E 686

See E 472 for
findings on check of Spruce Pine Depot record 6/22/62

AX

DME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/26	[illegible]	000
		500
		120
		110
		100
		220

June 26, 1962

Memorandum

To: The File

From: C. E. Fisher, OME Auditor

Subject: Check of Spruce Pine Mica Purchase Depot Records, June 18 - 22, 1962

During the period of June 18 to 22, 1962, I examined the purchase records of the G.S.A. Mica Purchase Depot at Spruce Pine, North Carolina, for the purpose of ascertaining any unreported production under DMEA exploration project contracts. My examination did not disclose any unreported production subject to royalty under the following contracts:

Contract No.	Docket No.	Operator	Mine Names
E- 87	1140	Pitt Mica Corporation	Mary, Reid, Reid-Mary, Reid Hooker
456	2150	A. W. Reid and W. H. Hooker	Mary, Reid, Reid-Mary, Reid Hooker
393	2293	Dixie Minerals, Inc.	D. H. Stephens (Stevens)
412	2277	Burke John Mica Miners	Burke John, N. L. Barnard
461	2582	Zeb Angel	Kasson
472	2595	Bourne Associates	Liberty, Conley, Turley
686	3575	Dixie Mines, Inc.	" " "
476	2327	Andrew W. Reid	May
516	2926	The Goodmica Mining Co.	Engle Cope
519	2784	H. J. Twiggs & W. S. Glenn	Sam Huskins, Little Sam Huskins
547	2886	Duncan Mining Co.	Connolly
560	3008	Murphy Mining Co.	Red, Bennett
562	2873	Empire Mica Co.	Short-Mitchell
601	3050	M. E. Burleson, et al.	Jones-Bowman
613	2875	Latt Young	Cox
626	3133	Maderic Mica Co.	Saunders (Sanders)
636	3154	Byrd Mica Miners	Byrd
659	3229	Willis & Snyder Mining Co.	Lutz
662	3255	Non-Metallic Minerals	White Face, Peterson Tract
674	3287	Mud Cut Mining Company	Mud Cut, Tallent (Talent)
679	3290	C. C. Burleson	Ruby, Shaft
675	3282	J. R. Beam & Howard Boone	Ingram, Clifton

63603

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-E686, Docket DMEA-3375 (mica), dated February 14, 1955, with

Raymond Randelman
P. O. Box 64, Sylacauga, Alabama
and his assignee
Dixie Mines, Inc.
P. O. Box 365, Heflin, Alabama

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 Liberty Mine (Conley Mine and Turley Mine) located in Randolph County, Alabama, during the period February 20, 1958, through January 22, 1962.

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 under this contract and under a prior contract (Idm-E472, DMEA-2595) without interest is fully repaid, whichever occurs first. A Report of Review dated February 8, 1956, indicated accepted costs under this exploration contract amounting to $571.00 with the Government's contribution on a 75 percent basis being $428.25, and a Report of Review dated February 1, 1955, indicated accepted costs under the prior contract of $14,855.00 with the Government's contribution on a 90 percent basis being $13,396.50.

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

This review established the total sales subject to the Government's royalty under this contract for the period to be $86.67. Royalty payable to the Government at the rate specified in the contract is $4.34.

A prior Report of Royalty Review found the sales subject to the Government's royalty through February 19, 1958, to be $4,434.03, which added to the sales for this subsequent period make a total of $4,520.70. The royalty account as of February 19, 1958, was:

Total Royalty Payable	$221.70
Total Royalty Paid	221.70
Balance of Royalty Due	$ -0-

As of January 22, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$226.04
Total Royalty Paid	226.04
Balance of Royalty Due	$ -0-

February 6, 1962

E. D. Talbert, OME Auditor

Idm-E686 Dixie Mines, Inc., Assignee DMEA-3375

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

At the time this contract was entered into the Operator was in possession of the property thereunder by virtue of a February 25, 1954, ten year lease granted by the owners, Mrs. E. W. York, Helen V. Wallace, Mr. J. M. Bagley, Hattie W. Wright, Margaret W. Verge, and Bertha W. Ritzman. On February 26, 1955, the Operator assigned the lease to Dixie Mines, Inc., and on April 1, 1955, the Government consented to assignment of the exploration project contract without releasing the assignor from the terms and conditions thereof.

Annex II of this contract provides that the Operator, as principal if the producer and as surety if not the producer, shall pay a royalty on all production from the land until February 14, 1965, or until the Government's contribution under both this and a prior contract (Idm-E472, DMEA-2595, Francis C. Bourne) is repaid, whichever occurs first. An Owner's Consent to Lien dated December 29, 1954, secures payment of the royalty "provided for under the terms of said exploration project contract". Furthermore, by the terms of a June 21, 1952, Landlord's Subordination Agreement, the owners assumed the prior Operator's obligation for repayment of the Government's contribution under the prior contract upon abandonment by that prior Operator (Francis C. Bourne) of his lease.

Exploration work under this contract was terminated effective November 30, 1955. Thereafter, through July 1956, some scrap mica and a minor amount of hand-cobbed mica was shipped. The mine was idle from July 1956 through the period covered by this review except for two small shipments of scrap during January and February 1961.

A summary of the sales of production since the date of this contract follows:

	Production	Proceeds	Royalty
Hand-cobbed Mica	65 lbs.	$ 40.73	$ 2.04
Scrap Mica	275,897 lbs.	4,479.97	224.00
Totals	275,962 lbs.	$4,520.70	$226.04

As of January 22, 1962, the status of the two contracts covering the Liberty Mine, together with the total repayable under this later contract, was as follows:

Idm-E686 Dixie Mines, Inc., Assignee DMSA-3375

	Idm-E472	Idm-E686	Total
Government's Contribution	$13,396.50	$428.25	$13,824.75
Repayments by Royalty	48.33	226.04	274.37
Balance Repayable	$13,348.17	$202.21	$13,550.38

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 sales of production since the date of the contract have been reported and proper royalty thereon paid;

(2) Sales prior to the date of the contract have been reported under Contract Idm-E472, Docket DMSA-3375; and

(3) 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.

8 FEB 1962

Memorandum

To: Chief, [illegible]
Services, [illegible]

From: Chief, [illegible]

Subject: DMEA-2595 [illegible]
Bourne Associates
Liberty [illegible]
Randolph [illegible]
Contract [illegible]
and
DMEA-3375 (Mica)
Dixie Mines, [illegible]
Liberty [illegible]
Randolph [illegible]
Contract [illegible]

Enclosed for your files are the [illegible]

Review on the subject contracts.

Enclosures 2

GCSelfridge/hb (2/8/62)
cc to: Docket DMEA-2595
Docket DMEA-3375
Director's Reading File
CA & A Division
G.C.Selfridge
R.A.Lawrence, Region [illegible]
Royalty Review div [illegible]
copy of memorandum [illegible]
of Field Operations [illegible]
V. J. Lynch w/cys of [illegible]

FEB 8 - 1962

Memorandum

To: Chief, Division of Field Operations

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

Subject: DMEA-2595 (Mica)
Journe Associates
Liberty Mine
Randolph County, Alabama
Contract Idm-5472
and
DMTA-3375 (Mica)
Dixie Mines, Inc., Assignee
Liberty Mine
Randolph County, Alabama
Contract Idm-E686

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

(a) Original of each to the Fiscal Section, Division of Administrative Services, Office of the Secretary; and
(b) Two copies of each to Region IV files.

These reports are for OMM record purposes only; therefore, no copies have been provided for the Operators.

As evidence of your concurrence, copies of your memoranda transmitting the original reports to the Department's Fiscal Section should be furnished this Division. If for any reason you do not concur, the originals and all copies should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 2-7-62

cc:
Docket
Director's Reading File
CA & A Division - Idm-E686
Mr. Rethrock

Mrs. Margaret W. Varga
Heflin, Alabama

Re: DMEA-2595 (Mica)
Bogrow Associates
Liberty Mine
Randolph County, Alabama
Contract Idm-E472
and
DMEA-3375 (Mica)
Dixie Mines, Inc., Assignee
Liberty Mine
Randolph County, Alabama
Contract Idm-E686

Dear Mrs. Varga:

Reference is made to the Landlord's Subordination Agreement signed by you as Agent of the landowners on June 21, 1952, and the Owner's Consent to Lien signed by you as an individual, among others, on December 29, 1954. Will you please inform us whether there has been any production from the Liberty mine land since July 1958.

Sincerely yours,

George C. Selfridge

Chief, Division of Field Operations

GCSelfridge/hb
1/18/62
cc: Docket DMEA-2595
Docket DMEA-3375
Director's Reading File
CA&A Division ✓
Region IV (2)
G. C. Selfridge

JAN 17 1962

Memorandum

To: Chief, Division of Field Operations

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

Subject: DMEA-2595 (Mica)
Bourne Associates
Liberty Mine
Randolph County, Alabama
Contract Idm-E472
and
DMEA-3375 (Mica)
Dixie Mines, Inc., Assignee
Liberty Mine
Randolph County, Alabama
Contract Idm-E686

This Division is in the process of preparing Reports of Royalty Review covering the subject contracts. The operating status, however, is in doubt because the property apparently was last examined on July 17, 1958, and the pertinent records of the Spruce Pine Mica Depot were last checked during June 1960. The latter is probably irrelevant because the property is primarily a scrap mica source.

The files indicate that the property was idle from July 1956 to July 1958. There is no indication of the status thereafter; however, the Operator-Assignee under the later contract reported and paid royalty on two shipments of scrap mica during early 1961, the first since 1956.

It is suggested that an inquiry as to operations of the property since July 1958 be addressed to the Operator-Assignee, Dixie Mines, Inc., P. O. Box 583, Heflin, Alabama, which runs scrap mica plants in both Heflin and Mineville, the latter being only one-half mile from the property. Specific confirmation that the two 1961 scrap shipments were the only sales since July 1956 should be requested. Also, the disposition of a 4,000 pound stockpile left on the property by the Operator under the first contract should be requested.

For confirmation purposes, it is suggested further that a general inquiry as to operations since July 1958 be addressed to the agent

of the landowners, Mrs. Margaret W. Varga, Heflin, Alabama. By the terms of the Landlord's Subordination Agreement of June 21, 1952, the owners assumed the royalty obligation of the Operator under the first contract upon his surrender of the lease.

EDTalbert/ama 1-17-62

cc:
Docket
Director's Reading File
CA & A Division
Mr. Talbert

E-686

For royalty payment of $1.49, dated March 28, 1961, see transmittal letter file.

Telephone HObart 3-5031

Dixie Mines, Inc.

MICA

Heflin, Alabama

March 24, 1961

U. S. Dept. of the Interior
Defense Minerals Exploration Administration
Post Office Building
Knoxville, Tenn.

Re: DMEA-3375, ldm-E 686 (Mica)
Liberty Mine, Randolph Co., Ala.

Gentlemen:

Our sales of mica from the Liberty property in February 1961 is as follows:

DATE	CAR #	TONS	PRICE PER TON	AMOUNT
2-17-61	SOU 94963	.92	$32.29	$29.71

Royalty Due

5% of $29.71 $1.49

We are enclosing our check in the above amount.

Yours very truly,

DIXIE MINES, INC.

Neal Prichard

Neal Prichard

NP/s

Encl: 1

RECEIVED
MAR 27 1961
U. S. Geological Survey
Geologic Division
Knoxville, Tenn.

E-686

For royalty payment of $2.85, dated February 13, 1961, see transmittal letter file.

Telephone HObart 3-5031

Dixie Mines, Inc.

MICA

Heflin, Alabama

Feb. 13, 1961

EXTRA COPY
O. M. E
RECEIVED FEB 20 1961

DATE	INITIALS	CODE

U. S. Dept. of the Interior
Defense Minerals Exploration Administration
Post Office Building
Knoxville, Tenn.

Re: DMEA-3375, Idm-E 686 (Mica)
Liberty Mine, Randolph Co., Ala.

Gentlemen:

Our sales of mica from the Liberty property in January 1961 is as follows:

DATE	Ticket #	Tons	Price Per Ton	Amount
1-2-61	3853	.89	$64.00	$56.96

Royalty Due

5% of $56.96 $2.85

We are enclosing our check in the above amount.

Yours very truly,

DIXIE MINES, INC.

Neal Prichard

NP/s

Encl: 1

RECEIVED

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the records of the Executive Officer, DMEA Field Team, Region V, Knoxville, Tennessee, pertaining to Contract Idm-E686, Docket No. DMEA-3375 (Mica), dated February 14, 1955, with

Dixie Mines, Inc.
Assignee of Raymond Rendelman
Sylacauga, Alabama

for the purpose of determining the amount of royalty due the U. S. Government on sale of mica from property referred to as Liberty Mine, located in Randolph County, Alabama, during the period February 14, 1955, to February 19, 1958.

Certification of discovery or development was waived by Annex II of the contract which states that the certification dated January 6, 1953, under Contract Idm-E472, Docket No. DMEA-2595, Bourne Associates, was applicable to the same land. Annex II provides that a royalty shall be payable to the Government on the net proceeds from production from the land described in Article 2 of Contract Idm-E686 during a period of 10 years from the date of that contract or until the total net amount contributed by the Government under Contract Idm-E472, $13,396.50, and under Contract Idm-E686, without interest is fully repaid, whichever occurs first. A report of review in lieu of final audit dated February 8, 1956, indicated accepted costs under Contract Idm-E686 amounting to $571.00 with the Government's contribution, on a 75 percent basis, being $428.25. The scope of the present royalty review and the reasons therefor are stated on Schedule "A" attached.

My review established the total sales of mica to be $4,434.03. Royalty due the Government at the 5 percent rate provided in the contract is $221.70. The royalty paid and balance due are as follows:

Total Royalty Due	$221.70
Total Royalty Paid	221.70
Balance of Royalty Due	-0-

March 14, 1958

C. E. Fisher

C. E. Fisher, Auditor

Schedule "A"

Contract Idm-1686, Docket No. DMEA-3375 (Mica)

Report of Royalty Review

The files of the Executive Officer, Region V and investigation at the Mica Purchase Depot, Spruce Pine, North Carolina, disclosed that the Operator did not sell any strategic mica to that Depot. Except for small local sales of hand-cobbed, all of the production was sold as scrap mica at $30.00 per ton. A summary of the indicated production, sales, and royalty paid to the Government follows:

Item	Production (Pounds)	Sales
Hand-cobbed mica	65	$ 40.73
Scrap mica	272,277	4,393.30
Totals	272,342	$4,434.03
Royalty paid @ 5%		$ 221.70

Bourne Associates produced 119.97 pounds of sheet mica which was sold to the Depot for $966.59, or $8.06 per pound. As stated in report of royalty review dated March 21, 1955, the royalty due the Government amounting to $48.33 under Contract Idm-1472 has been paid.

An on-site royalty audit was not made at this time because the administrative cost to the Government would be excessive in relation to the amount of possible additional royalty which might be disclosed.

Check Sheet of Examining Engineer

Operator's Name Dixie Mines, Inc. Heflin, Alabama

Address Assignee of Raymond Rendleman, Sylacauga, Ala.

Exploration Contract No. Idm-E686 Docket No. DMEA-3375

	Check One Yes	No
1. (a) Does the Operator stockpile ore subject to royalty repayment?		x
(b) If so, is segregation and identification procedure adequate?		
2. (a) Does Operator commingle production subject to DMEA royalties with exempt production?		x
(b) If so, do you consider the allocation of the commingled production equitable?		
3. (a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		x
(b) If so, are adequate records maintained on such material to protect the Government's interest?		
4. Do you consider the assay controls in effect are adequate?	x	
5. Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	x	
6. Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA royalties?	x	
7. Does the Operator buy from or sell to other Operators?		x

8. Comment on any item 2 (b) to 6 if answer is No.

Mine not now in operation

Wm. A. Beck, Mining Engineer

Date 19 2-20-58

82448

MAR 14 1958

Mr. Robert A. Laurence
Executive Officer
DMEA Field Team, Region V
Room 13, Post Office Building
Knoxville 2, Tennessee

Re: Docket No. DMEA-3375 (Mica)
Dixie Mines, Inc.
Liberty Mine
Randolph County, Alabama
Contract No. Idm-1686

Dear Mr. Laurence:

I am enclosing the original and two copies of Mr. Fisher's Report of Royalty Review dated March 14, 1958, pertaining to the subject contract.

If you concur with the findings, the original should be forwarded to the Regional Finance Officer, one copy should be retained in your files, and a copy should be sent to the landowners.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

Enclosures

CFFisher/ama
March 14, 1958

Copy to: Docket
Admr. Reading File
Helen R. Miller
Mr. Chambers

For Certificate of Deposit No. 29, dated September 7, 1956, giving royalty payment of $1.50, see E-613.

E-686

For Certificate of Deposit No. 21, dated August 17, 1956, giving royalty repayment of $220.07, see E-454.

Oak Ridge, Tennessee

THIS DEPOSIT IS NOT SUBJECT TO CHECK

DEPOSIT NO. 14-23-070-60

For credit of 428 BR TRSY. Regional Office, Oak Ridge, Tenn. 1-12-56
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

$ 5.74

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-E-687 Glen C. Rathburn (Royalty Payment)	5.08
	Idm-E-702 John Jarrett (Royalty Payment)	0.53
	Idm-E-686 Dixie Mines, Inc. (Royalty Payment)	0.13

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

Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen R. Miller, Adm. Asst.
P. O. Box 217
Norris, 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)

JAN 12 1956
(Date of credit in Treasurer's account)

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

16—59686b-1 GPO

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

REPORT
OF REVIEW

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Report of:

Dixie Mines, Inc.
Heflin, Alabama
Assignee of Raymond Roadleman
Sylacauga, Alabama

pertaining to Exploration Project Contract No. 1Am-1486, Docket No. DMEA-3375, including Amendment No. 1, for the months of October and November, 1955, covering a project for the exploration of mica on property, known as Liberty Mine located in Randolph County, Alabama.

My review included an examination of the Monthly Report (Form 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 reason:

all of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs 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		$571.00
Exceptions:		
By DMEA Finance Officer	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$571.00

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 hundred twenty-eight and 25/100 Dollars

$428.25

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.

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

February 8, 1956

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 Oct., & Nov., 1955 Docket No. DMEA 3375 Contract No. Idm-E 686
Operator's Name Dixie Mines, Inc. Minerals Mica
Address Heflin, Ala.
Contract Amount, $3,616.00 Government Participation: 75 % Amount, $2,712.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting	$455.00	None	$455.00			
(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						
Tool House	78.00	None	78.00			
Magazines (2)	38.00	None	38.00			
(8) Contingencies (specify):						
TOTALS	$571.00	None	$571.00	571.00		571.00

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

Date Nov. 30, 1955 Payee Dixie Mines, Inc.

Per J. W. Bisley Title Gen. Mgr.

* 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:

$428.25

Signature Helen R. Meiler
(Authorized Certifying Officer)

Date DEC 13 1955 Vou. No.

(See other side)

1st 10/18

142-75

(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. IAmE 686 in accordance with the terms of the contract.

Signature W. M. Beck Title Mining Engr. USBM Date 12-9-55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION V Date DEC 9 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

RECEIVED
DEC 16 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Oct., & Nov. 1955 Docket No. DMEA 3375 Contract No. IAD-M 686
Operator's Name Dixie Minco, Inc. Minerals Lion
Address Heflin, Ala.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting	Ft.	455.00	13	455.00	13	35.00	100	35.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		455.00	13	455.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs: Tool House		78.00	1	78.00				78.00
New Buildings, Improvements, etc.: Powder Magazine		25.00	1	25.00				25.00
Exploder Magazine		13.00	1	13.00				13.00
TOTAL COSTS		571.00		571.00				571.00

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 Nov. 30, 1955 Operator Dixie Minco, Inc.
Per Joe W. Bailey Title Gen. Mgr.

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)

Wm. M. Beck, Mining Engr.
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 872894

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Government's copy

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JAN 23 1956

TERMINATION AGREEMENT

It is agreed this 11 day of January, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Dixie Mines, Inc., Assignee, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E686, Docket No. DMEA-3375, dated February 14, 1955, hereinafter called the "Contract," that:

1. Effective November 30, 1955, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the fixed unit costs of work performed prior to said effective date.

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

4. All rights of the Government provided for in the Contract with respect to a percentage royalty and lien for its payment are preserved.

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

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

THE UNITED STATES OF AMERICA

By V. J. Lynch
ACTING Executive Officer
DMEA Field Team, Region V

DIXIE MINES, INC. (Assignee)

By Geo W. Bailey

Government Copy

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OCT 19 1955

EXPLORATION PROJECT CONTRACT
DMEA-3375, (mica)
DIXIE MINES, INCORPORATED
Randolph County, Ala.

AMENDMENT No. 1

Contract Docket No. DMEA-3375, Idm-E686, dated February 14, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government", and Dixie Mines, Inc., Assignee P.O. Box 365, Heflin, Alabama, hereinafter called the "Operator," is hereby amended as follows:

1. Article 3 is amended to read....."; and shall bring the project to completion within a period of one year from date of contract.." instead of seven (7) months as written in the contract dated February 14, 1955.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to pay, nor the amount of any item designated as "allowable maximum."

September 12, 1955
~~September~~

THE UNITED STATES OF AMERICA

By V. J. Lynch
Acting Executive Officer
DMEA Field Team, Region V

DIXIE MINES, INC.

BY Joe W. Bailey

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Government Copy

DEPARTMENT OF THE INTERIOR
Minerals Administration
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MAY 18 1955

ASSIGNMENT OF CONTRACT

WHEREAS, Raymond Rendelman (hereinafter called the "Assignor"), entered into Exploration Project Contract Idm-E 686 (Docket No. DMEA-3375), dated February 14, 1955, (hereinafter called the "Contract"); and

WHEREAS, Dixie Mines, Inc., a State of Alabama corporation, whose address is P. O. Box 626, Sylacauga, Alabama (hereinafter called the "Assignee"), has acquired the Assignor's interest in the land which is the subject of the Contract and the Assignee desires to complete the work under the Contract; and

WHEREAS, the Government has made a certification of discovery or development of a prior project conducted on the same land that is the subject of the Contract;

NOW THEREFORE, the Assignor, in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration received from the Assignee does hereby assign, transfer, and convey to the Assignee all of his right, title, and interest in the Contract: Provided, That the Government shall make payment to the Assignor for all work performed prior to April 1, 1955, and upon payment thereof the Government shall be and is hereby released by the Assignor from all claims under the Contract.

The Assignor consents to all future amendments and assignments of the Contract and waives notice thereof.

This Assignment is subject to the execution by the Assignee of the acceptance form set forth below and to the written consent of the Government.

Dated this 18 day of april, 1955.

Raymond Rendelman [Seal]
Raymond Rendelman, Assignor

ASSIGNEE'S ACCEPTANCE

The Assignee, Dixie Mines, Inc., hereby accepts the above Assignment and agrees to be bound by the terms, provisions,

... OF THE INTERIOR
... Minerals Administration
RECEIVED
MAY 1 3 1955

and conditions of the Contract.

Dated this 18 day of April, 1955.

DIXIE MINES, INC.

By John M. Langley
President, Dixie Mines

I, Raymond Rendelman, certify that I am the _____ secretary of the corporation named herein; that John M. Langley who signed this instrument on behalf of the corporation, was then President of said corporation; that said instrument 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.

GOVERNMENT'S CONSENT

The Government, this 1st day of April, 1955, hereby consents to the above Assignment without releasing the Assignor, Raymond Rendelman, from any of the terms, provisions, and conditions of the Contract.

THE UNITED STATES OF AMERICA

By C. P. Mitchendorf
Administrator, Defense
Minerals Exploration
Administration

Docket No. 3375

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 686

Date of Contract ~~or Amendment~~: July 16, 1954

Name and Address of Operator:

Dixie Mines, Inc.
c/o Raymond Rendelman
P. O. Box 64
Sylacauga, Ala.

Amount of Government participation ____ $2,712.00

Percent of Government participation 75 %

Region: V State: Alabama

Note: Please release $2,283.75. Contract terminated.

(Name)

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

(Title)

Date Delivered to Bureau of Mines, Washington. 2/27/56

54458

Docket No. DMEA - 3375

Commodity Mica

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Revision of Original Obligation

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 ~~686~~

Date of Contract ~~or Amendment:~~ July 16, 1954

Name and Address of Operator:

Raymond Rendelman
Post Office Box 64
Sylacauga, Ala.

Amount of Government participation $ 2,712.00

Percent of Government participation 75 %

Region: V State: Alabama

Note: This is a revision of previous obligation . Batablishes the amount shown above and cancels the previous one for $ 2,709.75

(Name)

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

(Title)

Date Delivered to Bureau of Mines, Washington.

2/14/55

54458

Government's copy

MF-200A
(Revised June 1954)

Received at the Bureau Land Management
Received
MAR 14 1955

Docket No. DMEA - 3375

Commodity Mica

Contract No. Idm-E 686

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

It is agreed this 14th day of February, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Raymond Rendelman, whose mailing address is Post Office Box 64, Sylacauga, Alabama, hereinafter called the "Operator," as follows:

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

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of Alabama, County of Randolph, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] lessee of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] lease, [7] un recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: none

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title of the land (lessor, seller, optionor, etc.), are attached, as follows: Owner's Consent to Lien

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of mica The work to be performed is described in Exhibit "A." The Operator on or before MAY 1 - 1955 shall commence the work, and on or before September 16, 1955 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $3,616.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $2,712.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work

performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

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

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

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

See Annex II substituted for Article 7

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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

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

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

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

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

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

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

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

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

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

ARTICLE 8. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

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

(c) The giving of any notice by the Government under the provisions of this Article 8 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 9. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 10. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 11. *Changes and added provisions.*—

See Annex II substituted for Article 7.

Executed in sextuplicate the day and year first above written.

RAYMOND RENDELMAN
(Operator)

By Raymond Rendelman

THE UNITED STATES OF AMERICA

By O. Meitzendorf
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—70618-1

EXPLORATION PROJECT CONTRACT
RAYMOND RENDELMAN
DOCKET NO. DMEA-3375

RECEIVED
MAR 14 1955

ANNEX I

The land referred to in Article 2 of the Contract form and in Annex II is known as The Liberty Mine and was leased for mining purposes to Raymond Rendelman for a period of ten years by Mrs. E. W. York, Helen V. Wallace, Mrs. J. M. Bagley, Hattie W. Wright, Margret W. Verge, and Bertha W. Ritzman, by an instrument dated February 25, 1954, and recorded in Deed Record Book 63, at pages 140, 141 and 142. The Liberty Mine is located about one-half mile southwest of Micaville, Randolph County, Alabama and is described in the lease as follows:

> "The Liberty Mine - SW$\frac{1}{4}$ of NE$\frac{1}{4}$,
> Section 1, Township 18 South,
> Range 10 East."

DEPT OF THE INTERIOR
Bureau Mines's Administrator
RECEIVED
MAR 14 1983

EXPLORATION PROJECT CONTRACT
RAYMOND RENDELMAN
DOCKET NO. DMEA-3375

ANNEX II

The Operator acknowledges that he is receiving the benefit of a prior exploration program conducted, on the same land, by Bourne Associates under Exploration Project Contract Idm-E472 (DMEA Docket No. 2595), dated January 6, 1953, and that a Certification of Discovery or Development was made by the Government under said prior contract. Therefore, as a part of the consideration for the Government to enter into the subject contract, the following provisions are substituted for Article 7 of the contract:

Repayment by Operator.--a. Certification.-- A certification of discovery or development is hereby waived.

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 described in Article 2 of the Contract for a period of ten years from the date of the Contract, or until the total net amount contributed by the Government under Contract Idm-E472 (DMEA Docket No. 2595), $13,396.50, and under this Contract, without interest is fully repaid, whichever occurs first.

c. Basis for computation.-- The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the 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

EXPLORATION PROJECT CONTRACT
RAYMOND RENDELMAN
DOCKET NO. DMEA-3375

EXHIBIT "A"

Description of the Work

Exploration for concentrations of strategic mica shall be accomplished by extending the drift from the bottom of the 190-foot shaft shown on the attached map entitled "Liberty Mica Mine, Randolph County, Alabama," as follows:

1. Construct:

   (a) A toolhouse, minimum dimensions 8 feet by 10 feet by 7 feet high.

   (b) A powder storage magazine, minimum dimensions 4 feet by 3 feet by 2½ feet.

   (c) An exploder storage magazine, minimum dimensions 2 feet by 1½ feet by 1 foot.

The toolhouse may be unfloored; shall be made from unfinished lumber, with protective roof covering; and shall be equipped with lock and key.

The powder and exploder magazines shall be boxed on all sides; shall be made from 2-inch hardwood or 3-inch softwood; and shall be braced at the corners. Lumber for these two boxes shall be smooth on the inside of boxes. No metal shall be exposed; and the lids shall be securely locked with the equivalent of a 5-tumbler jarproof lock.

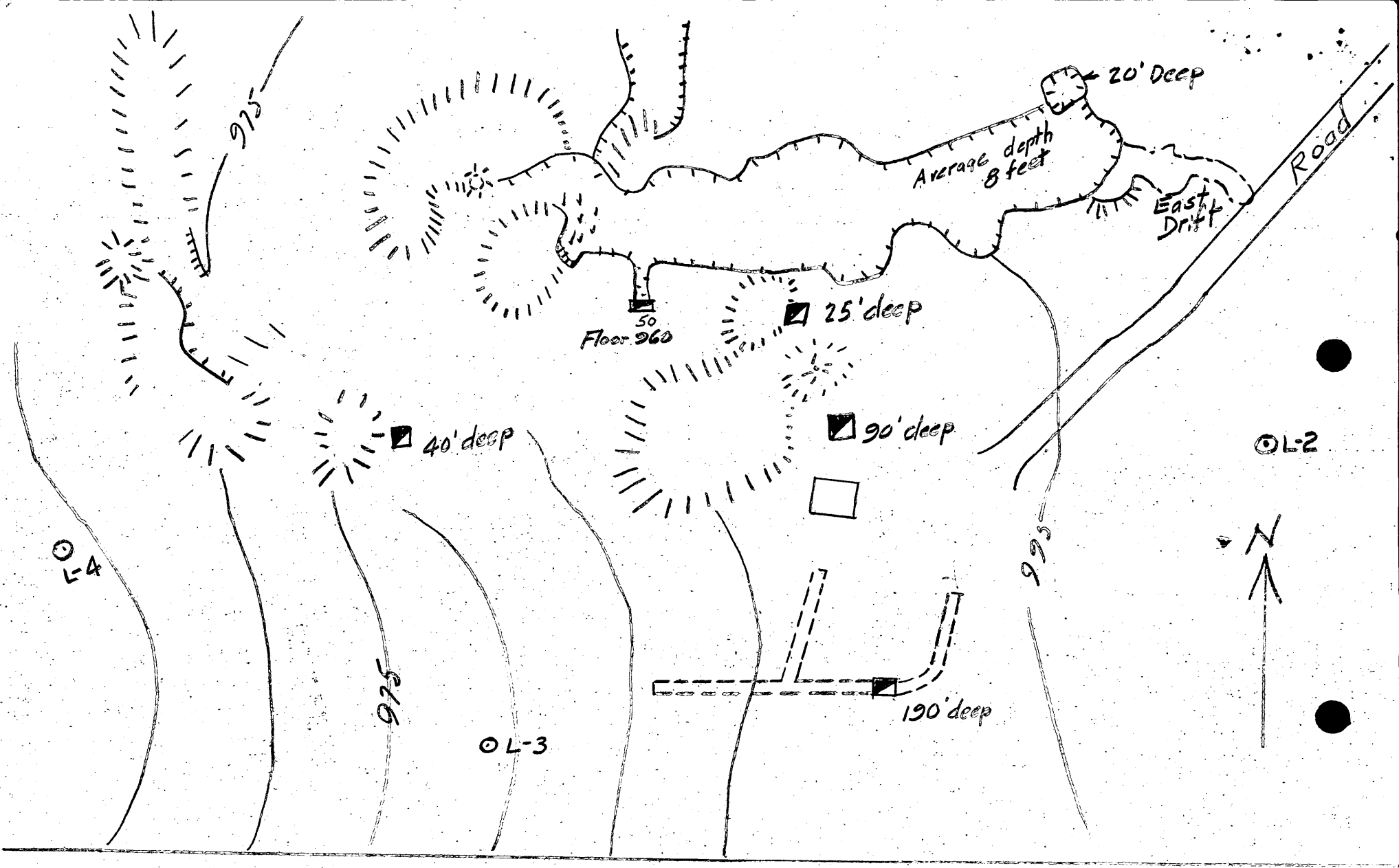
2. Drive not more than 100 feet of drift and/or crosscut, timbered where necessary, with minimum cross-sectional dimensions of 5 feet by 7 feet in the clear of timber.

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

Fixed Unit Costs

Constructing -	Toolhouse 1/	$ 78.00	
	Powder magazine 1/	25.00	
	Exploder magazine 1/	13.00	
Driving -	100 feet of drift and/or crosscut @ $35/ft.	3,500.00	
	Estimated Total Cost of Project		$3,616.00
	Government participation @ 75%		$2,712.00

1/ The completed work constitutes the unit.



LIBERTY MICA MINE, RANDOLPH COUNTY, ALABAMA

SCALE - 1 IN. = 40 FT.

DMEA - 3375

Mapped by J. C. Olson & E. Wm Heinrich, June, 1944
Traced by W. C. Anderson, July 1, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 24 1955

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, ~~XXXXXXXXXXXXXXXXXXXXXXXXXX~~ has an interest in certain property in the State of Alabama, County of Randolph, described as follows:1/

Southwest quarter of Northeast quarter (SW¼ of NE¼) of Section One(1), Township Eighteen(18)S, Range Ten(10) E. Lease recorded Randolph County, April 12, 1954, at 3 P.M., Deed Record Book 63, Pages 140,141 and 142.

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

2Raymond Rendelman
Post Office Box 64
Sylacauga, Alabama

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production 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.

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

3/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

(OVER)

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 _____

_____

_____

_____

Dated this 29th day of December, 1954.

Margret U. Verge [Seal] E. M. York (L.S)

Josie M. Bagley [Seal] _____ (L.S.

Hattie W. Wright [Seal] _____ (L.S.

Bertha W. Bitzman (Seal)

Helen V. Wallace (Seal)

Docket No. DMEA - 3375

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 686

Date of Contract ~~or Amendment~~ July 16, 1954

Name and Address of Operator:
Raymond Rendelman
Post Office Box 64
Sylacauga, Alabama

Amount of Government participation ____ $ 2,709.75

Percent of Government participation 75 %

Region: VII State: Alabama

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

(Title)

Date Delivered to Bureau of Mines, Washington.

7/16/54

54458