E 456

See E 87

for findings on review of Spruce Pine Depot records on 6/22/62

A

OMB Form [illegible]
(10-53)

OFFICIAL FILE COPY

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

June 26, 1962

The File

C. E. Fisher, OMB 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 OMEA exploration project contracts. My examination did not disclose any unreported production subject to royalty under the following contracts:

Docket No.	Contractor	Mine Names
1140	Pitt Mica Corporation	[illegible], Reid, Reid-Mary, Reid Hooker
2150	A. W. Reid and [illegible]	[illegible], Reid, Reid-Mary, Reid Hooker
2293	Dixie Minerals, Inc.	[illegible] H. Stephens (Stevens)
2277	Burke John Mica Miners	Burke John, N. L. Barnard
2582	Zeb Angel	[illegible]
2595	Bourne Associates	[illegible], Turley, Turley
3375	Dixie Mines, Inc.	[illegible]
2327	Andrew W. Reid	[illegible]
2926	The Goodmica Mining Co.	[illegible]
2734	R. J. Twiggs [illegible]	[illegible], Little [illegible]
2836	Duncan Mining Co.	[illegible]
3038	Murphy Mining Co.	[illegible]
2873	Claire Mica Co.	[illegible]
3050	C. E. Burleson, et al.	[illegible]
2875	Matt Young	[illegible]
3133	Haderic Mica Co.	[illegible] (Sanders)
3154	Byrd Mica Minere	[illegible]
3229	[illegible] Mining	[illegible]
3255	Non-Metallic Minerals	[illegible] Peterson [illegible]
3287	Mud Cut Mining Company	[illegible], Talent (Talent)
3290	C. C. Burleson	[illegible]
3282	J. R. Beam [illegible]	[illegible]

[illegible]/aaa
6-26-62

Director's mailing
GSA Division

800

May 3, 1962

Memorandum

To: Chief, Division of Minerals

From: Chief, Division of Field Operations

Subject: Expiration of DMEA Contracts Paying Royalty

Reference is made to my memorandum of April 27, 1962, to you.

The list should have included Docket DMEA-2150, Reed and Hooker, Contract Idm-E456, expiring December 4, 1962.

George C. Selfridge

GCSelfridge/hb (5/3/62)
cc to: Mail & Records
Director's Reading File
Review Committee
G. C. Selfridge
E. Dallas Talbert
W. R. Griswold
Harold Kirkemo, USGS (2)
C. H. Johnson, USBM (2)
R. A. Laurence, USGS, Knoxville
Avery Reed, USBM, Knoxville

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-E456, Docket DMEA-2150 (mica), dated December 4, 1952, with

A. W. Reid and W. H. Hooker
d/b/a Reid and Hooker
Box 489
Franklin, North Carolina

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Reid-Hooker Mine and the Reid Mine located in Macon County, North Carolina, during the period March 19, 1955, through April 22, 1961.

A certification of discovery or development was issued on May 20, 1955, and, in accordance with Article 9 and Annex I of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated April 15, 1955, indicated accepted costs under the exploration contract amounting to $1,300.00 with the Government's contribution on a 90 percent basis being $1,170.00.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review, which found no sales subject to the Government's royalty through March 18, 1955. The royalty account as of March 18, 1955, was:

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

At April 22, 1961, the royalty account of this project was found to be:

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

E. D. Talbert, OME Auditor

November 22, 1961

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provided for exploration work at a different mine on the same 116 acres covered by Contract Idm-E87, Docket DMA-1140, Pitt Mica Corporation. Reid and Hooker were two of the three stockholders of that corporation, which was suspended by the Secretary of State of North Carolina on December 14, 1951.

Annex I of this later contract requires that, in the event of certification thereunder, Reid and Hooker jointly and severally shall pay a royalty on all production in the manner provided for in Article 9 of, and for a period of 10 years from, the date of this later contract or until the total Government contribution under both contracts is repaid. The so-called "abandonment" clause in Article 10, however, was not deleted.

The Government's contribution under Contract Idm-E87 was $1,791.00, of which $60.77 has been repaid by royalty on production through this date. No repayment has been made under this later contract. Accordingly, the present contingent obligation of the Operators is $2,900.25, consisting of a repayable $1,730.23 balance under the first contract and the $1,170.00 contribution under this later contract.

Examinations of the property, the latest on April 22, 1961, and inquiries by field representatives have confirmed that the property has been inactive since shortly after completion of the work under this contract and that all sales of production are covered by Reports of Royalty Review on Contract Idm-E87. During a July 13, 1954, inspection of the property Reid stated that his interests had been sold to Hooker, who holds all mineral rights in fee.

The last known address of W. H. Hooker was 104 Hemlock Drive, Marietta, Georgia. The last address of record for A. W. Reid was Box 489, Franklin, North Carolina.

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

(1) The property has been inactive since 1953;
(2) All sales of production have been accounted for and proper royalty thereon paid under Contract Idm-E87; 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.

29 NOV 1961

Memorandum

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

From: Chief, Division of State Operations, OM

Subject: DMA-1140 (Mica)
First Mica Corporation
Reid-Mary Mine
Mason County, North Carolina
Contract Ida-567
and
DMA-2150 (Mica)
Reid and Mother
Reid-Mother Mine
Mason County, North Carolina
Contract Ida-1496

Enclosed for your files are the original statements of Imports and Royalty Review on the subject contracts.

Enclosures 2

GCSelfridge/hb (11/29/61)

cc: Docket DMA-1140
Docket DMA-2150
Director's Reading File
CA & A Division
G.C.Selfridge
R.L.Lawrence, Asst. to vice pres. of Imports of Royalty Review dtd 11/27/61 (Docket, ex. ... of 2 copies ... by CAA Div. ... Chief, Dir. of Fiscal Svcs.
V.J.Lynch, ... Imports Ledger for ...

NOV 2 4 1961

Memorandum

To: Chief, Division of Field Operations

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

Subject: DMA-1140 (Mica)
Pitt Mica Corporation
Reid-Mary Mine
Macon County, North Carolina
Contract Idm-E87
and
DMEA-2150 (Mica)
Reid and Hooker
Reid-Hooker Mine
Macon County, North Carolina
Contract Idm-E456

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 OME record purposes only; therefore, no copies have been provided for the Operators.

As evidence of your concurrence, a copy of your memorandum transmitting the original of each report 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 11-24-61

cc:
Docket
Director's Reading File
CA & A Division - Idm-E456
Mr. Rothroek

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-2456, Docket No. DMEA-2150, with:

A. W. Reid and W. N. Hooker
d/b/a Reid and Hooker
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 Reid Mine located in Macon County, North Carolina, during the period December 4, 1952 to March 18, 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) This account was previously reviewed by Mr. B. J. Brekhus as indicated by his Royalty Audit Memorandum dated July 28, 1954.

(2) 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 subsequent to the date of the prior review.

(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 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

REPORT OF
ROYALTY REVIEW

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

July 28, 1954

Royalty Audit Memorandum

To: Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division

From: B. J. Brekhus, Auditor

Subject: Royalty Audit - Contract Idm-E87, Docket No. DMA-1140X
Pitt Mica Corporation
Contract Idm-E456, Docket No. DMEA-2150
A. W. Reid and W. H. Hooker, partners
Contract Idm-E476, Docket No. DMEA-2327
Andrew W. Reid

On July 13, accompanied by Mr. Wm. A. Beck, Mining Engineer, Bureau of Mines, Knoxville, Tennessee, I called upon Mr. A. W. Reid for purpose of determining status of royalty payments on the subject contracts.

We found Mr. Reid at home in apparently poor physical condition. He was reported to have been involved in a mine cave in sometime previously, and had spent considerable time in a hospital. Another man was reported killed in this same cave in.

Mr. Reid stated he was now no longer active in the above mining projects and his former partner, Mr. W. H. Hooker, who now resides in Atlanta, Georgia, has taken over the properties and owns the mineral rights, and has the records of the operations. He also stated that there was now no mining being done on these properties and he believed all royalties have been paid. The records of the Field Team and the Mica Depot in Spruce Pine, North Carolina, also support this. Therefore, it was decided not to go to Atlanta, as the probable findings would not justify the trip.

The status of the royalty accounts of the above contracts is as follows:

Contract No.	Sales: Strategic Mica	Sales: Punch & Scrap	Sales: Total Sales	Royalty Paid
Idm-E 87	$ 530.98	$684.58	$1,215.56	$ 60.77
" 456	-	-	-	-
" 476	2,004.90	144.25	2,149.15	107.45

Mr. W. H. Hooker's present business address is c/o Trade Publications, Inc., 1125 Peachtree Street, Atlanta, Georgia.

REPORT
OF REVIEW

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Report of:

A. W. Reid & W. H. Hacker

d/b/a Reid & Hacker

Box 489, Franklin, North Carolina

pertaining to Contract No. Idm-2456, Docket No. DMEA-2150, for the period of December 18, 1952 to January 23, 1953, covering a project for the exploration of mica.

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

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

(a) the administrative cost to the Government of an audit would be excessive in relation to value of the contract or the estimated amount of possible disallowances thereunder;
(b) the Monthly Reports were supported by documentary proof of the costs incurred under the contract;
(c) a large portion ($450.00) of the costs were under a contract provision for payment by the Government on the basis of agreed estimated costs of units of work actually performed; and
(d) a major portion ($790.00) of the costs covered bulldozing at hourly 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		$ 1,300.00
Exceptions:		
By DMEA Finance Officer	$ -0-	
Hereudth	-0-	-0-
Total Accepted Cost		$ 1,300.00

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

— $ 1,170.00 —

is considered valid and proper.

April 13, 1953

E. D. Talbert, Auditor

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

ON VOUCHER AND SCHEDULE OF PAYMENTS NOT EXCEEDING

115
KS

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Dec. 10-Jan 23, 1953 Docket No. DMEA 2150 Contract No. IDM-B 456
Operator's Name Reid and Hooker Minerals Mica
Address A.W. Reid, Box 489, Franklin, B. C.
Contract Amount, $ 1300.00 Government Participation: 90% Amount, $ 1170.00

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 100,000 cu ft						
Bulldozing	790.00	none	790.00	790.00	—	790.00
Crosscutting						
Drifting Stage II Test Pits, two total depth 30 ft	450.00	none	450.00	450.00	—	450.00
(2) Labor and Supervision:						
Labor						
Supervision	60.00	none	60.00	60.00	—	60.00
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1300.00	none	1300.00	1300.00		1300.00

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

Date Feb. 2, 1953 *Payee Reid & Hooker

Per A W Reid Title partner

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

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

$ 1170.00

Signature Cora A. Piper
(Authorized Certifying Officer)

Date FEB 24 1953 Vou. No. 115

(See other side)

147 12/18 1/14

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Tdm-E456 in accordance with the terms of the contract.

Signature Lawrence E. Shirley Title Mining Engr. U.S.B.M. Date Feb. 17, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION VII Date FEB 19 1953

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Dec. 18-Jan. 23 1953 Docket No. DMEA 2150 Contract No. IDM-E 456
Operator's Name Reid and Hooker Minerals Mica
Address A. W. Reid, Box 489, Franklin, N. C.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting 100,000	cu.ft.	790.00	100,000	790.00	100Th.	.79	100T	.79
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits	ft	450.00	30	450.00	30	15.00	30	15.00
Roads and Trails								
Supervision		60.00		60.00				60.00
TOTAL DISTRIBUTED COSTS		1300.00		1300.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		1300.00		1300.00				1300.00

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 Feb. 2, 1953 Operator Reid & Hooker
Per A. W. Reid Title partner

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

OPERATOR'S
PROGRESS REPORT
FOR
DEC. 18-JAN. 23

Dec. 18. Started Bulldozing operations consisted of digging two trenches 60 feet long over 12 feet wide. Used D-6 Dozer.

Dec-18 to Jan 14- Completed 79 hours bulldozing. Soft earth encountered and trenches dug somewhat larger than specifications - 100,000 cu ft of earth removed in the two trenches.

Jan 15. Started two test pits, dug 4 feet in each.
Jan 16. Started drilling holes by hand. Drilled 6 holes.
Jan 19. Shot holes and mucked out- drilled more holes by hand. 10 feet deep each pit.
Jan 20. Shot and mucked out. Quartz and chrystalized feldspar in spots.
Jan 21. Drilled and shot holes and mucked out.
Jan. 22. Mucked out. Loose quartz and feldspar; also strategic ruby mica encountered.
Jan. 23. Finished mucking to a depth of 15 feet. Approx. 300 lbs of book mica removed in test pit operations. Completed pits were 4 feet by 6 feet, 15 feet deep.

A W Reid
A. W. Reid

COPY

RECEIVED
FEB 1 1950
U.S. BUREAU OF MINES
OREG. MILL. ADM.
Knoxville, Tennessee

RECEIVED
FEB 19 1953
U. S. BUREAU OF MINES
DEF. MIN. ADM.
Knoxville, Tennessee

Messrs. A. W. Reid and W. H. Meeker
d/b/a Reid and Meeker
Box 489
Franklin, North Carolina

Re: DMEA-2150 (Mica)
Reid and Meeker
Reid-Meeker Mine
Macon County, North Carolina
Contract Lda-8454

Gentlemen:

By the terms of the subject Exploration Project Contract and the certification of discovery or development dated May 8, 1953, all minerals mined or produced from July 27, 1951, (under previous contract Lda-287) to December 4, 1962, were subject to the Government's royalty as set forth in said contract.

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

Sincerely yours,

George Fumich, Jr.

Director

SFHolt/mm
1-11-63
cc: Director's Reading File
Region IV (2)
CAAA Division
Docket
Code 300
Mr. W. H. Meeker, 184 Hemlock Drive, Marietta, Ga.

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

GOVERNMENT COPY

600

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

To: Reid and Rucker
c/o A. [illegible] Reid
Box 489
Franklin, North Carolina

Pursuant to the provisions of Exploration Project Contract No. 1[illegible]-2436, dated December 4, 1952, (Docket No. DMEA-2130), hereinafter called the "contract" between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows:

Surface exploration by two short trenches, with 15 foot test pits in each, exposed a five foot pegmatite over a horizontal distance of 60 feet and a vertical distance of 52 feet. Sufficient work was performed under the contract to indicate that production of strategic mica may be obtained from the property.

THE UNITED STATES OF AMERICA

By C. Mittendorf
Administrator, Defense Minerals
Exploration Administration

Dated: MAY 28 1953

LOBrook:gad 5/26/53
Copy to: Mr. [illegible] Fortes, DMEA
Operating Committee
Mr. Hedges, 4604
Mr. Thayer, 5216 GSA Bldg.
Operating Committee
Admr. S. File
Field Team, Region VII
Docket File
Mr. Chambers Mr. Johnson Mr. Houk

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

600

MAY 29 1953

Mr. Russell Forbes
Acting Administrator, Defense Materials
Procurement Agency
General Services Administration Bldg.
Washington 25, D. C.

Re: Docket No. [illegible]-150 - Mica
Reid and Hooker
Reid Mine
Macon County, North Carolina
Contract No. Ism-456

Dear Mr. Forbes:

I am enclosing one copy each of a "Certification of Discovery or Development", Summary Report of Operator, and a final report by the Field Team, all relating to the subject contract.

The exploration project contract was executed December 4, 1952, and work completed on January 23, 1953. The Government participated to the extent of 90% of $1,300.00 or $1,170.00. Total expenditure under the contract was $1,300.00 according to Report of Review in lieu of final audit. The Operator also assumed the obligations of the Pitt Mica Corporation ($1,7[illegible]) with reference to royalty repayment as set forth in paragraph 2 of Annex 1.

The final field team report states in part:

> Surface exploration by two short trenches, with 15 foot test pits in each, exposed a five feet pegmatite over a horizontal distance of 60 feet and a vertical distance of 30 feet. Sufficient work was performed under the contract to indicate that production of strategic mica may be obtained from the property. Approximately 3,000 pounds of book mica up to six inches in size was recovered during the contract.

The Field Team and the Operator state a discovery resulted and the DMEA concurs.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures 3

LGHook:gad 5/26/53

Copy to: Admr. L. File
Operating Committee
Mr. Hodges, 4604
Mr. Thayer, 5216 GSA Bldg.
Field Team, Region VII
Mr. Johnson
Mr. Chambers
Docket File
Mr. Hook

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

600

Reid and Hooker
c/o A. W. Reid
Box 489
Franklin, North Carolina

MAY 2 9 1953

Re: Docket No. DMEA-2150 - Mica
Reid Mine
Macon County, North Carolina
Contract No. Idm-E456

Gentlemen:

Transmitted herewith is a Certification of Discovery or Development on Contract No. Idm-E456 on the Reid Mine in Macon County, North Carolina.

By the terms of the Exploration Project Contract and of the Certification, all production from the property from the date of the Exploration Project Contract, December 4, 1952, is subject to the Government's percentage royalty as set forth in the contract until the sum of $1,170.00 is paid or until December 4, 1962, whichever occurs first, and the obligations ($1,791.00) of the Operator with reference to the Pitt Mica Corporation as set forth in the second paragraph of Annex I are fully satisfied and discharged.

Payments should be made to Mr. Robert A. Laurence, Executive Officer, Defense Minerals Exploration Administration Field Team, Region VII, Room 13, Post Office Building, Knoxville 2, Tennessee. Checks should be drawn 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 quality and grade of ore sold, the name of the purchaser, and the price and charges certified to be correct by the purchaser.

You are requested to notify Mr. Laurence of any changes in ownership or production rights that 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

Administrator

Enclosure

LGHouk:gad 5/26/53

Copy to: Mr. R. L. File
Mr. Johnson
Field Team, Region VII
Docket File
Mr. Hedges, 4604
Mr. Chambers
Operating Committee
Mr. Thayer, 5216 GSA Bldg.
Mr. Houk

Docket No. DMEA 2150

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 456

Date of Contract ~~or Amendment~~: December 4, 1952

Name and Address of Operator:

A. W. Reid and W. H. Hooker,
d/b/under firm name and style of
Reid and Hooker
c/o A. W. Reid,
Box 489, Franklin, N. C.

Amount of Government participation $ 1,170.00

Percent of Government participation 90 %

Region: VII State: N. C.

Jay L. Chambers
(Name)

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

Date Delivered to Bureau of Mines, Washington. Dec. 4, 1952

13908

MF-200
(June 1951)
(Revised Feb. 1952)

DOCKET NO. IDM 2150

COMMODITY Mica

Government's Copy

IDM-E 456

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 15 1952

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

EXPLORATION PROJECT CONTRACT [1]

IT IS AGREED this 4th day of December, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] A. W. Reid and W. H. Hooker, partners, doing business under the firm name and style of Reid and Hooker, c/o A. W. Reid, Box 489, Franklin, North Carolina

hereinafter called the "Operator," as follows:

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

ARTICLE 2. *Operator's property rights.*—~~With respect to the land situated in the State of North Carolina, County of Macon, described as follows:~~ [3] With respect to the mineral interest and mining privileges in that certain land situated in Macon County, North Carolina, as described in Book A-6, page 186, of the Register of Deeds, Macon County, N. C., being the same land set forth in Contract Idm-E87, Docket No. DMEA-1140X.

the Operator represents and undertakes: [4]

(*a*) That the Operator is the owner, in possession and entitled to possession ~~and that~~ of 17/25 of the property which 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 the Operator is a lessee, in possession and entitled to possession of 8/25 of this property, and the Owner's Consent to Lien is attached.

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

ARTICLE 3. *Exploration project.*—The Operator, within 30 days from the date of this contract shall commence work on a project of exploration for [5] Mica in or upon the described land; and shall bring the project to completion within a period of 3 months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided.

ARTICLE 4. *Performance of the work.*—(*a*) *Operator's responsibility.* The work shall be performed efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmens' compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. To the extent specified in Exhibit "A," attached hereto, the work may be performed by independent contractor or contractors; and work not specified in Exhibit "A" for performance by independent contractor may nevertheless be so performed upon amendment of Exhibit "A," as agreed to by the parties, to state the work to be so performed and the estimated unit costs thereof, as provided hereafter.

(*b*) *Independent contracts.*—Any independent contract for the performance of work shall be on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved), or on some basis that will indicate the amount due for work performed at any stage of the work to be performed under such independent contract. The Government shall not be nor be considered to be a party to any such independent contract, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of any such independent contract. If the reference in Exhibit "A" to any such independent contract states that the Government's approval thereof is required, the Government may refuse to participate in the cost thereof unless and until it has given its written approval of the independent contract.

(*c*) *Government may inspect.*—The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 5. *Estimated costs of the project.*—A statement of the estimated cost of the project is set forth in Exhibit "A," attached hereto. Except insofar as any item of requirement or the estimated cost thereof set forth in Exhibit "A" is there or elsewhere designated as an "allowable maximum," such items of requirement and of related cost are estimates only, and may be exceeded to the extent that the Government may from time to time approve for the most economic and beneficial performance of the work within the limitation of the total aggregate estimate of costs. The Government's approval of any such excess over the estimate for an item of requirement or related cost will be signified by its approval and payment of any invoice or voucher for payment which expressly calls attention to such excess. Items expressly designated in Exhibit "A" or elsewhere as "allowable maximum," and the total aggregate estimated cost are limitations, and any excess therein will be for the sole account of the Operator in which the Government will not participate.

ARTICLE 6. *Allowable costs of the project.*—(*a*) The costs of the project in which the Government will participate are limited to the following:

(1) *Independent contracts.*—Payments to independent contractors under independent contracts listed in Exhibit "A." The estimated cost of any work to be performed under an independent contract is or shall be included in the estimate of costs in Exhibit "A" in terms of the estimated numbers of units of work to be performed, the estimated amount to be paid per unit, and the estimated total amount to be paid to the independent contractor, and such estimates shall be allowable maximums above which the Government will not contribute. Regardless of the provisions of any such independent contract, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable and necessary. No such independent contract shall have the effect of increasing the estimated total cost of the exploration project contract nor the maximum amount which the Government will pay as provided in the exploration project contract.

(2) *Labor, supervision, consultants.*—Labor, supervision and technical services (including engineering and geological consultants), a schedule of which is included in the estimate of costs set forth in Exhibit "A." The requirements and related estimated costs for supervision and technical services are allowable maximums.

(3) *Operating materials and supplies.*—Necessary materials and supplies including items of equipment costing less than $50.00 each, and power, water, and fuel, a schedule of which is included in the estimate of costs in Exhibit "A."

(4) *Operating equipment.*—Any operating equipment to be rented or purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or the allowable depreciation, as the case may be, a schedule of which is included in Exhibit "A." Any items listed as owned and to be furnished by the Operator, and related ~~initial~~ allowable depreciation, are allowable maximums.

(5) *Rehabilitation and repairs.*—Any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and to be devoted to the purposes of the exploration contract, a schedule of which is included in the estimate of costs set forth in Exhibit "A." These items are allowable maximums.

(6) *New buildings, improvements, installations.*—Any necessary buildings, fixed improvements, or installations to be purchased, installed, or constructed for the purposes of the exploration work, with the estimated cost of each, a schedule of which is included in the estimate of costs in Exhibit "A." All of these items are allowable maximums.

(7) *Miscellaneous.*—Repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance and payroll taxes.

(8) *Contingencies.*—Such other necessary, reasonable direct costs of performing the exploration work, within the limit of the total aggregate estimate of costs, whether or not included in any schedule of costs in Exhibit "A," as may be approved by the Government in the course of the work, as indicated by its approval and payment of invoices and vouchers.

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

(*b*) The Government's payments in all cases will be based on actual, necessary costs (including contract unit prices) incurred not in excess of any "allowable maximum," and not in excess of the fixed percentage of the total aggregate estimated cost. Costs will be considered to be incurred only as they are or become due and payable.

(*c*) No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes) or any other indirect costs, 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.

ARTICLE 7. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operators shall provide the Government with monthly reports of work performed and costs (including contract unit prices) incurred under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of costs incurred on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

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

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

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of 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. Upon the completion of the project or termination of the contract the Operator shall render a final account as provided in Article 12.

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 90 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $1,170.00, which is 90 percent of $1,300.00, the agreed, estimated total cost of the project in which the Government will participate; *Provided,* that until the Operator's final report and final accounting have been rendered to the Government, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

(*b*) The Government may make any payment or payments direct to independent contractors and to suppliers, for the account of the Operator, rather than to the Operator.

ARTICLE 9. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

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

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

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

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

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

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

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

ARTICLE 11. *Title to and disposition of property.*—All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

ARTICLE 12. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, facilities, buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its pro rata share of any money remaining.

ARTICLE 13. *Changes and added provisions.* See Annex I

Executed in sextuplicate the day and year first above written.

REID AND HOOKER

By A. W. Reid (Partner)
~~(Operator)~~

By W. S. Hooker (Partner)

THE UNITED STATES OF AMERICA

By Frank P. Johnson
ACTING 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.

U. S. GOVERNMENT PRINTING OFFICE 16—66328-1

EXPLORATION PROJECT CONTRACT
REID AND HOOKER
DOCKET NO. DMEA-2150

ANNEX I

WHEREAS; (1) the Government previously entered into another contract Idm-E87, Docket No. DMEA-1140X, dated July 27, 1951, with the Pitt Mica Corporation, for the exploration of a different mine on the same property covered by this contract; (2) on February 21, 1952, a Certificate of Discovery or Development under the aforesaid contract was issued to the Pitt Mica Corporation; and (3) by a letter dated September 20, 1952, to the Administrator of Defense Minerals Exploration Administration, A. W. Reid informed the Government that he and W. H. Hooker were operating the property covered by the aforesaid exploration project contract under the name of Reid-Mary Mine and were accounting for the royalties due the Government, as therein provided.

NOW THEREFORE, in consideration of the Government entering into this contract, A. W. Reid and W. H. Hooker jointly and severally undertake and agree: (1) to assume all the obligations of the Pitt Mica Corporation under the aforesaid Exploration Project Contract Idm-E87; and (2) in the event that a further certificate of discovery is issued pursuant to the terms of this contract, any minerals mined or produced from any of the land described in either contract shall, in the manner provided for in Article 9 of this contract, be subject to the Government's percentage royalty as therein described, until the total amount contributed by the Government under both contracts is fully repaid, or 10 years from the date of this contract have elapsed.

EXPLORATION PROJECT CONTRACT
REID AND HOOKER
DOCKET NO. DMEA-2150

EXHIBIT "A"

Description of the Work

The work is to be done in two stages as hereinafter indicated, and the direction, location and extent of all excavation shall be specified by the Government.

Stage I

Excavate two trenches across the pegmatite as indicated on the sketch map attached hereto and made a part hereof and entitled "Reid-Hooker Mica Prospect, DMEA-2150." Each trench should be approximately 60' long and not more than 10' deep or more than 12' wide at the bottom.

If in the opinion of the Government, the trenching indicates that further exploration of the deposit is warranted, Stage II may be undertaken.

Stage II

Excavate one or two test pits not to exceed an aggregate depth of 30 feet.

Estimated Costs of the Project
(* Indicates allowable maximum)

Stage I

(1) Independent Contracts

None

(2) Labor, Supervision, Consultants

1 - Supervisor, half time, ten 4-hour shifts @ $1.50/hr.* $ 60.00*

(3) Operating Materials and Supplies

None

(4) Operating Equipment

To be rented

Bulldozer (caterpiller D-6 or equal)
79 hours @ $10/hr*1/ $790.00

(5) Rehabilitation and Repairs

None

(6) New Buildings, Improvements, Installations

None

(7) Miscellaneous

None

(8) Contingencies

None

Total, Stage I $850.00

Stage II

The Government will contribute to the costs of excavating the test pits in this Stage, as they accrue, for units of work actually performed on the basis of the below agreed unit cost per foot in lieu of actual costs. This unit cost includes all costs of the work.

Test pit 30 feet @ $15/ft. 450.00

Total Cost of the Project $1,300.00*

Government Participation @ 90% $1,170.00*

1/ This includes the cost of the Operator, fuel oil, and repairs, and an allowance in time may be made for the time necessary to transport the bulldozer to and from the site.

MF-203

OWNER'S CONSENT TO LIEN

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

BEING the lands conveyed by deed from A. W. Reid to Pitt Mica Corporation on October 5, 1950, and recorded in the office of the Register of Deeds for Macon County, North Carolina, in Book X-5 at page 511.

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

2/ REID & HOOKER (Docket No. DMEA-2150)

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

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 which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ 6,000.00, or ten years have elapsed from the date of the contract.

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.

Dated this 22nd day of September, 1952.

[illegible] [Seal]

[illegible] [Seal]

[Seal]

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.

4/ Insert the maximum amount of the Government's contribution.

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

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

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

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

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

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

(d) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

Title to and disposition of property. All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

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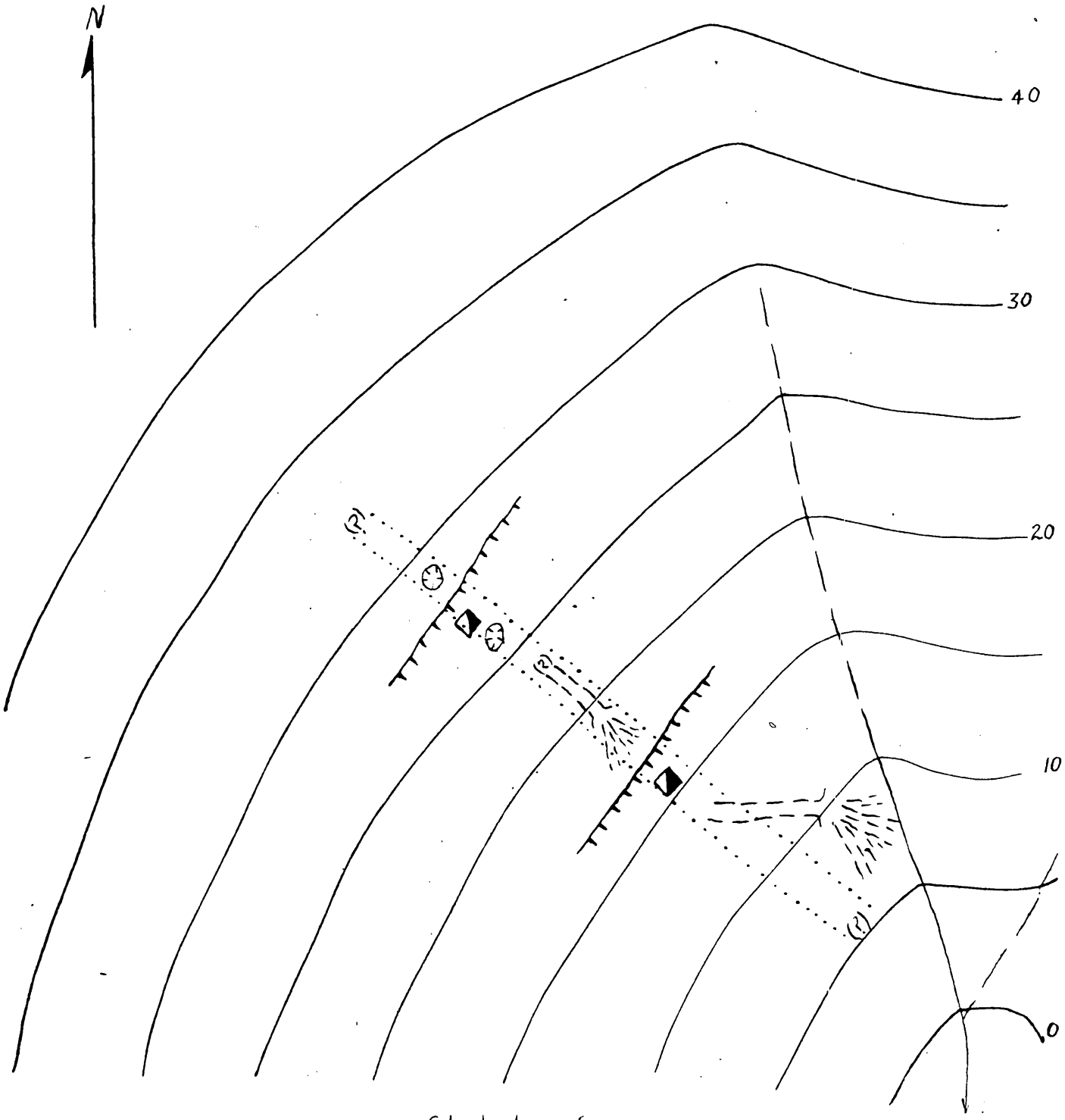

Sketch of
Proposed Prospecting at

REID-HOOKER MICA PROSPECT

Proposed Trench
Proposed Test Pit
Caved Drift
Probable Pegmatite

Scale 1" = 40'