OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-E107, Docket No. DMEA-1141 (Mica), dated August 13, 1951, with

Franklin Developers, Inc.
P. O. Box 489
Franklin, North Carolina

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as the Campbell Mine located in Macon County, North Carolina, during the period February 15, 1958, through January 25, 1961.

A certification of discovery or development was issued on August 4, 1952, and, in accordance with Article 15 of the contract, royalty is payable on all minerals mined or produced as a result of such discovery or development for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated June 25, 1952, indicated accepted costs under the exploration contract amounting to $3,196.40 with the Government's contribution, on a 90 percent basis, being $2,876.76.

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

This review established the total sales of mica for the period to be $2,778.59. Royalty due the Government at rates specified in the contract is $133.93.

A prior Royalty Audit Certificate found the sales subject to Government royalty through February 14, 1958, to be $4,150.05, which added to the sales for this subsequent period make a total of $6,928.64. The royalty account as of February 14, 1958, was:

Total Royalty Due	$207.50
Total Royalty Paid	199.33
Balance of Royalty Due	$ 8.17

At January 25, 1961, the royalty account of this project was found to be:

Total Royalty Due	$346.43
Total Royalty Paid	346.43
Balance of Royalty Due	$ -0-

E. D. Talbert

E. D. Talbert, OME Auditor

January 25, 1961

Idm-8107 Franklin Developers, Inc. DMEA-1141

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This project, which has been inactive since December 1958, was last operated by B-K Associates, Inc., 43 S. Liberty St., Baltimore, Md., lessee of the purchaser of the property, Henry Erlich, 5648 Diamond Street, Philadelphia, Pa.

My review included a tabulation and recomputation of five sales documents covering 229.21 lbs. of sheet mica sold to the GSA Mica Purchase Depot, Spruce Pine, N. C., for $2,541.41 and, in addition, commercial sales of scrap and punch aggregating $257.18. These are the only sales of record during the period covered by this review.

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

(a) The files indicate that all production has been accounted for and proper royalty thereon has been paid; and

(b) 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.

JAN 31 1961

Memorandum

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

From: Chief, Division of Field Operations, GRS

Subject: DMEA-1141 (Mica)
Franklin Developers, Inc.
Campbell Mine
Mason County, North Carolina
Contract I4s-8187

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

George C. Selfridge

Attachment

GCSelfridge/hb (1/30/61)
Copy to: Docket DMEA-1141
Director's Reading File
CA & A Division
G. C. Selfridge
Region IV (1) w/cy of Report of Royalty Review dtd 1/25/61

JAN 31 1961

B-K Associates, Inc.
43 South Liberty Street
Baltimore, Maryland

Re: DMEA-1141 (Mica)
Franklin Developers, Inc.
Campbell Mine
Macon County, North Carolina
Contract Idm-R107

Gentlemen:

Enclosed for your information and records is a copy of a Report of Royalty Review dated January 25, 1961, prepared by our Division of Contract Administration and Audit.

Sincerely yours,

George C. Selfridge

Enclosure

Chief, Division of Field Operations

GCSelfridge/hb (1/30/61)
Copy to: Docket DMEA-1141
Director's Reading File
CA & A Division
G. C. Selfridge
Region IV (1)

JAN 3 1 1961

Mr. Henry Erlich
5648 Diamond Street
Philadelphia 31, Pennsylvania

Re: DMEA-1141 (Mica)
Franklin Developers, Inc.
Campbell Mine
Macon County, North Carolina
Contract Idm-2107

Dear Mr. Erlich:

Enclosed for your information and records is a copy of a Report of Royalty Review dated January 25, 1961, prepared by our Division of Contract Administration and Audit.

Sincerely yours,

George C. Selfridge

Chief, Division of Field Operations

Enclosure

GCSelfridge/hb (1/30/61)
Copy to: Docket DMEA-1141
Director's Reading File
CA & A Division
G. C. Selfridge
Region IV (1)

JAN 2 5 1961

Memorandum

To: Chief, Division of Field Operations

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

Subject: DMRA-1141 (Mica)
Franklin Developers, Inc.
Campbell Mine
Mason County, North Carolina
Contract Idn-8107

Attached are the original and three copies of a Report of Royalty Review on the subject contract administered by Region IV. If you concur in the facts as stated in this report, distribution should be made as follows:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary;
(b) One copy to Henry Erlich, the present owner of the contract property;
(c) One copy to B-K Associates, Inc., the lessee and producer during the period covered by the review; and
(d) One copy to Region IV.

As evidence of your concurrence, a copy of your letters to Henry Erlich and B-K Associates, Inc., should be furnished this Division. On the other hand, if for any reason you do not concur, please return the original and all copies to this Division with your comments.

Attachments

EDTalbert/ama
January 25, 1961

Copy to: Docket
Director's Reading File
CA & A Division
Mr. Rothrock

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
ROOM 11 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 1 1960
DATE EXTRA COPY
O. M. E.
RECEIVED FEB 1 1960
DATE INITIALS CODE
800

January 27, 1960

Mr. Henry Erlich
5648 Diamond Street
Philadelphia 31, Penna.

Re: DMEA-1141 (mica)
Franklin Developers, Inc.
Campbell Mine, Macon County, N.C.
Contract No. Idm-E107

Dear Mr. Erlich:

As requested in your letter of January 25, here is a list of sales made by B-K Associates since August 1957 on which royalties have been paid to the Government:

*February 1958	(scrap)	$18.52	163.49	8.14
February 1958	(to GSA)	144.97		8.11
September 1958	(to GSA)	178.46	198.38	
September 1958	(punch)	19.92		9.92
April 1959	(GSA)	2,362.95	2580.21	
April 1959	(punch)	217.26		129.01

*(These are dates of royalty payments; not sale dates)

Royalty on these sales, at 5% amounts to $147.10, and we have received this amount from B-K Associates, Inc. We do not know of any other royalties due, but Mr. Lynch is making the semi-annual inspections this week, and we will advise you if he reports that any royalties are due, when he returns to Knoxville next week.

We have not received an application from B-K Associates, Inc., for assistance in further exploration at the Campbell mine.

Very truly yours,

Robert A. Laurence
Executive Officer, OME
Region V

RAL/zm
cc. Opr. Com-2

RECEIVED
JAN 27 1960
U.S. BUREAU OF MINES
DEF MIN ADM
Knoxville, Tennessee

OFFICIAL FILE COPY
D. M. E.
RECEIVED FEB 1 1960
OFFICIAL FILE COPY
D. M. E.
RECEIVED FEB 1 1960

January 25th, 1960

Mr. J. V. Lynch
Acting Executive Officer, DME, Region V
RoOm 2B, Post Office Bldg
Knoxville, Tenn.

Subject: Docket No. DMEA-1141-Mica
Idm E-107
Campbell Mine, Macon Co, N.C.

Dear Sir:

You are probably familiar with the fact that DK Associates, Inc. of Baltimore, Maryland have leased from us the above mine for operation on a royalty basis, since August 1957. Under the terms of the lease they were also to pay the 5% royalties on all mineral production due your office.

We are presently advised that the corporation intends to abandon the lease. We are very anxious that the 5% royalties, if any, due from theirkoperations be fully paid and therefore will appreciate your advising us, whether any payments have been made by this corporation since August, 1957 and whether according to your available records are still due. We also understand that during the past year DK Associates, Inc. were considering to apply for another exploration loan to your office and in fact had us as owners sign form for such purpose. We would appreciate your advising us whether such application was made and if so whether any action was taken by you on this matter.

Thanking you inadvance for this favor, I remain,

Very truly yours,

HENRY ERLICH
5648 Diamond Street
Philadelphia 31, PA.

TRIPLICATE
Treasury Department Circular No. 945 - Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957 by Treasury Department, Fiscal Service.

CERTIFICATE OF DEPOSIT
Standard Form 219

4/27/59 (Date sent)

14-23-070-70 (Deposit No.)

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 5369

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Oak Ridge, Tennessee

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

(3) The Sum of $ 129.01

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 129.01	(Idm-E107 B & K Associates (Royalty Payment)	

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen R. Miller, Adm. Asst.
P. O. Box 217
Norris, Tennessee

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) 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)

APR 27 1959
(Date of credit in Treasurer's account)

Depositary will date, sign and forward to depositor for his retained copy.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
ROOM 2-B POST OFFICE BLDG.
KNOXVILLE 2, TENN.

March 25, 1959

RECEIVED MAR 27 1959

Mr. Clyde C. Drake
B. K. Associates, Inc.
250 West Palmer St.
Franklin, N. C.

Re: Docket No. DMEA-1141, Idn-E107-mica.
Franklin Developers, Inc.
Campbell Mine, Macon County, N.C.

Dear Mr. Drake:

A recent check of the mica sales to the Government Buying Depot at Spruce Pine, North Carolina, disclosed that your company has made four sales totaling $2,362.95 on which the Government has not received its 5 percent royalty. Royalty is also due on any sales of punch and scrap obtained in processing the above mica. The four sales mentioned above are listed below:

Date	Lot No.	Pounds	Prelim. Pay't	Final pay't	Total
11-4-58	329	48.82	$321.79	$255.79	$ 577.58
11-22-58	372	30.13	277.94	100.17	328.11
12-15-58	426	31.07	191.17	119.45	310.62
1-8-59	473	104.11	802.78	343.86	1,146.64
		214.13	1,543.68	819.27	$2,362.95

Please send us your check in the amount of $118.15, as 5 percent royalty on the above sales and add the royalty due on any other mica sold.

Make the check payable to the Defense Minerals Exploration Administration and enclose copies of settlement sheets on all sales.

In the future, it would be appreciated if royalty payments were made promptly upon receipt of the final settlement.

Sincerely yours,

ACTING EXECUTIVE OFFICER
OME - REGION V

$ 129.01 received 4/12/59

TRIPLICATE

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

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Oak Ridge, Tennessee

DEPOSIT NO. 14-23-070-38

For credit of 5369 Br. Trsy. [illegible]ional Office, Oak Ridge, Tenn. [illegible]/13/58
(Name, title, and disbursing o[illegible]r identification symbol of accountable officer) (Date sent)

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

$ 585.19

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-E1106 Homer Boone (Royalty Payment)	575.27
	Idm-E107 B-K Associates (Royalty Payment)	9.92

(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)

(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

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Oak Ridge, Tennessee

DEPOSIT NO. 14-23-070-69

For credit of 5369 Br. Trsy. [illegible]ional Office, Oak Ridge, Tenn. [illegible]/24/58
(Name, title, and disbursing or[illegible] identification symbol of accountable officer) (Date sent)

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

$ 324.73

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-E1082 Moody Rock Mining (Royalty Payment)	3.31
	Idm-E107 Campbell Mine (Royalty Payment)	8.17
	Idm-E1085 Arnold Young Mining (Royalty Payment)	313.25

(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, Personal Assistant
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)

(Date of credit in Treasurer's account)

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

16—59686b-1 GPO

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

ROYALTY AUDIT CERTIFICATE

I have examined the production records and sales documents pertaining to the sale of mica produced from Campbell Mine, located in Macon County, North Carolina, for the period August 13, 1951, to February 14, 1958, on which royalty is due the U. S. Government under terms of Contract 16m-1207, Docket No. DMEA-3141 (Mica), dated August 13, 1951, with

Franklin Developers, Inc.
P. O. Box 459
Franklin, North Carolina

My examination was made in accordance with generally accepted standards applicable in the circumstances.

The audit established the total sales of mica for this period, subject to DMEA royalty, to be $4,150.05. Royalty due the Government at the 5 percent rate specified in the contract is $207.50. The royalty paid and the balance due are as follows:

Total Royalty Due	$207.50
Total Royalty Paid	199.33
Balance of Royalty Due	$ 8.17

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

February 24, 1958

ROYALTY AUDIT REPORT

I. INTRODUCTION

On February 14, 1956, an audit was made of the production records and sales documents pertaining to the sale of mica produced from Campbell Mine, located in Macon County, North Carolina, for the period August 13, 1951, to February 14, 1956, on which royalty is due the U. S. Government under terms of Contract Ida-5107, Docket No. DMEA-1141 (Mica), dated August 13, 1951, with

Franklin Developers, Inc.
P. O. Box 489
Franklin, North Carolina

The above-named company was the owner of the property on which the mine is located. No production of mica was accomplished by that company during the exploration period or subsequently. The property was sold to Carl Hubble who operated the mine for a short time in 1955 in partnership with Henry English. The property has now been sold to and is being operated by MK Associates, Inc., of Baltimore, Maryland.

Mr. William A. Beck, mining engineer, DMEA Region V, Knoxville, Tennessee, accompanied this auditor and rendered valuable assistance in the conduct of the audit which was accomplished in Franklin, North Carolina.

II. GENERAL INFORMATION

The exploration contract provides that should the Government, within 6 months after completion or termination of the exploration project certify that a discovery or development has resulted from the work, the Operator and his successors in interest shall be obligated to pay a percentage royalty on the net smelter returns or other net proceeds realized from the ore, concentrates, or metals produced within 20 years from the date of the contract, until the total amount contributed by the Government, without interest, is fully repaid or said 20 years have elapsed, whichever occurs first. A certificate of discovery or development was issued on August 4, 1952.

According to a Report of Review issued in lieu of final audit dated June 25, 1952, prepared by E. D. Talbert, DMEA Auditor, the total accepted costs of the exploration amounted to $3,196.48, with the Government's contribution, on a 90 percent basis, being $2,876.76.

III. SCOPE OF AUDIT AND FINDINGS

A. Conference with Examining Engineer

A conference with the examining engineer (Mr. Beck) disclosed that the only production from Campbell Mine consisted of mica. After processing, it is sold to the Mica Purchase Depot, Spruce Pine, North

Carolina, as sheet mica. All scrap or punch mica resulting from the processing is sold to local dealers in such products. All production is sold as soon as a saleable quantity is available.

B. Audit of Settlement Statements

A considerable amount of preaudit work was accomplished in the DMEA office, Region V, Knoxville, Tennessee, prior to the field audit. During this preaudit work a statement of royalty received was prepared from copies of settlement documents relating to sales of mica. These documents were furnished by the lessees in support of royalty remittances to the regional office. The royalty receipts were verified with deposits made by the regional Finance Officer. All of the data included in the statement were confirmed by detailed recomputation. This statement, which is filed as a part of my audit work papers, was also verified with the records of the Mica Purchase Depot. Sales to that depot accounted for 90 percent of the total dollar value of all of the sales subject to royalty.

Carl Hobbs and Henry Ehrlich operated the mine during the summer of 1955. They could not be contacted during this audit. Their reported sales to the Mica Purchase Depot on which royalty was paid was verified with the Depot records. It is believed that the quantities and values of scrap and punch mica on which they paid royalty are substantially correct and that the time required in locating these parties for the purpose of performing an audit of such sales would involve unwarranted expense to the Government.

MK Associates, Inc., started operation of the mine during 1957. Their records are maintained by Clyde C. Drake, who performs a general bookkeeping and tax service at 290 West Palmer St., Franklin, North Carolina. Mr. Drake stated that he was not aware of the fact that royalty was due the Government on production from this mine. He has had experience with other DMEA projects and he assured us that the royalty presently due on production and sales would be forwarded to the Knoxville office and that royalty would be paid promptly on any future sales.

IV. CONCLUSIONS

A summary analysis of the production and sales of mica from Campbell Mine during the period August 13, 1951, to February 14, 1958, follows:

Product	Bubble & Ehrlich Pounds	Bubble & Ehrlich Value	BK Associates Pounds	BK Associates Value	
Sheet mica	500.44	$3,589.03	9.38	$144.97	(1)
Punch mica	1,285.00	141.25			
Scrap mica	17,085.00	256.28	1,235.00	18.52	(2)
Totals	18,870.44	3,986.56	1,244.38	$163.49	
Royalty Due		$199.33		$8.17	
Royalty Paid		199.33		-0-	
Balance Due		$ -0-		$8.17	

(1) Represents sale November 13, 1957, to Mica Purchase Depot, Spruce Pine, North Carolina.

(2) Represents sale October 30, 1957, to Franklin Mineral Products Co., Franklin, North Carolina.

The audit has confirmed the accuracy and propriety of the royalty payments received by the regional Finance Officer. It has also determined that all indicated sales of mica during the period covered by the audit, except as indicated above, have been properly accounted for.

C. F. Fisher

C. F. Fisher, Auditor

February 24, 1958

Check Sheet of Examining Engineer

Operator's Name Franklin Developers Inc., Franklin, N.C. Campbell Mine
Now owned by B.K. Associates, Inc.
Address 250 W. Palmer St. Franklin, N.C.

Exploration Contract No. Idm-E107 Docket No DMEA-1141

	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?	X	
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.

3 (a) Operator stockpiles mica scrap until a sufficient amount is obtained to make a sale.

6. Present Operator has not reported any production todate.

Date 2-14-58 Wm. A. Beck Mining Engineer

82448

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 13 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

March 7, 1958

DATE		
3-10	C	220
	0.68	800

Memorandum

To: Jay L. Chambers, Director Contract Administration and Audit Division - DMEA

From: Executive Officer, DMEA - Region V - Knoxville, Tenn.

Subject: Royalty Audit - DMEA-1141, Idm-E107-mica.
Franklin Developers, Inc. Franklin, N.C.
Campbell Mine, Macon County, North Carolina.

We have distributed the copies of Mr. Fisher's royalty audit certificate and report, as requested.

Robert A. Laurence

Robert A. Laurence

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

Re: Docket No. DMEA-1141 (Mica)
Franklin Developers, Inc.
Campbell Mine
Macon County, North Carolina
Contract No. Idm-E107

Dear Mr. Laurence:

I am enclosing the original and three copies of Mr. Fisher's royalty audit certificate and report dated February 24, 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 copies should be sent to Hubble and Ehrlich and to PK Associates, Inc., for their information.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

Enclosure

CEFisher/ama
March 3, 1958

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

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ~~SECOND~~ ROYALTY REVIEW

I have reviewed the files of the Executive Officer, DMEA Field Team, Region V, pertaining to Contract Idm-5107, Docket No. DMA-1141, with:

Franklin Developers, Inc.
P. O. Box 489
Franklin, North Carolina

for the purpose of determining the amount of royalties due the U. S. Government on sales of mica produced from property referred to as the Campbell Mine located in Macon County, North Carolina, during the period August 13, 1951, to March 9, 1955.

My review included a conference with Mr. William A. Beck, Mining Engineer, U. S. Bureau of Mines, Knoxville, Tennessee, who is thoroughly familiar with the project.

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

(1) A check of the records of the General Services Administration Mica Purchase Depot, Spruce Pine, North Carolina, did not disclose any sales of mica produced from this mine.

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

The review has not disclosed any sales of mica from this project which would be subject to royalty payments to the U. S. Government.

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

March 21, 1955

TRIPLICATE

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

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Oak Ridge, Tennessee

For credit of 428 BR TRSY Regional Office, Oak Ridge, Tennessee 7/22/55
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

DEPOSIT NO. 14-23-070-10

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

$ 212.15

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED			AMOUNT
14X4401	Idm-E-410	Elk Mining Company	$114.82	
	Idm-E-107	Franklin Developer	74.68	
	Idm-E-476	A. W. Reid	22.65	$ 212.15

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

Defense Minerals Exploration Adm.
Dept. of Interior, Bureau of Mines
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)

JUL 22 1955
(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

THIS DEPOSIT IS NOT SUBJECT TO CHECK

For credit of 428 BR TRSY Regional Office, Oak Ridge, Tennessee 8/25/55
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

DEPOSIT NO. 14-23-070-22

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

$ 119.15

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-E-107, Franklin Developers, Inc. (Royalty Payment)	119.15

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

Defense Minerals Exploration Administration
Department of Interior, Bureau of Mines
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)

(Date of credit in Treasurer's account)

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

16—59686b-1 GPO

C
O
P
Y

REPORT OF INSPECTION OF CERTIFIED PROJECT

DMA-1141X, Idm-E 107 (mica)

Franklin Developers, Inc. P. O. Box 489, Franklin, North Carolina

Now owned by Carl E. Hubble, 205 West 27th St., Baltimore, Md.

CAMPBELL MINE, Macon County, N. C.

Accompanied by B. J. Brekhus, Auditor, Contract Administration and Audit Division, the writer called on Andrew W. Reid, July 13, and inquired about activities at the subject mine. Mr. Reid stated that no work has been done at the mine since the exploration and the property has been sold to the aforementioned Carl E. Hubble.

July 13, 1954

/s/ Wm. A. Beck
Wm. A. Beck, Mining Engineer
U. S. Bureau of Mines

TRIPLICATE

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

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Oak Ridge, Tennessee

DEPOSIT NO. 14-23-070-57

For credit of 428 BR. TRSY. Regional Office, Oak Ridge, Tenn. 1-4-56
(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)

$ 48.99

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-E-107 Campbell Mine (Royalty Payment) Idm-E-410 Elk Mining Co. (Royalty Payment)	5.50 43.49

(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 9 1957
(Date of credit in Treasurer's account)

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

16—59686b-1 GPO

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Franklin Developers, Inc.

Franklin

North Carolina

pertaining to Exploration Project Contract No. Idm-F107, Docket No. DMA-1141X, including Amendment Nos. 1 and 2 for the month of May, 1952.

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 Government representative who visited and examined the project, and a determination of the reasonableness and propriety of the costs.

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

a. the administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible disallowances thereunder;
b. the Monthly Reports were supported by documentary proof of the costs incurred under the contract (partially);
c. major portion ($2,696.40) of costs covered drilling under sub-contract at footage rates.

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

Total cost as billed by Contractor		$ 3,196.40
Exceptions:		
By DMEA Finance Officer	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$ 3,196.40

The contract calls for a 90 per cent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Two thousand eight hundred seventy-six Dollars and 76/100.

- $ 2,876.76 -

is considered valid and proper.

Date: JUN 25 1952

E. D. Talbert

MF-104
(August 1951)

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No.
Idm-E 107

Name of Operator FRANKLIN DEVELOPERS INC.
Docket No. DMA 1141X
Total Contract Amount $3600.00
Government Participation: 90 % Amount, $3,240.00
Distribution of Expenditures for Month of MAY

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 4 1952

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—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.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

CERTIFICATION

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.

FRANKLIN DEVELOPERS INC.
(Name of Company)

By A. W. Reid
(Signature of Authorized Official)

5/20/52
(Date)

PRESIDENT
(Title)

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.

16—64068-3

MONTHLY SUMMARY COST STATEMENT

List as Shown on Exhibits Attached to Contract

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only		
				Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
1. Fixtures and Improvements:						
(*a*) Facilities						
(*b*) Buildings						
(*c*) Fixtures						
2. Operating Equipment:						
(*a*) Purchased[1]						
(*b*) Rented[2]						
(*c*) Furnished by operator						
3. Rehabilitation and Repairs:						
(*a*) Facilities						
(*b*) Buildings						
(*c*) Installations						

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
SOUTHEASTERN REGION
REGION VII

OFFICE OF
REGIONAL DIRECTOR

P. O. BOX 217
NORRIS, TENNESSEE

June 2, 1952

Mr. Jay Chambers
Defense Minerals Exploration Administration
U. S. Department of Interior
Interior Building
Washington 25, D. C.

Dear Mr. Chambers:

We are enclosing two copies of the Monthly Progress Report covering contract Idm-E-107, Franklin Developers, Inc.

This report is the first and final voucher. Actual work started March 17, 1952, and the date of completion is May 16, 1952.

Sincerely yours,

Helen E. Miller
Administrative Officer

Enclosures
cc: Mr. R. A. Lawrence
Mr. H. A. Deck
Region Files
Day Files

MF-104 FRANKLIN DEVELOPERS INC. P. O. BOX 489 FRANKLIN, N. C.

CONTRACT NO. Idm-E107 DOCKET NO. DMA-1141X MICA (5/20/52)

MONTHLY PROGRESS REPORT - FINAL

WORK PROCEEDED IN ACCORDANCE WITH CONTRACT AND APPROVAL OF FIELD TEAM.

DATE OF BEGINNING: 3/17/52 DATE OF COMPLETION: 5/16/52

RESULTS ACCOMPLISHED APPEAR IN ATTACHED GEOLOGIC & ENGINEERING REPORT.

- - -

EXPENDITURES:

A.-N.-C. DRILLING CO., FERGUSON, KY.

504 feet core drilling @ $5.35 per foot (Invoice attached)	$ 2,696.40

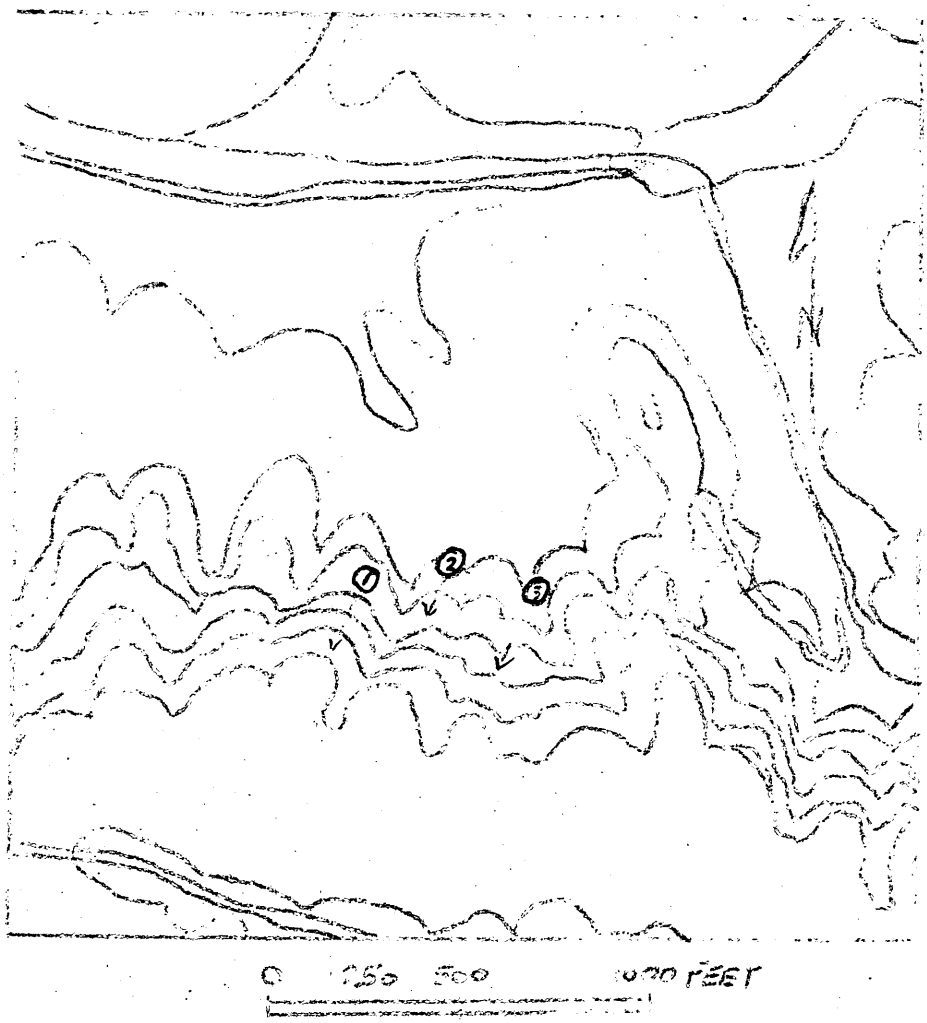
NOTE: Original contract listed 600 feet of drilling, but amended 3/10/52 to 504 feet @ $5.35 per ft.

SUPERVISION: ENGINEER - A. W. REID	
20 days @ $20.00 per day	400.00
Core boxes, core storage & shelter, testing expenses, packing & haulage	100.00
TOTAL EXPENSES FOR PROJECT	3,196.40

MF-104 FRANKLIN DEVELOPERS INC. P. O. BOX 489 FRANKLIN, N. C.

CONTRACT NO. Odm-E107 DOCKET NO. DMA-1141X MICA (5/20/52)

COMPLETED PROSPECTING AT THE CAMPBELL MINE



DIAMOND CORE DRILL HOLES (45 deg.)

HOLE	DEPTH	MICA TO:
No. 1	170' 0"	163' 10"
No. 2	154' 0"	147' 0"
No. 3	178' 0"	170' 8"

A. N. C. DRILLING CO., INC.

Ferguson, Kentucky

DIAMOND CORE DRILL HOLE RECORD

For A.W.Reid - Mica address Franklin, N. C. April 7, 1952

on Mica Prospect near Franklin county Macon State N.C.

Hole No. 1 Driller R.M.Collins Contract No. Idm-E107

Classification	Thickness of Strata Ft.	ins. ths.	Depth from surface Ft.	ins. ths
Overburden	35	0	35	0
Weathered Granite	7	0	42	0
Pegmatite	2	6	44	6
Decomposed Granite and Quartz	6	10	51	4
Granite	7	8	60	0
Granite	12	5	72	5
Granite and Quartz	13	4	85	9
Granite and Quartz	15	10	101	7
Granite and Quartz	15	7	117	2
Granite and Quartz	6	10	124	0
Granite and Quartz	12	0	136	0
Granite and Quartz - Some Mica Chist at 140'	6	5	142	5
Mica Chist - Granite and Quartz	10	7	153	0
Mica Chist - Hole Bottomed in Pegmatite	6	6	159	6
Mica Bearing Pegmatite and Book Mica	4	4	163	10
Blue Granite	6	2	170	0
	170	0	170	0

Started 3/20/52

Completed 4/7/52

A. N. C. DRILLING CO., INC.

Ferguson, Kentucky

DIAMOND CORE DRILL HOLE RECORD

For A.W.Reid - Mica adress Franklin, N.C. April 28,1952

on Mica Prospect near Franklin county Macon State N. C.

Hole No. 2 Driller R.M.Collins Contract No. Idm-E107

Classification	Thickness of Strata Ft.	Thickness of Strata ins. ths.	Depth from Surface Ft.	Depth from Surface ins. ths.
Overburdern	58	0	58	0
Decomposed Granite and Quartz	22	0	70	0
Mica Bearing Pegmatite	3	6	73	6
Granite and Quartz	8	6	82	0
Granite and Quartz	12	5	94	5
Granite and Quartz	9	2	103	7
Granite and Quartz	4	5	108	0
Mica Chist and Quartz	5	3	113	3
Mica Chist and Quartz	11	9	125	0
Wash Material Core Recovery 1 foot	10	0	135	0
Granite, Mica, Chist and Quartz	5	3	140	3
Mica Bearing Pegmatite - Book Mica	6	9	147	0
Granite	7	0	154	0
Total depth	154	0	154	0

Started 4/8/52

Completed 4/28/52

A. N. C. DRILLING CO., INC.

Ferguson, Kentucky

DIAMOND CORE DRILL HOLE RECORD

For A.W.Reid address Franklin, N. C. May 15, 1952

on Mica Prospect near Franklin county Macon State N. C.

Hole No. 3 Driller R.M.Collins Contract No. Idm-M107

Classification	Thickness of Strata Ft.	Thickness of Strata ins. ths.	Depth from Surface St.	Depth from Surface ins. ths.
Overburden	40	0	40	0
Weathered Granite	10	0	50	0
Weathered Granite	9	4	59	4
Old Mine Tunnel - Open Ground	6	8	66	0
Mica Bearing Pegmatite - Book Mica	13	8	79	8
Mica Chist and Quartz	2	4	82	0
Decomposed Granite and Quartz	9	0	91	0
Decomposed Granite and Quartz	13	5	104	5
Decomposed Granite and Quartz	7	9	112	2
Pegmatite	2	4	114	6
Granite and Quartz	2	6	117	0
Granite add Quartz	8	0	125	0
Quartz and Mica Chist	9	6	134	6
Granite and Quartz	14	9	149	3
Mica Chist	2	9	152	0
Mica Chist and Quartz	3	10	156	10
Granite	2	8	159	6
Granite and Quartz	3	0	162	6
Granite, Quartz and Chist	8	2	170	8
Granite	7	4	178	0
Total Depth	178	0	178	0

Started 4/29/52

Completed 5/15/52

MF-104 FRANKLIN DEVELOPERS INC. P. O. BOX 489 FRANKLIN, N.C. 5/20/52

CONTRACT NO. Idm-2107 DOCKET NO. DMA-1141X - MICA -

DATE OF BEGINNING: 3/17/52 DATE OF COMPLETION: 5/16/52

GEOLOGIC & ENGINEERING REPORT

THIS PROPERTY HAD BEEN PROFITABLY, THOUGH INTERMITTENTLY, WORKED FOR MORE THAN 60 YEARS. BOCKS WEIGHING UP TO 300 AND 400 POUNDS HAVE BEEN RECOVERED, EVEN CLOSE TO THE SURFACE, WITH VEIN CROPPINGS APPEARING FOR A DISTANCE OF MORE THAN ONE HALF MILE. HOWEVER, NO ESTIMATION OF RESERVES CONTAINED THEREIN HAD BEEN ESTABLISHED UNTIL COMPLETION OF THIS EXPLORATORY WORK.

ATTACHED HERETO IS A RECORD OF THREE (3) CORE HOLES WHICH WERE DIAMOND DRILLED, IN ACCORDANCE WITH CONTRACT, INTO THE PEGMATITE. HOLE NO. 1 ENCOUNTERED MICA TO A DEPTH OF 163 FEET 10 INCHES; HOLE NO. 2 TO 147 FEET; HOLE NO. 3 TO 170 FEET 8 INCHES. HOLE NO. 3 ENCOUNTERED A VEIN OF MICA 20 feet and 4 INCHES WIDE AT A DEPTH OF 79 FEET 8 INCHES. ALL OF THE MICA EXTRACTED IS OF HIGHGRADE RUBY TYPE AND BLOCK INDICATIONS ARE OF STRATEGIC GRADE. THE THREE HOLES ARE APPROXIMATELY 200 FEET APART.

BY REASON OF THESE CORE DRILLINGS AN ESTIMATE OF THE PEGMATITE DEPTH HAS BEEN ESTABLISHED. THE EXPLORATORY WORK HAS BEEN COMPLETED TO THE 100% SATISFACTION OF THE OPERATOR BECAUSE (1), STRATEGIC RUBY MICA WAS DISCOVERED IN EACH HOLE, (2), COMMERCIAL ORE BODIES HAVE BEEN PROVEN TO EXIST IN THIS PROPERTY AND (3), THE ESTABLISHED DEPTH OF THE PEGMATITE WILL PERMIT MANY YEARS OF PROFITABLE OPERATION.

- - - -

NOTE: THICKNESS OF STRATA, IN INCHES AND FEET, APPEARS ON ATTACHED RECORD OF CORE DRILL HOLES; LOCATION OF HOLES ARE SHOWN ON ATTACHED SKETCH.

- - - -

MONTHLY SUMMARY COST STATEMENT—Continued

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(d) Fixtures						
4. Labor [3]						
5. Supervision	400.00		400.00	400.00		400.00
6. Supplies						
(a) Timber						
(b) Explosives						
(c) Repair Parts						
(d) Other						
7. Power						
8. Transportation						
9. Insurance						
(a) Fire						
(b) Public Liability						
(c) Workmen's Compensation						
10. Contract Work	2696.40		2696.40	2696.40		2696.40
11. Other (specify) Core Boxes, Shelter, Haulage, etc.	100.00		100.00	100.00		100.00
Total	3196.40		3196.40	3196.40		3196.40
Deletions						
Adjusted totals						
Totals previously reported						
Totals to date	3196.40		3196.40			

[1] Enter amount paid during month toward total purchase price.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.
[3] Submit copy of the Social Security form filed under the Old Age Insurance system showing complete wage and salary data or furnish copy of payroll sheet giving same data.

NOTE.—Indicate that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by W. M. Beck
Entered by W. M. Beck
Approved by W. M. Beck
Amount approved for payment $2876.76
Remarks

16—64068-3

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF MAY

(Supply Data Below Applicable Only to Your Operations)

Item	Costs					Progress [4]				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract (Exhibit A)
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes	400.00	2,696.40	100.00		3,196.40	LIN. FT.	504	—	504	504
Overburden										
Rehabilitation and preparation										
Geology and geophysics										
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify)										
Totals										

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

OCT 2 7 1961

Mr. Henry Erlich
3646 Diamond Street
Philadelphia 31, Pennsylvania

Re: [illegible]-11AIX (Mine)
Franklin Developers, Inc.
Campbell Mine
[illegible] County, North Carolina
Contract Idm-2187

Dear Mr. Erlich:

By the terms of the subject Exploration Project Contract, as amended, and the certification of discovery or development, dated August 4, 1952, all minerals mined or produced from August 13, 1951, to August 13, 1961, were subject to the Government's percentage royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract. However, we suggest that you preserve your records and accounts of operations for at least three years.

Sincerely yours,

Director

GLAult/a 10-16-61
Rewritten:
PMMurphy/gla 10-24-61
cc to: Director's Reading File
Robert A. Laurence, Region IV
V. J. Lynch, Region IV
CA&A Division
Docket
Code 500

ERNMENT COPY

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

CERTIFICATION BY THE UNITED STATES OF AMERICA OF A DISCOVERY OR DEVELOPMENT UNDER AN EXPLORATION PROJECT CONTRACT

To: Franklin Developers, Inc.
P. O. Box 489
Franklin, North Carolina

Pursuant to the provisions of Exploration Project Contract No. Idm-X107, dated August 13, 1951, (Docket No. 1141X), hereinafter called the "Contract," between you and the United States of America, hereinafter called the "Government"; to establish and fix the claim and lien of the Government under the terms of the Contract, the Government hereby certifies that a discovery or development has resulted from the work under the Contract from which commercial production ofore may be made, in or upon that certain property situated in the State of North Carolina, County of Macon, described as follows:

> Beginning at a hickory on a ridge, the second corner of Grant 1869, and second corner of Grant 1868, runs South 20 deg. East 240 poles to a stake on the line of said grants, said stake being 60 poles North 20 deg. West from the third corner of these tracts, thence 80 deg. West 570 poles to a stake, said stake being 50 poles North 36 deg. East from a hickory, the Northeast corner of Curtis Sanders' tract; thence North 36 deg. East 300 poles to the beginning corner of Grant 1869; thence North 70 deg. East 340 poles to the beginning.

The Government's estimate of said discovery or development is particularly described and delimited as follows:

Mica in commercial quantities was encountered during the exploration period on the lateral and downward extention of the pegmatite. This pegmatite has a mica-bearing zone two feet thick. It extends 100 feet down the dip and 140 feet along the strike. The mica is light ruby in color, clear, flat, splits well, and is hard. Sufficient drilling has been completed to justify the inference that commercial quantities of mica are present.

THE UNITED STATES OF AMERICA

By C. W. Mitteudorf
Acting Administrator
Defense Minerals Exploration
Administration

Dated: AUG 4 1952
Chambers

Mr. A. W. Reid, President
Franklin Developers, Inc.
P. O. Box 489
Franklin, North Carolina

Subject: Docket No. DMEA-1141 - Mica
Campbell Mine
Franklin Developers, Inc.
Macon County, North Carolina
Exploration Project Contract
Idm-K107 $3,600.00

Dear Mr. Reid:

Transmitted herewith is Certification of Discovery or Development under Contract Idm-K107 on the Campbell Mine.

By the terms of the Exploration Project Contract and of the Certification, all mica produced from the aforesaid mine from the date of the Exploration Project Contract Idm-K107 is subject to the Government's percentage royalty as set forth in the contract until the sum of $2,876.76 is paid or until August 13, 1961, whichever occurs first.

Payments should be made to Mr. Robert A. Laurence, Executive Officer, DMEA Field Team, Region VII, Room 13, Post Office Building, Knoxville 2, Tennessee. Checks should be payable to the Treasurer of the United States. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward check direct to the Executive Officer.

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

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

Sincerely yours,

C. O. Mittendorf

Acting Administrator
Defense Minerals Exploration
Administration

LFHearne:mp 7/24/52
cc: Operating Committee
F. E. Johnson
Mr. Hedges, 4604
Mr. Thayer, 5216, GSA Bldg.
Adm. Heading File
Docket File
Field Team, Region VII
Enclosure

Mr. Murkland
Mr. Chambers
Miss Terry
Mr. Houk

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

Mr. Jess Larson, Administrator
Defense Materials Procurement Agency
General Services Administration
Building
Washington 25, D. C.

Subject: Docket No. DMEA-1141 - Mica
Campbell Mine
Franklin Developers, Inc.
Mason County, North Carolina
Exploration Project Contract
IdM-2887 $3,600.00

Dear Mr. Larson:

I am enclosing a copy of a "Certification of Discovery or Development," and a copy of the Field Team's Final Report on the above-referred property.

The project contract was signed August 13, 1951, the Government participating to the extent of 90% in an exploration project estimated to cost $3,600.00. On the contract's completion, the Government's share amounted to only $2,876.76, leaving $363.24 unspent, which was returned to the revolving fund.

No equipment or supplies were purchased under the contract. Three core drill holes were completed totalling 502 feet. Logs of these holes justify the inference that pegmatite with a mica-bearing zone 2 feet thick, 100 feet down dip and 140 feet long, was explored.

Sincerely yours,

C. O. Mittendorf

Acting Administrator
Defense Minerals Exploration
Administration

Enclosure

LFHearnsimp 7/23/52
cc: Operating Committee
F. T. Johnson, 4624
Mr. Hedges, 4604
Mr. Thayer, 5216, GSA Bldg.
Adm. Reading File
Docket File
Field Team, Region VII
Mr. Chambers, 2612
Mr. Murkland
Finance Officer
Mr. Houk

Contracts & Audit Copy

CONTRACT AMENDMENT II.

Contract Docket No. DMA-1141X, Idm-E107 (mica), dated 13th day of August 1951, between the UNITED STATES OF AMERICA and FRANKLIN DEVELOPERS, INC. is hereby amended as follows:

Estimated costs of the project as shown on Exhibit "A", are amended to provide for 504 feet of contract diamond drilling at $5.35 per foot, not to exceed a total of $2700.00, instead of 600 feet at $4.50 per foot.

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 13 of the contract form.

Dated March 10, 1952

THE UNITED STATES OF AMERICA

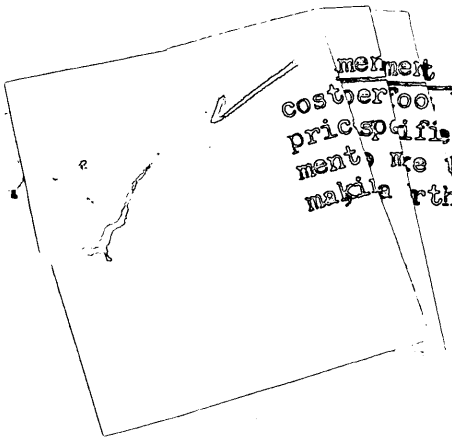
By Robert A. Laurence

Robert A. Laurence, Executive Officer
Defense Minerals Exploration Admin.
Region VII

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 1 1 1952

FRANKLIN DEVELOPERS, INC.

BY A. W. Rich



mement No. II, was necessary to change the total footage and costperfoot because no drilling contractor would bid at the pricspecified in contract. It was in the interest of the Government, we this amendment as the property had a good chance of makila rthwhile discovery.

Contracts + Audit Copy

CONTRACT AMENDMENT

Contract Docket No. DMA-1141X, Idm-E 107 (mica).

Contract Docket 1141X, Idm-E107, dated 13th August 1951, between the UNITED STATES OF AMERICA and FRANKLIN DEVELOPERS, INC., is hereby amended as follows:

Item 3, is amended to provide to bring the project to completion within a period of twelve months instead of six months from date of contract.

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 13 of the contract form.

UNITED STATES OF AMERICA

By Robert A. Laurence

Robert A. Laurence, Executive Officer, DMEA, Region VII

FRANKLIN DEVELOPERS, INC.

By A. W. Reid

FEB 8 8 54 PM '52
DEFENSE MINERALS ADMINISTRATION
WASHINGTON, D.C.

C O P Y

DMA-1141X, Idm-E107. Franklin Developers, Inc. (mica)

Amendment No.I, was made to bring project to completion within period of 12 months instead of 6 months from date of contract because operator was unable to find a driller to drill at the contract price, within originally designated time limits.

Docket No. 1141

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 107

Date of Contract ~~or Amendment~~: August 13, 1951

Name and Address of Operator:

Franklin Developers, Inc.
P.O. Box 489
Franklin, North Carolina

Amount of Government participation $ 3,240.00

Percent of Government participation 90 %

Region: VII State: North Carolina

NOTE: PLEASE RELEASE $363.24.

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

(Title)

Date Delivered to Bureau of Mines, Washington. June 9, 1952 13808

MF-200
(June 1951)

Docket No. DMA 1141X
Commodity Mica
Idm-E107

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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EXPLORATION PROJECT CONTRACT [1]

It is agreed this 13th day of August, 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2]
Franklin Developers, Inc.
P. O. Box 489
Franklin, North Carolina

hereinafter called the "Operator," as follows:

1. *Authority for contract.* This agreement is entered into under the authority of the Defense Production Act of 1950, pursuant to Mineral Order 5, entitled "Regulations Governing Government Aid in Defense Exploration Projects."

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of North Carolina, County of Macon described as follows: [3]
See Exhibit A

with respect to which the Operator represents and undertakes: [4]

(*a*) That he is the sole 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

(*b*) ~~That he is a lessee, in possession and entitled to possession, and the subordination agreement of the lessor is attached.~~

3. *Exploration project.* The Operator, within sixty (60) days from the date of this contract shall commence work on a project of exploration for [5] strategic mica; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] six (6) months from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

4. *Performance of the work.* The work shall be performed by the Operator, under his sole direction and control: *Provided,* That with the consent of the Government and its written approval of the contract or contracts, all or any part of the work may be performed by the Operator through contract or contracts with independent contractors. 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.

5. *Fixtures and improvements.* 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. Any additional facilities, buildings, and fixtures, to be purchased, installed, or erected by the Operator, with the estimated cost of each, to which the Government will contribute currently its agreed pro rata share, are listed in Exhibit "A" attached hereto. The difference between the cost of such additional facilities, buildings, or fixtures, and the salvage value thereof at the conclusion of the work, shall be charged as a cost of the project to which the Government has contributed its pro rata share.

6. *Operating equipment.* Any operating equipment to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or depreciation, as the case may be, is listed under appropriate headings in Exhibit "A" attached hereto. As to equipment purchased for the project, the Government will contribute its agreed pro rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro rata share.

[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.
[4] Strike out the provision not applicable.
[5] Name of mineral.
[6] Not in excess of 2 years.

7. *Title to and disposition of property.* All facilities, buildings, fixtures, equipment, or other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* An itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project is set forth in Exhibit "A" attached hereto.

9. *Rehabilitation and repairs.* A statement of the cost of any necessary rehabilitation or repairs to put existing facilities, buildings, installations, and fixtures into useful and operable condition and which are to be allowed as costs of the project is included in Exhibit "A."

10. *Allowable costs of the project.* The costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, analytical work, accounting, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in this contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, taxes, or any other indirect costs not expressly allowed by these provisions, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

11. *Accounts and audits.* The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, 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.

12. *Progress reports.* The Operator shall provide the Government with monthly reports of work performed under the contract upon forms to be provided by the Government. Each monthly progress report shall bear the certification of the Operator and shall constitute the Operator's invoice of costs incurred on the project during the period covered by the report.

13. *Payment to the Operator.* The monthly progress report (invoice), to the extent approved by the Government, shall be processed for payment by the Government. Payment shall be made in the amount of 90 percent of the approved costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $3,240.00, which is 90 percent of the agreed estimated total cost of this project, $3,600.00.

14. *Final reports by Operator.* Upon completion of the project or termination of this contract, the Operator shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

15. *Repayment by Operator.* If, upon the completion of the exploration project or termination of the contract, the Government considers that a discovery or development has resulted from the work from which commercial production of ore may be made, the Government, within 6 months thereafter, shall so certify to the Operator, particularly describing and delimiting its estimate of the discovery or the development. Thereafter, if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first, as follows:

Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent for each additional full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

This obligation to repay from net returns or proceeds shall be and remain a claim and lien upon the mineral deposit which is the subject of the exploration project and upon any production resulting from such discovery or development, in favor of the Government, until fully paid, or until said 10-year period has elapsed; and this claim and lien and the Government's right to repayment shall survive any termination of the contract, whether by completion of the exploration project or otherwise. This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development.

16. *No assignment of contract.* Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder.

17. *Termination and completion.* The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; shall dispose of any unused materials, supplies, and equipment for the joint account of the Operator and the Government in the proportion of their respective interests; and shall pay to the Government its pro-rata share of any money remaining.

Executed in sextuplicate the day and year first above written.

Franklin Developers, Inc.
(Operator)

By A. W. Reid pres

THE UNITED STATES OF AMERICA

By C O Mittendorf
Director, Production Expansion Division
Defense Minerals Administration

U. S. GOVERNMENT PRINTING OFFICE 16—64066-2

EXHIBIT A - Exploration Project

The exploration project to consist of diamond drilling of a maximum of 600 feet of holes to secure information as to size and trend of the pegmatites and quantity and quality of mica contained.

Exploration holes to be located on a tract of land described in deed from Charles T. Bradley and Wife to A. W. Reid dated January 29, 1951 and recorded in Book 2-5, page 218, Macon County Records and same as deed from A. W. Reid to Franklin Developers Inc. Dated March 1, 1951. Metes and bounds of the tract are as follows: Beginning at a hickory on a ridge, the second corner of Grant 1869 and second corner of Grant 1868, runs South 20 deg. East 240 poles to a stake on the line of said grants, said stake being 60 poles North 20 deg. West from the third corner of these tracts; thence 80 deg. West 570 poles to a stake, said stake being 50 poles North 36 deg. East from a hickory, the Northeast corner of Curtis Sanders' tract; thence North 36 deg. East 300 poles to the beginning corner of Grant 1869; thence North 70 deg. East 340 poles to the Beginning.

The work will consist of 600 feet of diamond drilling (NX size) as follows:

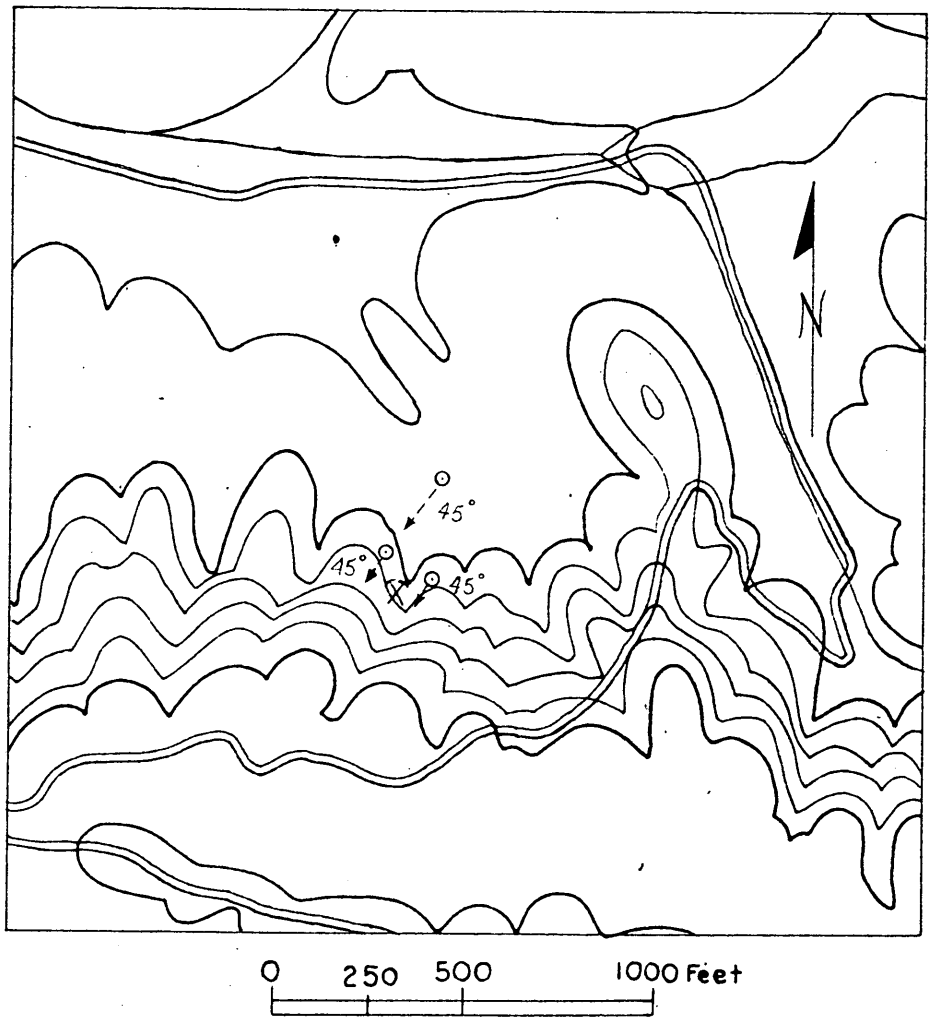
(A) Two holes approximately 150 feet each located and drilled in direction and inclination in a manner mutually satisfactory to operator and Field Team of DMA.

(B) One hole 300 feet deep (NX) subject to satisfactory completion of (A) and indicating strategic mica warranting approval by Field Team of DMA. Location and depth of additional hole to be mutually agreeable to operator and Field Team of DMA.

All drilling to be done on contract approved by Field Team, DMA with corehandling, testing, inspection, etc., to be done by operator.

Estimated costs of the approved project are as follows:

600 feet contract drilling @ $4.50 per foot	$ 2700.00
Construction of a core storage shed and shelter allowed to a maximum of $100	100.00
Core boxes, testing expense, packing and haulage allowed to a maximum of $100	100.00
Supervision is allowed for an engineer @ $20.00 per day and helper@ $12.00 per day, while working on the project, to a maximum of $700	700.00
Total estimated cost	$ 3600.00



Docket 1141X. Proposed prospecting at the Cambell mine