear Mr. Smith:

We are pleased to advise you that your performance of exploration work under the subject contract has been satisfactory to the Government, and the account relating thereto has been closed. The final audited and settled account shows:

Total claimed for units of work performed	$560.00
Total Government contribution at 90 percent	$504.00

Your attention is called to the provision of the contract which requires you to keep and preserve your records and accounts of this transaction for a period of three years for possible future reference.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the exploration contract. In the absence of such certification, the Government retains no claim or lien against the property or any production therefrom except with respect to any production between the date of the contract and the end of the period within which the Government may make such certification.

The Government is grateful for your participation in the exploration program of the Defense Minerals Exploration Administration.

JHopkins:gad 2/18/54
Copy to: Admr. R. File
Docket File
Field Team, Reg. 7
Mr. Dietrich, 3526
Mr. Larrabee, G-232, GSA Bldg.
Mr. Houk

Sincerely yours,

/s/ C. O. Mittendorf

Administrator

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

February 21, 1958

Mr. Theodore Welch
Smith Mica Company
Route 2
Selma, Alabama

Re: Tender No. 484-1458 - Mica
Smith Mica Company
Kitchens, Lewis Prospects
Clay County, Alabama
Contract No. 6-484

Dear Mr. Smith:

We are pleased to advise you that your performance of exploration work under the subject contract has been satisfactory to this Government, and the accounts relating thereto has been closed. Details of payment are detailed below:

Total claimed for work of	$[illegible]
Less withheld	[illegible]
Total government contribution	
at 50 percent	$[illegible].00

Your attention is called to the provisions of the contract which require you to keep and preserve your records and memoranda of this exploration for a period of three years for possible future reference.

The successful results have furnished information of a substantial or discovery or new information which has provided of the exploration contract. In the absence of such certification, the Government reserves to claim or to express the property or exploration information except such required to be provided between the date of the contract and the end of the period of time which the contract provisions and certifications.

The information is presented for your participation in the exploration program of the Defense Minerals Exploration Administration.

Sincerely yours,

Director, Division of Exploration

Copy for [illegible]
Mining Div.
Mining File
Field Team, Reg. 1
Mr. Marshall, DGS
Mr. Lawrence, [illegible]
Mr. [illegible]

Accountant

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 1 3 1953

TERMINATION OF EXPLORATION PROJECT CONTRACT BY AGREEMENT
AFTER COMMENCEMENT BUT BEFORE COMPLETION OF THE WORK

It is agreed this 7th day of December, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Fletcher Smith, S. M. Smith, Noah Smith and Fanny Smith, Partners, d/b/a Smith Mica Company, Route 2, Delta, Ala., hereinafter called the "Operator," parties to that certain Exploration Project Contract I-dm-E 593, Docket No. DMEA-3046, dated 31 st August 1953, that the said contract shall be and is hereby terminated as of the first date above written.

Any work prosecuted or costs incurred by the Operator after the date first above written shall be for the sole account of the Operator, except for (a) such necessary and reasonable costs and expenses as may be incurred in preserving and disposing of any facilities, buildings, fixtures, equipment, or other items, to the cost of which the Government has contributed and in which the Government has an equity, and (b) the costs of any reports, accounts, and winding-up and settlement actions provided for in the contract.

The undersigned Operator hereby releases and agrees to save harmless the Government from all claims and demands under or arising out of said Exploration Project Contract, except as herein expressly otherwise provided.

Witness the following signatures as of the day and year first above written.

UNITED STATES OF AMERICA

By W. A. Beck
Acting Executive Officer, Reg. 7

SMITH MICA COMPANY
(Operator)

By Fletcher Smith

By S M Smith

By Noah Smith

By Fannie Smith

zm

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 23 1953

Government Copy

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Contract Amendment No. 1

DMEA-3046, Idm-E593 (mica) Fletcher Smith Prospects

Contract Docket DMEA-3046, Idm-E593, dated 31st August 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Fletcher Smith, S. M. Smith, Noah Smith, and Fanny Smith, partners, d/b/a Smith Mica Company, Delta, Alabama, is hereby amended as follows:

1. Article 3 is amended to read " The Operator, within 60 days from date of this contract shall commence work on a project of exploration for mica.....", instead of 30 days as written in the original contract.

This amendment is made because the operators could not obtain a bulldozer until sometime in October 1953.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be obligated to pay, or the percentage of the costs which the Government may be obligated to pay, under the provisions of Article 4 of the contract form.

Dated:
September 17, 1953

SMITH MICA COMPANY

By Fletcher Smith
By S M Smith
By Noah Smith
By Fannie Smith

THE UNITED STATES OF AMERICA

By Robert A. Lawrence
Executive Officer, DMEA
Region VII

zm

Docket No. 3046

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 593

Date of Contract or Amendment: January 28, 1954

Name and Address of Operator:
Smith Mica Company
Route 2,
Delta, Alabama

Amount of Government participation $5,400.00

Percent of Government participation 90 %

Region: V11 State Alabama

Note: Please release $4,896.00: Advice Contract Administration and Audit Division

J.L. Chambers, (Name)
Chief Contracts and Adminstration and Audit Div.

January 28, 1954 (Title)

Date Delivered to Bureau of Mines, Washington.

54458

Docket No. DMEA 3046

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 593

Date of Contract ~~or Amendment~~: August 31, 1953

Name and Address of Operator:
Fletcher Smith, S. M. Smith, Noah Smith and
Fanny Smith (partners)
d/b/a Smith Mica Company
Route 2, Delta, Alabama

Amount of Government
participation ____ $ 5,400.00

Percent of Government
participation 90 %

Region: VII State: Alabama

(Name)

J. L. Chambers,
Chief, Contract Administration and
Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. Sept. 1, 1953 13808

MF-200 (A)
(February 1952)

DOCKET NO. DMEA --3046

COMMODITY Mica

Government Copy

IDM-E 593

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 31st day of August, 1953 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Fletcher Smith, S. M. Smith, Noah Smith, and Fanny Smith, Partners, doing business as Smith Mica Company, Route 2, Delta, Alabama

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

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~~ the mineral rights in that certain land situated in the State of Alabama, County of Clay, described ~~as follows~~:[3] in Annex I and indicated on the maps attached hereto and made a part hereof, entitled "Map No. 1, Sketch, Fletcher Smith Prospects, Clay County, Ala.," and "Map No. 2, Sketch, Location Plat, Fletcher Smith Prospects,"

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: None

(~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~).

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 30 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 8 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 90 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 $5,400.00, which is 90 percent of $6,000.00, 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.

16—66329-1

(*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: See Annex II, substituted for that part of 6(a) preceding the colon:

(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.

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 worth while 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.

THE UNITED STATES OF AMERICA

SMITH MICA COMPANY
(Operator)

By Fletcher Smith

By S M Smith

By Noah Smith

By Fannie Smith

By O P Mathewson
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

EXPLORATION PROJECT CONTRACT
SMITH MICA COMPANY
DOCKET NO. DMEA-3046

ANNEX I

The land referred to in Article 2 of the contract form consists of approximately 5 acres of land containing what is known as the Fletcher Smith Prospects (Pit No. 1, Pit No. 2, and Pit No. 3). The 5 acres is a rectangular tract 600 feet long by 350 feet wide located in the east central portion of the NE$\frac{1}{4}$ of the SE$\frac{1}{4}$, Section 1, Township 19 S., Range 9 E., Clay County, Alabama. The location and boundaries are shown on Map No. 1 and on Map No. 2.

EXPLORATION PROJECT CONTRACT
SMITH MICA COMPANY
DOCKET NO. DMEA-3046

ANNEX II

The following provisions are in lieu of all of paragraph (a) of Article 6 which precedes the colon:

If 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 a sufficient, complete, final report and final account referred to in the contract has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development, 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, 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 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 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 (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

EXPLORATION PROJECT CONTRACT
SMITH MICA COMPANY
DOCKET NO. DMEA-3046

EXHIBIT "A"

Description of the Work

The project work shall be done in three stages. The second and third stages shall not be started until after the completion of Stage I, and then only with the written prior approval of the Government engineers. The work of these two stages may be performed separately or concurrently, when approved by the Government engineers who also shall approve the location, direction, and extent of all project work.

Stage I

This stage shall consist of cutting bulldozer trenches at Pit No. 1 and Pit No. 3, indicated on Map No. 1. Each trench shall be approximately 75 feet long, 20 feet wide, and 6 feet deep.

Stage II

This stage shall consist of sinking a shaft in cross section 5 feet by 7 feet in the clear, in the vicinity of Pit No. 1, to a depth of 40 feet, and drifting or crosscutting from the bottom of said shaft a distance of not more than 40 feet.

Stage III

This stage shall consist of sinking a shaft in cross section 5 feet by 7 feet in the clear, in the vicinity of Pit No. 3, to a depth of 40 feet, and drifting or crosscutting from the bottom of said shaft a distance of not more than 40 feet.

Agreed Unit Costs

Bulldozer trenching, 40 hours @ $10.00/hr.	$400.00
Shaft sinking, 80 feet @ $40.00/ft.	3,200.00
Drifting or crosscutting, 80 feet @ $30.00/ft.	2,400.00

Total Cost of Project	$6,000.00
Government Participation at 90%	$5,400.00

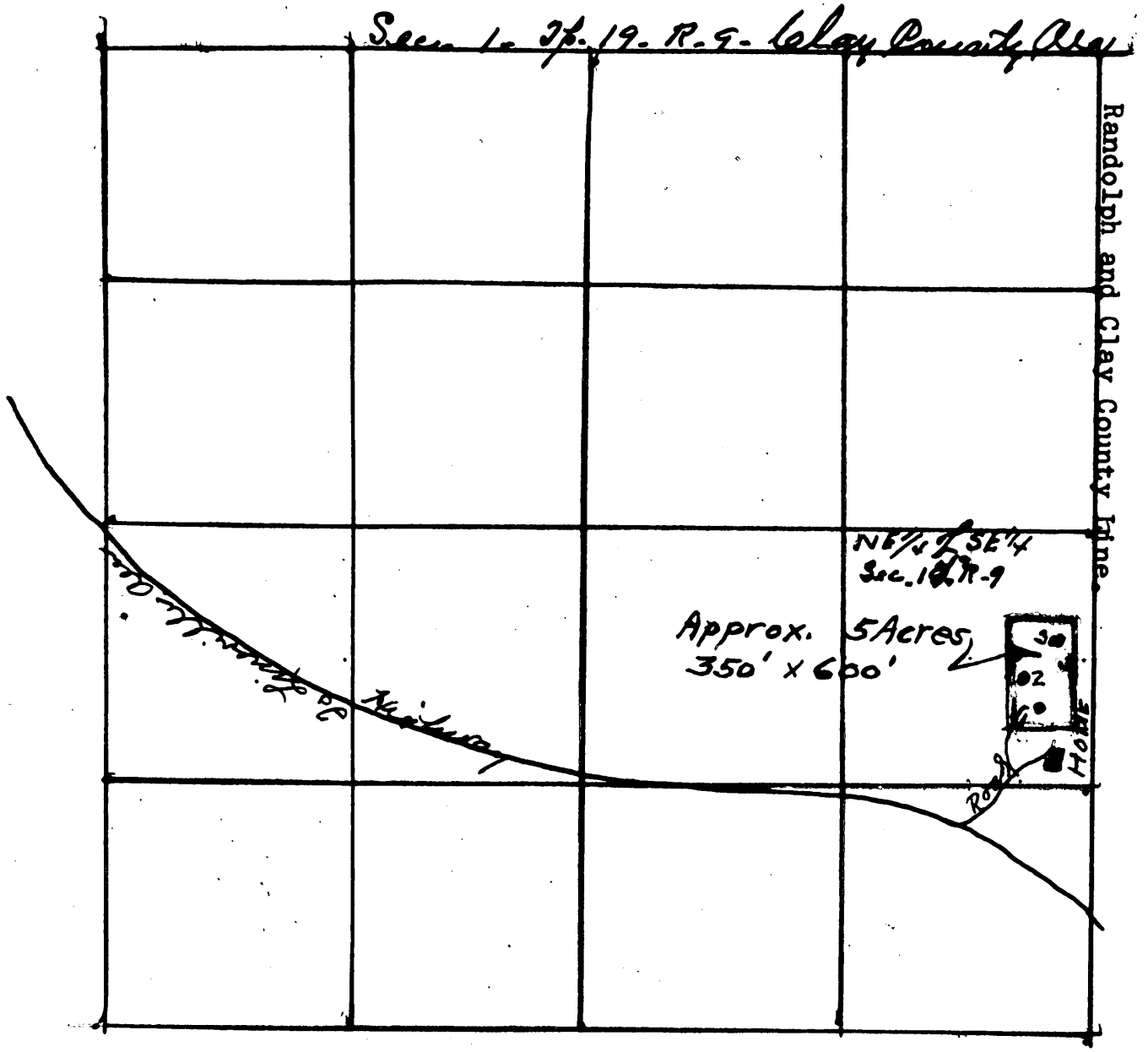
MAP No. 2

SKETCH

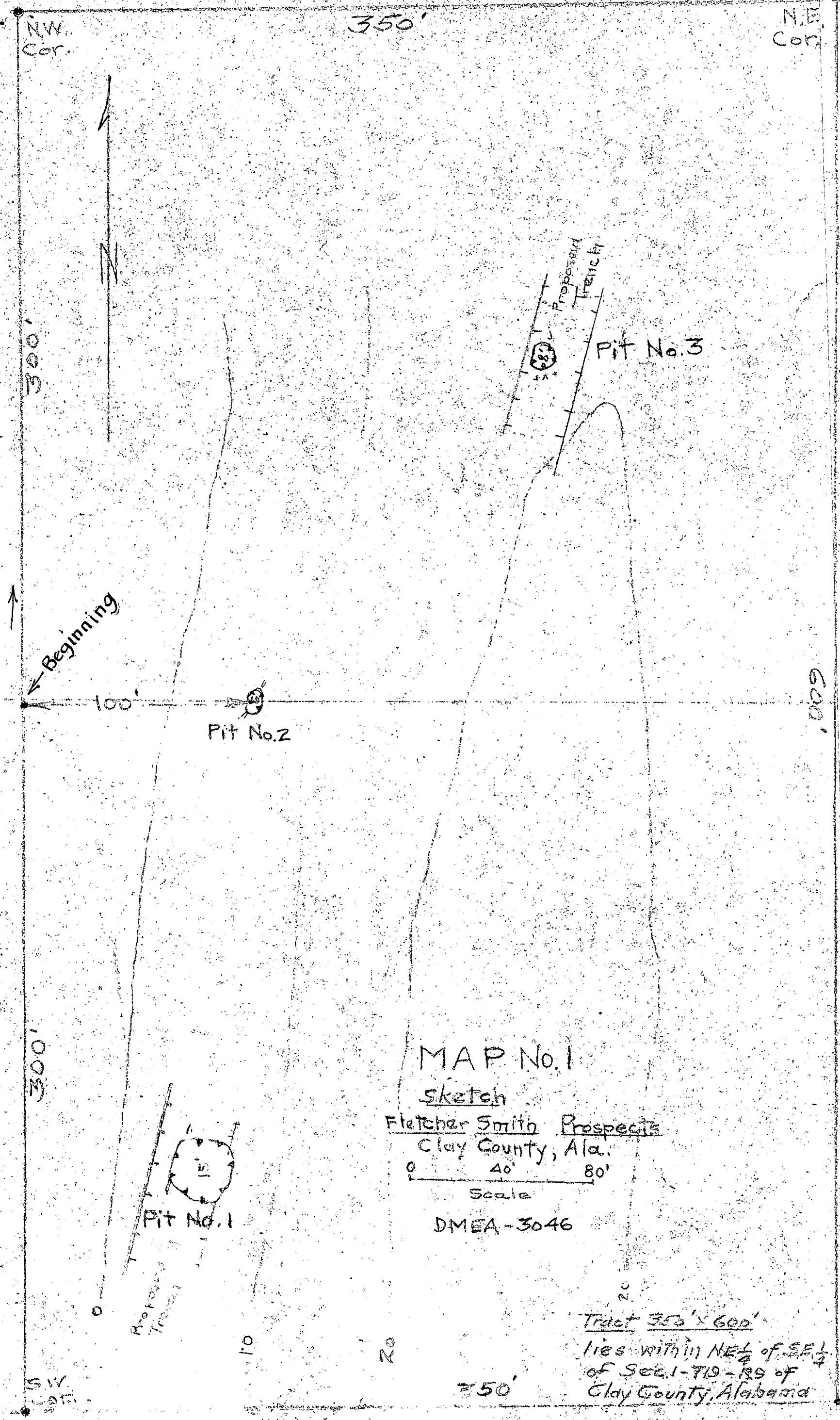
Location Plat

Fletcher Smith Prospects

Sec. 1 - Tp. 19 - R. 9 - Clay County, Ala.



DMGA 3046



MAP No. 1

Sketch

Fletcher Smith Prospects

Clay County, Ala.

0 40' 80'

Scale

DMEA-3046

Tract 350' x 600'

lies within NE¼ of SE¼ of Sec. 1-T19-R9 of Clay County, Alabama