JUN 28 1962

Memorandum

To: The File

From: C. E. Fisher, OME Auditor

Subject: DMEA-2610 (Mica)
Dixie Minerals, Inc.
Shell Ridge Mine
Jackson County, North Carolina
Contract Idm-E431

My report dated June 27, 1962, relating to review of the records of the Spruce Pine Mica Purchase Depot listed the purchase of lot No. SPAR-229(a) from Jackson Mining Company for $272.12 under the subject contract.

Investigation of the Washington office files has disclosed that Bingham and Gillispie sold 7 sacks of hand-cobbed mica to Jackson Mining Company for $125.00 and that royalty has been received from H. L. Liner Real Estate and Insurance Co. in connection with that sale. Mr. Beck's semi-annual inspection report for the period 7/1/56 to 1/1/57 states that the hand-cobbed mica referred to was trimmed and sold to the Depot for $272.12.

Thus, the Government has received its proper royalty (5% of $125.00) on the amount received by the producer of the mica.

CEFisher/ama 6-28-62

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

E431 10/30/52 DMEA-2610 Dixie Minerals, Inc.
Jackson County, N.C. Shell Ridge, Shell Branch Mine

Last reported Depot sale 5/24/56 Lot 1157 $126.76 by Bingham & Gillespie

Other known parties of possible interest:

D.C. & Ethel Higdon Deed of Conveyance — O.M. Bingham (operator early summer 1956)
H.L. Liner, Sr. Sec-Treas — J.D. Gillespie
J.H. Howell, Jr. VP — ? Fox
Goodwin Mining Company, operator winter 1954 — ? Kilpatrick
H.A. Lawhead, President

Audit made 3/18/55 disclosed that Goodwin Mining Co. had made 16 sales to SP Depot and 2 sales to Franklin Mineral Products amounting to $8,476.53 and $113.90, respectively. Royalty of $429.52 was paid 4/7/55 by Dixie Minerals, Inc. Last sale by Goodwin was 3/8/55, lot 1663, $383.28. Were there any subsequent sales? Lynch's letter to Dixie 3/23/55 indicates Goodwin had ceased operations at Shell Ridge.

Last sale to S.P. Depot of record consisted of lot 1157 Bingham & Gillespie, $126.76.

C.E.D. 6/20/62

Possibly royalty is due on SPAR-229 8/6/56
Jackson Mining Co. attached.

No, royalty paid on sales to Jackson by Bingham & Gillespie

Ab. P Sneeds

GENERAL SUPPLY CORPORATION

FINAL SETTLEMENT

MICA PURCHASING DEPOT, SPRUCE PINE, N. C.

CERTIFICATE AUTHORIZATION NO. [illegible]	LOT NO. SP [illegible]	VOUCHER NO.

	TOTAL WT (LBS)	LBS. - G. S.	LBS. - STAINED	[illegible]	TOTAL VALUE
PROCESSED FOR PAYMENT	[illegible]	[illegible]	1[illegible].38	[illegible]	[illegible]
PROCESSED - NO PAYMENT	[illegible]				
THINS					
BLACK - DOTS SPOTS STAIN					
UNDERSIZED					
PROCESS - BAKE LOSS	[illegible]				
TOTAL LBS. PURCHASED	[illegible]				

FOR USE OF CERTIFYING OFFICES

LESS: INITIAL PAYMENT - VOUCHER NO. SCH. NO.		17[illegible].78
BALANCE DUE	COVERNMENT ☐ SELLER ☒	98.[illegible]4

SELLER'S NAME AND ADDRESS	NAME OF MINE AND LOCATION
Jackson [illegible] Box [illegible] Sylva, N. C.	[illegible]
	APPROVED [signature] 8-6-58 DEPOT SUPERINTENDENT DATE

Form R4-T36, May 1956

$ 272.12
13.61

Form 7
(1-58)

OFFICIAL FILE COPY

Date	Surname	Code
	[illegible]	500
		120
		110
		100
		220

Idm-8431

June 27, 1962

Memorandum

To: [illegible] Talbert, Acting Chief
Contract Administration and Audit Division

From: C. E. Fisher, OMB Auditor

Subject: Audit Trip to Spruce Pine, North Carolina

I left Washington, D. C., via Southern Railway train No. 47 at 9:00 p.m., EST, June 17, 1962. Arrival in Asheville, N. C., was about 10:00 a.m., June 18. There I secured an automobile from Avis Rent-A-Car and drove to Spruce Pine, N. C. Left Spruce Pine at 10:00 a.m., June 23, and arrived back in Washington at 5:10 a.m., June 24, via Southern Railway train No. 16.

Most of the time in Spruce Pine was spent in reviewing the purchase records of the U.S.A. Mica Purchase Depot for the purpose of determining whether any unreported purchases had been made by that Depot of production from mines on which OMSA had entered into exploration project contracts. A total of 57 contracts were assigned for this investigation.

The last purchase by the Depot under the Mica Purchase Program was made on June 7, 1962. Mr. J. P. McKinney, Depot Superintendent, stated that processing the mica on hand and making final settlements with vendors will take another 60 to 90 days before the Depot is finally closed. Mr. McKinney also advised that 3,972 Participation Certificates were issued and 21,6[illegible] lots of mica were purchased during the program. At June 15 the yield of strategic mica amounted to 1,516,755.75 pounds. This will increase [illegible] when all processing is completed. As of June 1 the total payments to vendors amounted to $20,5[illegible]6,000. This amount will be increased when final settlements have been completed.

My review of the Depot records disclosed 13 contracts under which the Government may be entitled to royalty as hereinafter discussed. The investigation failed to disclose any purchases of production from the properties covered by the remaining 44 contracts. Memoranda for the files have been prepared for this latter group of contracts.

During the early stages of the exploration program, that is until 1957/8, two or more Government representatives were supervising exploration work in this mica region. They made frequent inspections of the various properties and were aware of what was happening. Mr. Beck made regular trips through the area and reminded the various parties of their royalty obligations. He checked the Depot records and often collected royalty. Several audit trips were made by representatives of this office, the last being my trip in February 1958. Mr. Beck continued his visits to the Depot and to the various operators through 1959 and subsequent investigations have been made by Messrs. Lynch and Lesure.

I believe that the reduction in royalty collections in the past 3 or 4 years may be accounted for by several circumstances:

First, a typical contract resulted in production during the exploration period and sometimes a little longer. Most of the mica exploration contracts were completed prior to 1958.

Second, nine of the mica exploration contracts had repaid their entire Government advance prior to 1958 and, of course, had no further royalty obligation. (For example, Sinkhole Miners, Idm-E364, DMEA-2379, operated right up to the day the Depot stopped buying.)

Third, there was a tendency on the part of the individual miners and some of the larger operators to work properties not subject to the Government lien for royalty. I noticed some instances where the name of the mine indicated that the production came from properties where DMEA had issued letters of no discovery. If the Government was not paying most of the mining expense in the form of contributions to exploration costs, why not work a property not subject to the Government's 5% royalty?

I visited the Spruce Pine Mica Company and met Mr. Lawrence Conley, who has been with that company and in the mica business for many years. He informed me that the only mica from the White Face Mine (Contract Idm-E662, DMEA-3255) his company had purchased were the two lots sold by John Carroll in 1954. Mr. Beck and I collected $13.34 royalty applicable to these sales from the property-owner, W. Howard Simpson, president of Non-Metallic Minerals Corp., on March 16, 1955. Mr. Conley expressed the opinion that no work had been done on the property since John Carroll was there.

The Spruce Pine Mica Company operates a fabricating plant. They primarily depend upon imported mica and this was especially true during the Government purchase program when everyone was

concentrat[illegible] the local material t[illegible] Mr. Conley stat[illegible] in to "talk" about the possi[illegible] "considering" the matter. [illegible] indicated that [illegible] farmers would probably bring [illegible] inch fro[illegible] felt the need for cash. Just another crop [illegible].

B-K Associates (Contract Idm-[illegible]) sold much to the Spruce Pine Mica Company. Mr. Conley stated they will continue operations as the Bryson Mine is a good source of supply and, further, he would like to see a North Carolina operation continued. He stated that B-K Associates own a couple [illegible] presses (presumably in Baltimore), but that as far as he knew they had not used them on Bryson Mine [illegible].

Sam Phillips met with me for an hour or so on Friday afternoon at the Baker Hotel. This was after the cost [illegible] investigation had been completed [illegible] satisfied that there was not much to be gained by such a meeting. Our talk was very [illegible] and limited mainly to [illegible] he has been interested. He called my attention to the last [illegible] in which he was interested had repaid the Government advance in full. I carefully refrained from mentioning that [illegible] at least [illegible] times as many projects, he, and his associates, had stopped mining almost as soon as the Government contributions ceased. He mentioned the [illegible] Contract Idm-[illegible], [illegible] did not see any [illegible] discussion of that case.

Mr. Phillips [illegible] that all full [illegible] the area were large open-pit [illegible] operations and that it [illegible] impossible for the small operator to sell [illegible]. The big operators have their own adequate supplies and [illegible] to be bothered. The price is so low that the little fellow cannot afford to mine and haul his supply. Of course, where most of the mining expense was an exploration cost, [illegible] of the [illegible] was sold. For example, Contract Idm-412, [illegible]-2277, [illegible] Mineral, was certified because of feldspar discovery. [illegible] to Mr. Phillips the property has not been operated since completion of the exploration project.

My review of the depot records indicated [illegible] unpaid royalty in connection with 13 contracts as follows:

Contract Idm-[illegible], [illegible]-2377, [illegible] Mineral[illegible].

I secured for our files a copy of the final settlement statement for lot No. SPBR-149(a), approved May 14, 1958, [illegible] purchase from

Frank W. Phillips of 1,315 pounds of block mica, yielding 51.74 pounds of trimmed mica, for which payments aggregated $394.50. A Report of Royalty Review dated April 23, 1959, indicated $19.73 unpaid royalty applicable to this sale. A copy of the document was obtained to complete the DMEA files. This sale was made from production subsequent to "abandonment" by the original operators under the contract. Under a ruling by the Solicitor's office royalty is not collectible unless the original operators should again mine the property during the repayment period.

Contract Idm-E349, DMSA-2375, Douglas M. Robinson & H. Cline West

Final settlement statement for lot No. SPAR-12(a), approved July 20, 1956, under which Robert H. Redus, Jr., 4½ Wall Street, Asheville, N. C., received a net settlement of $35.20, shows the mine name as "Summer" but does not give the location of the mine. This contract covered exploration at the Swannanoa Mine. According to the contract and the landlord's Subordination Agreement executed by T. B. Sumner, that mine is located in Buncombe County, N. C. Asheville is the county seat of Buncombe County. It is believed that the sale by Mr. Redus covered production from Swannanoa Mine, reported by him under the mine owner's name, and erroneously shown as Summer Mine on the settlement sheet.

On March 11, 1955, Mr. Beck and I called upon Mr. Sumner whose address is Summer & Foster, Inc., Haywood Building, Asheville, N. C., and found him to be very cooperative in furnishing information about sales from the Swannanoa Mine on which he had received royalty as owner of the property. I suggest that he be contacted regarding the sale by Redus and asked if there is any other production on which the Government is entitled to royalty. This project was certified because of reserves of feldspar.

Contract Idm-E431, DMEA-2610, Dixie Minerals, Inc.

Final settlement statement was obtained for lot No. SPAR-229(a), approved August 6, 1956, under which Jackson Mining Company, Box 962, Sylva, N. C., received payments aggregating $[illegible].12. This settlement statement shows the mine name as Shell Ridge, but does not give the location of the mine. Contract Idm-E431 covered exploration at the Shell Ridge Mine located in Jackson County, N. C., of which Sylva is the county seat.

Contract Idm-E459, DMEA-2579, Mica Industries, Inc.

Final settlement sheets SPBR-47(a), approved December 2, 1960, and SPBR-68(a), approved December 23, 1960, covered payments aggregating

$206.08 and $865.20, respectively, for mica sold by Baird Cove Mining Company, Route 3, c/o Ralph Cunningham, Franklin, N. C. The name and location of the mine are shown as Baird Cove Mine, Macon County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-E495, DMEA-2793, Burns-Spangler Construction Co.

Final settlement sheet SPAR-157(a), approved September 18, 1958, covered payments aggregating $136.64 to Ed Burleson, Box 265, Bakersville, N. C. The name and location of the mine are shown as Lee Cornwell, Cleveland County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-E548, DMEA-2921, Fred Taylor, Julian Greene & Johnnie Greene

Final settlement sheet SPAR-547(a), approved May 8, 1959, covered payment of $214.14 to Lewie Aldridge, Spruce Pine, N. C. The name and location of the mine are shown as Cow Camp, Avery County, N. C., which is in agreement with the description of the mine in the exploration contract.

Contract Idm-E557, DMEA-3000, B. T. R. Mining Company

Check dated June 14, 1962, from B-K Associates brought royalty receipts under this contract up to $4,279.39 or within $130.61 of the total Government contribution.

The Depot records indicated additional purchases from B-K Associates as follows:

Date	Lot No.	Amount
6/7/62	SPAR-496	$2,145.16 Final
6/15/62	" -512	1,214.58 "
4/5/62	" -525	1,150.98 Preliminary
4/12/62	" -530	1,151.30 "
4/19/62	" -537	950.32 "
4/26/62	" -542	875.89 "
5/3/62	" -547	966.57 "
5/10/62	" -560	842.03 "
5/18/62	" -566	917.21 "
6/1/62	" -591	435.49 "
6/5/62	" -599	236.26 "
6/7/62	" -607	279.04 "
4/5/62	SPAO-156	222.24 "
4/12/62	" -161	296.28 "

Contract [illegible], [illegible]A-3132, Dixie Mines, [illegible]

Royalty has not been paid to the Government in connection with the following settlement statements:

Lot No.	Date Approved	Seller	Amount
[illegible]	[illegible]	E. P. Lett, Rt. 3, [illegible]ville, Ala.	$2,019.20
" [illegible]	[illegible]	" " " "	455.57
" [illegible]	[illegible]	" " " "	861.37
" [illegible]	[illegible]	L. T. Rounds, Rt. 2, Columbiana, Ala.	157.82
" [illegible]	[illegible]	" " "	649.37
" [illegible]	[illegible]	" " "	356.95

Contract [illegible], [illegible]-3247, Newland Buchanan, et al.

Final settlement [illegible] lot [illegible], approved August 24, 1[illegible], [illegible] aggregate [illegible] Burleson & [illegible] Spruce Pine, N. C. [illegible] Pine, [illegible] agreement with the description of the mine in which exploration was performed.

Contract [illegible], [illegible] Winiston, et al.

Final settlement [illegible] lot [illegible] AO-1[illegible], approved January 2[illegible], [illegible] Hersley & Grind- [illegible] The name [illegible] Mitchell County, N. C., [illegible] description of the mine in which [illegible]

[illegible], [illegible]-3[illegible], [illegible] Mining [illegible]

[illegible] with the [illegible] settlement statements:

Lot No.	Approved	Seller	Amount
[illegible]-475(a)	[illegible]/13/59	J. R. Wilson, c/o Mitchell Lumber Co., Spruce Pine, N. C.	$ 114.80
[illegible]	[illegible]/24/59	" " " "	594.62
[illegible]	8/24/59	" " " "	1,070.75*
[illegible]	1/9/62	" " " "	302.37*

[illegible] production from various mines. [illegible] applicable to [illegible] are $1[illegible] and $[illegible], respectively.

Contract Idm-[illegible]665, MSA-3216, Hector M[illegible] [illegible]any

Final settlement sheets for lots SPAC-1[illegible] and SPAC-14(a), approved September 7, 1960, covered payments a[illegible] $195.[illegible] and $141.11, respectively, to [illegible]an Allen, Route 2, Burnsville, N. C. The name and location of the mine are shown as Hecto[illegible], [illegible]ncey County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-[illegible]734, MSA-3452, Howard Boone & John Jarrett

Final settlement sheet for lot SPAR-359(a), approved December 1, 1959, covered payments aggregating $101.3[illegible] t[illegible]ersley & Grindstaff, c/o Roy Grindstaff, Route 3, Bakersville, N. [illegible] The name and location of the mine are shown as Pitman, Mitchell County, N. C., which is in agreement with the description of the [illegible] in which exploration was performed.

The following is furnished for your use [illegible] likely event you may find it necessary to secure additional [illegible]ation regarding purchases by the Spruce Pine [illegible]ect.

Mr. McKinney stated that he does not know what is to become of the Spruce Pine depot records when the Depot is finally closed. He is recommending that the copies of settlement statements and supporting papers maintained at the Depot be destroyed as they are duplicates of original documents on which disbursements were made. The original documents are in the custody of

[illegible]eral Services Administration, Region [illegible]
Office of Regional Comptroller
[illegible]ment Control and Collections Section
Room 6138, Regional Office Building
7th and D Streets, S. W.
Washington 25, D. C.

During the purchase program it was the practice to furnish copies of all settlement sheets to:

Mr. Avery H. Rees, Jr., Chief
Knoxville Field Office
Division of Mineral Industries
Bureau of Mines
404 Hamilton Bank Building
Knoxville 2, Tennessee

I understand that these copies were used by the Bureau of Mines to compile statistical data relating to production from the various mines. I do not have any information regarding the ultimate disposition made of these copies.

GSFisher/sma 6-27-62

cc:
Mails and Files
Director's Reading File
CA & A Division
Region IV Files (2)

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Division of Nonmetallic Minerals, Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-2431, Docket No. DMEA-2610 (Mica), dated October 30, 1952, with

Dixie Minerals, Inc.
131 Main Street
Waynesville, North Carolina

for the purpose of determining the amount of royalty due the U. S. Government on sales of mica from property referred to as Shell Ridge Mine located in Jackson County, North Carolina, during the period March 18, 1955, through April 17, 1959.

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

My review established the total sales of mica for this period to be $293.31. Royalty due the U. S. Government at the contract rate of 5 percent is $14.67. A prior royalty audit for the period October 30, 1952, to March 17, 1955, stated the sales of mica through the latter date to be $9,659.24 and the royalty at 5 percent to be $482.96. The royalty account was stated as follows:

Total Royalty Due	$482.96
Total Royalty Paid	53.44
Balance of Royalty Due	$429.52

As of April 17, 1959, the royalty account of this project was found to be:

Total Royalty Due	$497.63
Total Royalty Paid	497.63
Balance of Royalty Due	$ -0-

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

April 20, 1959

DIXIE MINERALS, INC.

Contract No. Idm-E431 Docket No. DMEA-2610

STATUS OF PROJECT, DESCRIPTION
OF REVIEW AND REASONS THEREFOR

A Termination Agreement dated April 7, 1954, waived the issuance of a certification of discovery or development and provided that the Operator, as principal or as surety, shall pay to the Government the royalty on production provided for in the contract. Thus royalty, computed as outlined in Article 6 of the contract, is payable on the net value of production from the land described in Article 2 of the contract during a period of 10 years from the date of the contract or until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first. A report of review in lieu of final cost audit dated May 5, 1954, indicated accepted costs under the exploration contract amounting to $2,500.00 with the Government's contribution, on a 90 percent basis, being $2,250.00.

My review consisted of a verification of the settlement data furnished by the Executive Officer, OME Field Team, Region V, pertaining to production and sale of mica by O. M. Bingham and J. D. Gillespie who operated the mine during a short time in the summer of 1956. The royalty due at 5 percent amounting to $14.67 was deposited in the Hamilton National Bank, Knoxville, Tennessee, by Deposit No. 14-23-070-18 dated April 16, 1957.

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

(1) The balance of royalty due on production and sales prior to March 17, 1955, was received by the Government and was deposited in the Hamilton National Bank on April 7, 1955, Deposit No. 14-23-070-87;

(2) Periodic investigations by a representative of the OME Field Team, Region V, indicate that proper royalty has been received on all production and sales subsequent to March 17, 1955; 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.

MME Form 22
April 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Dixie Minerals, Inc.

Address 131 Main St.

Waynesville, North Carolina

Exploration Contract No. Idm-E431 Docket No. 2610

		Check One Yes	Check One No.
1.	(a) Does the Operator stockpile ore subject to royalty repayment?		✓
	(b) If so, is segregation and identification procedure adequate?		
2.	(a) Does Operator commingle production subject to DMEA or OME royalties with exempt production?		✓
	(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?		✓
	(b) If so, are adequate records maintained on such material to protect the Government's interest?		
4.	Do you consider the assay controls in effect are adequate?	✓	
5.	Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	✓	
6.	Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties?	✓	
7.	Does the Operator buy from or sell to other Operators?		✓
8.	Comment on any item 2 (b) to 6 if answer is No.		

APR 17 1959
Date

W. T. Beck
Mining Engineer

53362

For Certificate of Deposit No. 92, dated April 16, 1957, giving royalty payment of $14.67, see E-194.

APR 11 1957

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

Re: Docket No. DMEA-2610 (Mica)
Dixie Minerals, Inc.
Shell Ridge Mine
Jackson County, N. C.
Contract No. Idm-E431

Dear Mr. Lawrence:

Enclosed herewith for deposit is check No. 776 in the amount of $14.67, drawn on the First National Bank, Waynesville, North Carolina, by H. L. Liner Real Estate and Insurance Co., and payable to Defense Minerals Exploration Administration.

There was no letter of explanation accompanying the check, however, it is obvious that it is in settlement of royalty due on sales of mica produced from Shell Ridge Mine as outlined in your letter dated March 26, 1957, to the president of Dixie Minerals, Inc.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure-Ck. #776

CEFisher/wb
April 11, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

QUADRUPLICATE

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

CERTIFICATE OF DEPOSIT FOR CHECKING ACCOUNT

DEPOSIT NO. 14-23-070-87

Deposited with Hamilton National Bank, Knoxville, Tennessee 4/7/55
(Name and location of depositary) (Date sent)

$ 431.14

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

SYMBOL NO. 1426

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

On account of—

14X4401 Royalty Payment $431.14

Idn-E-431 $429.52 Dixie Minerals
Idn-E-712 1.62 Rock Mining

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

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

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

(Authorized signature)

APR 7 1955
(Date of credit in Treasurer's account)

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

TREASURY DEPARTMENT
Division of Disbursement
Oak Ridge, Tenn.

APR 13 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

ROYALTY AUDIT CERTIFICATE

I have examined the records and sales documents pertaining to the sales of mica produced and sold from the Shell Ridge Mine in Jackson County, North Carolina, for the period October 30, 1952 to March 17, 1955, on which royalties are payable by the:

Dixie Minerals, Inc.
131 Main Street
Waynesville, North Carolina

under the terms of Contract Ida-2431, Docket No. DMEA-2610.

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 to be $9,659.24. Royalty due the U. S. Government at the contract rate of 5 percent is $482.96. The royalty paid and balance due are as follows:

Total Royalties Due	$482.96
Total Royalties Paid	53.44
Balance of Royalties Due	$429.52

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

March 21, 1955

SECOND ROYALTY AUDIT REPORT

I INTRODUCTION

On March 18, 1955, an audit was made of the sales records pertaining to the sale of mica during the period October 30, 1952 to March 17, 1955, from the Shell Ridge Mine, located approximately 8.3 miles south of Sylva, Jackson County, North Carolina, in accordance with Contract Idm-X431, Docket No. DMEA-2610 with:

Dixie Minerals, Inc.
131 Main Street
Waynesville, North Carolina

Mr. William A. Beck, Mining Engineer, U. S. Bureau of Mines, Knoxville, Tennessee, representing the DMEA Field Team, collaborated in the examination.

II GENERAL INFORMATION

The exploration contract was entered into on October 30, 1952, on the representation that Dixie Minerals, Inc., was the owner of the land described in the contract and there were no claims, liens, or encumbrances against the property. In a letter dated January 27, 1955, Mr. N. L. Liner, Sr., Secretary-Treasurer, of the company stated that:

> "The Dixie Minerals firm is a defunct corporation of which I was Secretary and Treasurer. The property known as Shell Ridge was foreclosed and sold in Jackson County last year by Mr. Higdon from whom we had purchased the property and given a deed of trust for balance owing."

The Exploration Project was terminated by Termination Agreement dated April 7, 1954, which provided that the Operator (Dixie Minerals, Inc.) "shall pay to the Government a royalty on all minerals mined or produced from the land described in the contract for a period of ten years from the date of the contract, or until the total amount contributed by the Government, without interest, is fully repaid, whichever occurs first." The total accepted cost of exploration is $2,500.00 with the Government's contribution, on a 90 percent basis, amounting to $2,250.00.

A royalty audit made of Dixie Minerals, Inc., by B. J. Brekhus on July 13, 1954, disclosed sales of mica by that company from Shell Ridge Mine amounting to $1,068.81 on which royalties were paid in the amount of $53.44.

The Goodmica Mining Company has been producing mica since November 1954 from this land.

III SCOPE OF AUDIT AND FINDINGS

The audit consisted of a review of all sales of strategic mica from Shell Ridge Mine since October 30, 1952, to the General Services Administration Mica Purchase Depot, Spruce Pine, North Carolina, as shown by the records of that Depot. A list was taken of all such sales on which the royalty had been paid. This disclosed that royalty had been paid on all sales prior to November 22, 1954, and that sales for that date and subsequent dates were made by Goodnice Mining Company with no royalties paid to the Government.

This list was then compared and found to be in agreement with the sales records of Goodnice Mining Company. Miscellaneous non-strategic mica sales were scheduled from copies of sales invoices on hand in the office of that company. A listing of such sales and computation of the royalty due to the Government is shown on the attached Statement of Royalty Due.

The sales of mica from the Shell Ridge Mine, royalties due, paid and unpaid were found to consist of the following:

	Dixie Minerals, Inc.	Goodnice Mining Co.	Total
Strategic mica	$ 888.05	$8,476.53	$9,364.58
Non-strategic mica	180.76	113.90	294.66
Total sales	$1,068.81	$8,590.43	$9,659.24
Royalties Due (5%)	$ 53.44	$ 429.52	$ 482.96
Royalties Paid	53.44	-0-	53.44
Royalties Unpaid	$ -0-	$ 429.52	$ 429.52

C. E. Fisher

C. E. Fisher, Auditor

March 21, 1955

Dixie Minerals, Inc.
Contract Idm-X431, Docket No. DMEA-2610

STATEMENT OF ROYALTY DUE
(Sales by Goodman Mining Company)

Date of Sale	Lot No.	Pounds	Amount of Sale	
Strategic Mica				
Mica Purchase Depot, Spruce Pine, N. C.				
1954				
Nov. 22	956	10.94	$ 171.22	
Dec. 6	1,044	22.84	347.54	
" 13	1,094	21.19	325.45	
" 21	1,161	17.37	290.83	
1955				
Jan. 4	1,228	21.37	264.70	
" 10	1,267	33.56	510.26	
" 17	1,312	51.04	* 866.92	
" 24	1,358	28.75	459.91	
Feb. 2	1,426	55.63	762.03	
" 9	1,469	67.25	1,038.86	
" 15	1,509	65.00	1,045.83	
" 25	1,576	65.68	1,115.13	
" 28	1,588	64.38	894.57	
Mar. 8	1,663	38.75	383.28	$8,476.53
Non-strategic Mica				
Franklin Mineral Products Co.				
1955				
Mar. 7		1,100	$ 17.60	
" 7		6,420	96.30	113.90
Total sales subject to royalty				$8,590.43
Royalty due at 5%				$ 429.52

*Total sale on this lot amounted to $1,089.28 for 64.12 pounds of mica and included $222.36 for 13.08 pounds of mica recovered from Engle Cope Mine. The amount of $222.36 has been included in the amount of sales subject to royalty under Contract Idm-X516, Docket No. DMEA-2926, Al J. Goodman, d/b/a Goodman Mining Company.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

MAR - 4 1955

Memorandum

To: The Administrator, DMEA
Attention: L. G. Houk

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-2610 (Mica), Dixie Minerals Inc. Shell Ridge Mine, Jackson County, North Carolina, Contract No. Idm-X431

Pursuant to Mr. Houk's memorandum dated February 21 concerning the payment of royalty due under the subject contract, we have prepared for the signature of the Administrator the attached letter to the three officers and directors of the Operator, which is self explanatory.

Should the Operator not make satisfactory arrangement for payment of royalty, consideration should be given to submission of the docket to the Attorney General.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

HCRubin:gjb 3/4/55
Copy to: DMEA Docket
Sol. Docket
Jay L. Chambers
L. G. Houk
J. L. Hofflund
H. C. Rubin
Chron. File

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

MAR 1 0 1955

Mr. H. A. Lemmond, President
Dixie Minerals, Inc.
Sylva, North Carolina

Mr. M. L. Liner, Sr.
Secretary-Treasurer
Dixie Minerals, Inc.
131 Main Street
Waynesville, North Carolina

Mr. James M. Howell, Jr.
Attorney-at-Law
P. O. Box 24
Waynesville, North Carolina

Re: Docket No. DMEA-2610 (Mica)
Dixie Minerals Inc.
Small Ridge Mine
Jackson County, North Carolina
Contract No. Idm-E431

Gentlemen:

We have reviewed correspondence between our Executive Officer, Mr. Robert A. Lawrence, and Messrs. Lemmond and Liner concerning the payment of royalty due the Government under the subject contract, and have also reviewed the DMEA docket covering the contract.

Our review of the docket indicates that at the time when the application for exploration aid was submitted to the Government the Operator was lessee of the property and could not obtain the Consent to Lien from the lessor, required by the Government to secure royalty that might be due it under the contract. Therefore, the Government could not and did not enter into an exploration contract with your company.

Subsequently, in a letter dated October 22, 1954, from Mr. James M. Howell, Jr., vice-president and a director of your corporation, and your attorney, it was stated that the problem of obtaining an owner's Consent to Lien had been eliminated by your company's purchase of the mine property.

Duplicate copies of a "Warranty Deed" evidencing the acquisition of title were attached to the letter indicating recordation in Book 196 at page 396 in the Office of the Recorder of Deeds. Based upon this information, a contract was entered into between the Government and your company which recites that there are no claims, liens, or encumbrances against the property, and accordingly, no Owner's Consent to Lien was required by the Government.

In a letter dated January 27, 1955, from Mr. Liner to Mr. Lawrence, it is stated that:

> "The Dixie Minerals firm is a defunct corporation of which I was Secretary and Treasurer. The property known as Ezell Ridge was foreclosed and sold in Jackson County last year by Mr. Rigdon from whom we had purchased the property and given a deed of trust for balance owing."

If the statement in Mr. Liner's letter concerning ownership of the land is accurate, then the information submitted by Mr. Ezell was not accurate, and Mr. Liner's letter is the first indication to the Government that the Operator was not the real owner of the property at the time when the contract was executed.

The Termination Agreement executed by your company (April 7, 1954) requires the payment of royalty to the Government on any production from the land described in the contract regardless of whether your company owns the land or is the producer. The Geodmica Mining Company has been producing mica since November 1954 from this land. Accordingly, since royalty is due the Government for production from the land described in the contract by virtue of the provisions of the termination agreement, as properly pointed out by the Executive Officer, payment is expected by the Government and you are requested promptly to notify us as to the arrangement you have made for payment thereof.

Sincerely yours,

C. O. Mittendorf

Administrator

MCRubin:gjb3/3/55

Copy to: DMEA Docket
Solicitor's Docket
Adm. R. File
Operating Committee
T. H. Killingsord, GS &
W. F. Dietrich, AM
L. G. Mouk
J. L. Hefflund
Jay L. Chambers
M. C. Rubin
Field Team, Reg. V (2)
Chron. File
Pending File

C
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D. C.~~
Rm. 13, Post Office Bldg.
Knoxville 2, Tennessee

February 2, 1955

Mr. H. L. Liner, Sr.
Secretary-Treasurer
Dixie Minerals, Inc.
131 Main St.
Waynesville, N. C.

Re: DMEA-2610, Idm-E431 (mica)
Shell Ridge Mine
Jackson Couhty, N. C.

Dear Mr. Liner:

Thank you for your letter of January 27, replying to my letter of January 12 to Mr. Lawhead.

However, I wish to point out (as I did in my letter to Mr. Lawhead) that Dixie Minerals, Inc., specifically agreed to guarantee payment of royalties on any production from this land, regardless of whether it is the producer or has any interest in the land or the production therefrom. Therefore, any production from this property, even though it has been foreclosed by Mr. Higdon, is due the Government and, unless you can convince Mr. Goodman that he should pay it, it should be paid by Dixie Minerals, Inc. The tunnel in which Mr. Goodman has been mining is within the 6.87-acre tract specified in Annex I to the contract, and therefore his sales are subject to the royalty payment.

Prompt settlement of this account will be appreciated.

Very truly yours,

Robert A. Laurence
Executive Officer
DMEA Region V

RAL/zm
cc;
Lynch
Opr. Com.
Allsman
Shirley
Files

C
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
Room 13, Post Office Bldg.
Knoxville 2, Tenn.

January 12, 1955

Mr. H. A. Lawhead, President
Dixie Minerals Inc.
Sylva, North Carolina

Re: DMEA-2610, Idm-E 431 (mica)
Shell Ridge Mine, Jackson County,
North Carolina

Dear Mr. Lawhead:

One of the stipulations in the agreement terminating the subject contract, signed by the Government and your company on April 7, 1954 was that "The Operator, regardless of any certification of discovery or development, and regardless of whether the Operator is the producer or has any interest in the land or the production therefrom, shall pay to the Government a royalty on all minerals mined or produced from the land described in the contract for a period of ten years from the date of the contract or until the total amount contributed by the Government, without interest, is fully repaid, whichever occurs first." It has come to our attention that The Goodmica Mining Company of Asheville, North Carolina has been operating on the property since November. A total of $1,399.77 - 7ud worth of mica has been sold to the Government Mica Buying Depot at Spruce Pine, North Carolina in five sales from November 22, 1954 to January 4, 1955. Royalty is due the Government on these sales as well as on the sales of any scrap or punch that has been made.

We would suggest that you contact The Goodmica Mining Company, Attention Mr. B. Paul Goodman, General Manager, P. O. Box 263, Asheville, N. C., and request them to give you certified copies of the sales slips on all sales made from the Shell Ridge Mine and forward them to this office together with your check for royalty amounting to 5% of the gross amount of these sales.

Very truly yours,

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

WAB/zm
cc:
Beck
Shirley
Mr. Liner
Opr. Com.
Files

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

ROYALTY AUDIT CERTIFICATE

I have examined the records and sales documents pertaining to the sale of mica for the period October 30, 1952 to June 30, 1954, by the:

Dixie Minerals, Inc.
131 Main Street
Waynesville, North Carolina

produced from the Shell Ridge Mine in Jackson County, North Carolina, under the terms of Contract Idm-E431, Docket No. DMEA-2610.

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 to be $1,068.81. Royalty due the U. S. Government at the contract rate of 5 percent is $53.44. The royalty paid and balance due are as follows:

Total Royalties Due	$53.44
Total Royalties Paid	53.44
Balance of Royalties Due	None

B. J. BREKHUS
Auditor

July 27, 1954

ROYALTY AUDIT REPORT

I INTRODUCTION

On July 13, 1954 an audit was made of the sales and royalty accounts and records of:

Dixie Minerals, Inc.
131 Main Street
Waynesville, North Carolina

pertaining to the sale of mica during the period October 30, 1952 to June 30, 1954, from the Shell Ridge Mine, located approximately 8.3 miles south of Sylva, Jackson County, North Carolina, in accordance with Contract Idm-E431, Docket No. DMEA-2610.

The sales records are in the possession of Mr. H. L. Liner, Sr., Secretary-Treasurer, in his real estate and insurance office in Waynesville, North Carolina. Mr. N. H. Smith, public accountant, with W. T. Stiles Accounting Service, was present and presented the books for examination by the DMEA auditor. Mr. Smith also assisted in the analysis of the revenue account.

Mr. William Beck, Mining Engineer, U. S. Bureau of Mines, Knoxville, Tennessee, representing the DMEA Field Team, collaborated in the examination.

II GENERAL INFORMATION

The exploration contract was entered into on October 30, 1952. On April 7, 1954 the project was terminated by mutual agreement. The total accepted cost of exploration is $2,500.00. The approved Government participation in the cost of exploration is $2,250.00. A lien against the property for 10 years after date of contract, is held by the Government as a guarantee of repayment of the amount of money advanced to the company. The amount of the Government's lien is repayable at a rate of 5 percent on all sales of mica produced in the area covered by the contract.

The company does not maintain production records. Mica, as it comes from the mine requires considerable handling, and hand processing by washing, splitting, cutting and grading. Only the best grades are sold as strategic mica. The poorer grades are sold as punch or washer mica, and the lowest grades are sold by the ton as scrap mica.

III SCOPE OF AUDIT AND FINDINGS

The audit consisted of a review of the sales of strategic mica, made by examination of the sales documents, and comparing them with the lists previously prepared from the records of the General Services Administration Mica Depot in Spruce Pine, North Carolina. Miscellaneous non-strategic mica sales were scheduled from copies of sales invoices on hand in the Operator's office. The revenue account in the company general ledger was also analyzed, and all sales receipts traced to purchasers document.

In analyzing the revenue account and bank deposits as shown in the general ledger, there developed two deposits made in the Jackson County Bank, Sylva, North Carolina, which are not supported by a sales or other memorandum indicating source of receipt. These two deposits were made on dates, and in amounts, as follows:

October 31, 1953	$104.64
December 11, 1953	188.36
Total	$293.00

A request was made to Mr. N. H. Smith, the accountant, and Mr. H. L. Liner, Sr., that these two sales be traced to source of mica, and if they applied to this contract, copies of the sales document be obtained and forwarded to the Executive Officer of the DMEA Field Team along with a check for the royalty. Both of the above representatives of the company agreed to do so.

The sales of mica known to be from the Shell Ridge Mine were summarized and found to consist of the following:

Strategic Mica	$888.05
Punch and Scrap	180.76
Total	$1,068.81
Royalty due (@ 5%)	$ 53.44

A check in sum of $53.44 was received.

B. J. BREKHUS
Auditor

July 27, 1954

E-431

For Certificate of Deposit No. 4, dated July 19, 1954, giving royalty repayment of $53.44, see E-410.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Dixie Minerals, Inc.
P.O. Box 561
Sylva, North Carolina

pertaining to Exploration Project Contract No. Idm-X431, Docket No. DMEA-2610, including Amendment No. 1, for the months of January, 1953 to August, 1953, inclusive, covering a project for the exploration of mica on property known as the Shell Ridge or Shell Branch Mine, located in Jackson County, North Carolina.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, confirmation of work performed by reference to correspondence from the Field Team, and a determination of the reasonableness and propriety of the costs.

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

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

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

Total cost as billed by Contractor		$2,500.00
Exceptions:		
By DMEA Finance Officer	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$2,500.00

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 Two thousand two hundred fifty and no/100 Dollars,

$2,250.00

is considered valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

E. D. Talbert

E. D. Talbert, Auditor

May 5, 1954

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Aug., 1953 Docket No. DMEA 2610 Contract No. E 431
Operator's Name Dixie Minerals, Inc. Minerals Mica
Address Box 561, Sylva, N. C.
Contract Amount, $ 16,000.00 Government Participation: 70 % Amount, $ 4140.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent / Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
Shaft	400.00	2100.00	2500.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	400.00	2100.00	2500.00	400.00	2100.00	2500.00

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-14

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

Date 8/1/53 *Payee Dixie Minerals, Inc.

Per H. A. Lowhorn Title Pres.

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

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

(Instructions on reverse)

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

$ 360.00

Signature Cora A. Piper
(Authorized Certifying Officer)

Date SEP 11 1953 Vou. No. 65

(See other side)

5

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E431 in accordance with the terms of the contract.

Signature Lawrence E. Shirley Title Mining Engr. U.S.B.M. Date Sept. 4, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

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

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

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 Aug. 195 3 Docket No. DMEA 2610 Contract No. E 431
Operator's Name Dixie Minerals, Inc. Minerals Mica
Address Box 561, Sylva, 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								
Raising								
Shafts	Ft.	400.00	8	2500.00	50	~~2500.00~~ 50.00	50	50.00 LES
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		400.00	8	25,00.00				

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 Sept. 1. 53 Operator Dixie Minerals, Inc.
Per H. G. Tomkins Title Pres.

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

HARVY A. LAWHEAD
PRES.

HARRY L. LINER, SR.
SEC. & TREAS.

DIXIE MINERALS, INC.

HOME OFFICE: 131 MAIN ST.

WAYNESVILLE, N. C.

OPERATING MINES
IN
HAYWOOD, JACKSON,
AND SWAIN COUNTIES
N. C.

OPERATORS MONTHLY

PROGRESS REPORT

for

Shell Ridge Mine. for August.

5th. Pumped, drilled and blasted.
6th. Mucked and drilled.
10th. Boxed shaft.
11th. Timbered.
12th. Blasted and mucked.
13th. Finished mucking and timbered.
14th. Drilled, blasted and mucked.
18th. Finished mucking, drilled and blasted.
19th. Mucked.
21st. Timbered.
24th. Pumped and mucked half a day.
25th. Finished mucking, drilled, blasted and discussed project with field men.
27th. Mucked.
28th. Mucked.

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

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

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

PAID VOUCHER & SCHEDULE OF PAYMENTS

48

Month of July, 1953 Docket No. DMEA 2610 Contract No. E 431

Operator's Name Dixie Minerals Inc. Minerals

Address Box 561 Sylva N. C.

Contract Amount, $ 4600 Government Participation: 90 % Amount, $ 4140.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
Shaft	300.00	1800.00	2100.00	300.00	1800.00	2100.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	300.00	1800.00	2100.00	300.00	1800.00	2100.00

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

Date Aug. 3 *Payee Dixie minerals Inc.

Per H. A. Lowkeoy Title Pres.

*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:

$ 270.00

Signature Cora A. Piper
(Authorized Certifying Officer)

Date AUG 17 1953 Vou. No. 48

(See other side)

4

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Dm-E431 in accordance with the terms of the contract.

Signature Lawrence E. Shirley Title Mining Engr. U.S.B.M. Date Aug. 12, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE

Signature Robert A. Permenter Title EXECUTIVE OFFICER DMEA REGION VII Date AUG 14 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1953 Docket No. DMEA 2610 Contract No. E 431
Operator's Name Dixie Minerals Inc. Minerals Mica
Address Box 561 Sylva N.C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts	Ft.	300.00	6	2100.00	~~41~~ 42 c.f.	2100.00		
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs								Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		300.00		2100.00				

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 Aug. 3 Operator Dixie Minerals Inc.
Per H. A. Lowhead Title Pres.

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

Remarks:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

Bureau of Mines
Received
AUG 30 1933

Operators Monthly Progress Report

for

Shell Ridge Mine, Month of July.

Did not receive parts for pump until the 20th.

20th. Pumped shaft dry and started boxing shaft.

21st. Boxed shaft and extended man way.

22nd. Mucked in shaft.

23rd. Mucked in shaft.

24th. Timbered shaft.

27th. Mucked in shaft.

28th. Mucked in shaft.

29th. Timbered shaft.

30th. Finished timbering and mucked.

31st. Mucked in shaft.

104 (Rev.) 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

ON VOUCHER AND SCHEDULE
AYMENTS ~~NOR~~ K-2

11

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June, 1953 Docket No. DMEA 2610 Contract No. E 431
Operator's Name Dixie Minerals, Inc. Minerals Mica
Address Box 561 Sylva, N. C.
Contract Amount, $ 4600.00 Government Participation: 90% Amount, $ 4140.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
Shaft	700.00	1100.00	1800.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	700.00	1100.00	1800.00	700.00	1,100.00	1,800.00

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

Date July 3/53 *Payee Dixie Minerals, Inc.

Per H. A. Lawhead Title Pres.

*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:

$ 630.00

Signature Cora A. Piper
(Authorized Certifying Officer)

Date JUL 10 1953 Vou. No. 11

(See other side)

3

70.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E431 in accordance with the terms of the contract.

Signature Lawrence E. Shurley Title Mining Engr. U.S.B.M. Date July 7, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. A. Beck ACTING EXECUTIVE OFFICER Title DMEA REGION VII Date JUL 9 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

P-104A
(1952)

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 20 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 1953 Docket No. DMEA 2610 Contract No. E-431
Operator's Name Dixie Minerals, Inc. Minerals Mica
Address Box 561, Sylva, 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								
Raising								
Shafts	Ft.	700.00	14	1800.00	36	1800.00		
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		700.00	14	1800.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		700.00	14	1800.00				

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 July 3 53 Operator Dixie Minerals, Inc.

Per H. A. Lawhead Title Pres.

REMARKS:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

HARVY A. LAWHEAD
PRES.

HARRY L. LINER, SR.
SEC. & TREAS.

DIXIE MINERALS, INC.

HOME OFFICE: 131 MAIN ST.

WAYNESVILLE, N. C.

OPERATING MINES
IN
HAYWOOD, JACKSON,
AND SWAIN COUNTIES
N. C.

OPERATORS

MONTHLY PROGRESS REPORT

For

June 1953. Shell Ridge.

1st & 2nd. Mucked and worked in shaft.
3rd. Mucked.
4th. Drilled rock, blasted and mucked.
8th. No work.
9th. Set Timber.
10th. Set timber and mucked.
11th. Mucked.
12th. Mucked and worked on shaft.
16th. Cut tumber and mucked. 4 men.
17th. Cut and set timber and boxed shaft.
18th. worked boxing shaft and making partition for manway.
22nd. Put steps in manway.
23rd. Mucked.
24th. Mucked.
25th. Set timber.
26th. Set timber and mucked.
29th. Mucked.
30th. Drilled and mucked, ready for timber.

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

124

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAYMENTS NOR - 47 ON VOUCHER AND SCHEDULE

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Feb. 1953 Docket No. DMEA 2510 Contract No. E 431
Operator's Name Dixie Minerals, Inc. Minerals Mica
Address Box 561 Sylva, N. C.
Contract Amount, $ 4600.00 Government Participation: 90 % Amount, $ 4140.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
Chart	500.00	600.00	1100.00	500.00	600.00	1,100.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	500.00	600.00	1100.00	500.00	600.00	1,100.00

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

Date March 1, 53 *Payee Dixie Minerals, Inc.

Per H. G. Lawhead Title Pres.

*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:

$ 450.00

Signature Cora A. Piper
(Authorized Certifying Officer)

Date MAR 10 1953 Vou. No. 124

(See other side)

50.00

2-

(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-E431 in accordance with the terms of the contract.

Signature Lawrence E. Shirley Title Mining Engr. U.S.B.M. Date March 2, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION VII Date MAR 4 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 18 1953

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Feb. 195 Docket No. DMEA 2610 Contract No. E 431
Operator's Name Dixie Minerals, Inc. Minerals Mica
Address Box 561 Sylva, N. C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts	ft.	500.00	10	1100.00	22	1100.00	50	2500.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs								Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		500.00	10	1100.00				

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 March 1, 53 Operator Dixie Minerals, Inc.
Per H. A. Lawton Title Pres.

Remarks:

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

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

U. S. GOVERNMENT PRINTING OFFICE 205676

Box 561 Sylva, N. C.

DMEA-2610
Idm-E 431

MONTHLY PROGRESS REPORT
for
Month of Feb. 1953.

2nd. 3rd. & 4th. No work, heavy rains.
5th. Worked on Compressor & repaired tool & Mica House
6th. Got rid of water & cut timber.
9th. 10th. 11th. No work, bad weather.
12th. ½ Day Hauling timber to shaft & discussed Project with Engineer.
13th. Worked in shaft.
16th. Mucked & placed some timber.
17th. Finished timber & staved.
18th. Finished staving & worked in shaft.
19th. & 20th. Bad weather, no work.
23rd. Worked in shaft& mucked, discussed same with Field Engineer.
24th. Started a ring of timber.
25th. Worked on timbering.
26th. Timbered & mucked.

Due to extremely bad weather and water conditions progress was slow and we have not received pump yet.

J. A. Lawhorn

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER AND SCHEDULE OF PAYMENTS NOR FEB 11 1953 DEPARTMENT Defense Minerals Administration 105

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Jan, 195 3 Docket No. DMEA 2610 Contract No. E431
Operator's Name Dixie Minerals, Inc. Minerals Mica
Address 131 Main St, Waynesville, N. C.
Contract Amount, $ 4600.00 Government Participation: 90% Amount, $ 4140.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
Shafts	600.00		600.00	600.00		600.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	600.00		600.00	600.00		600.00

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

Date Jan 31, 53 *Payee Dixie Minerals, Inc.

Per H. A. Lawhorne Title Pres.

*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:

$ 540.00

Signature Cora A. Piper
(Authorized Certifying Officer)

Date FEB 9 1953 Vou. No. 105

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E431 in accordance with the terms of the contract.

Signature Lawrence E. Shurley Title Mining Engr. U.S.BM Date Feb. 2, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION VII Date FEB 5 - 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.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 11 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Jan 3 Doc. No. DMEA 2610 Contract No. E431

Operator's Name Dixie Minerals, Inc. Minerals Mica

Address 131 Main St., Waynesville, N. C.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
	ft.						60	35.00
Drifting								
Crosscutting								
Raising	ft.	600.00	12	600.00	12	600.00	50	50.00
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		600.00		600.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		600.00		600.00				4600.00

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 Jan 31, 53 Operator Dixie Minerals, Inc.

Per H. A. Lawhead Title Pres.

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

OPERATORS MONTHLY PROGRESS REPORT
for the Month of Jan., 1955

DMEA-2610
Idm-5431

Jan.

7-8 - Prepared site to start shaft at designated place as marked by Field Engineer.

9 - Started digging shaft for first round of timber, and cut timber for same. Six men employed.

12 - Part of crew worked on shaft and placed top ring of timber, blance cut timber and prepared boom pole.

13 - Worked in shaft and started setting boom.

14 - Worked in shaft, set 2nd. ring of timber at 4 ft. staved and wedged same.

15-16- Worked on shaft and cut and hauled timber.

17 - Set 3rd ring of timber, wedged and staved same.

19-20- Worked in the shaft, encountering water, also cut more timber and staves.

21-22- Finished shaft for 4th ring of timber and set same.

23 - Wedged and staved from 3rd to 4th ring and lined the shaft to the top. At this point we encountered water to such an extent we thought it advisable to wait for pump, delivery of same being promised for the latter part of this month.

Also while above operations were going on the hoist was placed and the jim pole with boom was set and used in removing the muck from the shaft for the last two rings of timber.

NOV 6 1962

Mr. B. C. Rigdon and
Mrs. Ethel H. Rigdon
Sylva, North Carolina

Re: DMEA-2610 (Mica)
Dixie Minerals, Inc.
Shell Ridge Mine
Jackson County, North Carolina
Contract IdB-2431

Dear Mr. and Mrs. Rigdon:

We appreciate and thank you for the information you furnished in completing the Form 63, Request for Information on Certified Project and Project Under Royalty Agreement sent to you on September 28, 1962.

We are now closing our books on the subject contract, as the period expired during which production from the Shell Ridge mine was subject to the Government's royalty, on October 30, 1962.

Sincerely yours,

George Fumich, Jr.

Director

EFHalt/mm
10-31-62
cc: Director's reading file
Region IV (2) with 2 copies of Form 63
✓CAAA Division
Docket
Code 500

Government copy

TERMINATION AGREEMENT

It is agreed this 7th day of April, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Dixie Minerals, Inc., hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E431, Docket No. DMEA-2610, dated October 30, 1952, that:

1. All work and operations provided for in said contract shall be terminated as of the date first above written.

2. Any units of work performed after the date first above written shall be for the sole account of the Operator without contribution by the Government.

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

4. The provisions of Article 6 of the contract form, as amended hereafter, shall remain in full force and effect. That part of paragraph (a) of Article 6 which precedes the first colon is amended to read as follows:

"The Operator, regardless of any certification of discovery or development, and regardless of whether the Operator is the producer or has any interest in the land or the production therefrom, shall pay to the Government a royalty on all minerals mined or produced from the land described in the contract for a period of ten years from the date of the contract, or until the total amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other amounts realized from the sale or

other disposition of any such production (including any bonuses, premiums, allowances, or other benefits), in whatever form disposed of, including ore, concentrates, or metal, as follows:"

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

THE UNITED STATES OF AMERICA

By C O Mittendorf
Administrator, Defense Mineral
Exploration Administration

DIXIE MINERALS, INC.

By H. A. Lowhead
Pres.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Contract Amendment No. I

DMEA Docket No. 2610, Idm-E431 (mica) Dixie Minerals, Inc.

Contract Docket No. 2610, Idm-E431, dated 30th day of October, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and DIXIE MINERALS, INC., of Waynesville, North Carolina is hereby amended as follows:

1. Article 3 is amended to read,".....; and shall bring the project to completion within a period of twelve (12) months from the date of this contract....." instead of six months as written in the original contract.

This amendment is necessary because of inadequate facilities for handling the flow of water in the shaft, thus the work has been slow due to this and inclement weather.

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 cost which the Government may be obligated to pay, under the provisions of Article 4 of the contract form.

Dated: April 28, 1953

THE UNITED STATES OF AMERICA

By W. A. Beck
Acting, Executive Officer, DMEA
Field Team, Region 7

DIXIE MINERALS, INC.
BY H. A. Lewhead

ZM

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 6 1953

Docket No. 2610

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 431

Date of Contract ~~or Amendment~~ October 30,1952

Name and Address of Operator:

Dixie Minerals Inc.,
131 Main St.,
Waynesville, N.C.

Amount of Government participation $ 4,140.00

Percent of Government participation 90 %

Region: V11 State: N.C.

Note: Please release $ 1,090.00 ; advice Contract Administration and Audit Division

(Name)

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

(Title)

Date Delivered to Bureau of Mines, Washington. 5/5/54

54458

Dock[illegible] No. ~~[illegible] 2620~~

Commodity ~~Mica~~

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

AMENDMENT

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 431

Date of ~~Contract or Amendment~~ Contract: October 30, 1952

Name and Address of Operator:

Dixie Minerals, Inc.
191 Main Street
Maynesville, N. C.

Amount of Government participation ____ $ 4,140.00

Percent of Government participation 90 %

Region: VII State: N. C.

NOTE: This document establishes the obligation shown above and cancels the previous obligation of $5,265.00

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

(Title)

Date Delivered to Bureau of Mines, Washington. 11/3/53

13908

Doc[redacted] No. DMEA 2610

Commodity Mica

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

AMENDMENT

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 431

Date of ~~Contract or~~ Amendment: October 26, 1953

Name and Address of Operator:

Dixie Minerals, Inc.
101 Main Street,
Waynesville, N. C.

Amount of Government participation $ 5,265.00

Percent of Government participation 90 %

Region: VII State: N. C.

NOTE: This document establishes the obligation shown above and cancels the previous obligation of $4,140.00

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

(Title)
10/28/53

Date Delivered to Bureau of Mines, Washington. 7

13908

Docket No. DMEA 2610

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 491

Date of Contract ~~or Amendment~~ October 30, 1952

Name and Address of Operator:

Dixie Minerals, Inc.
131 Main Street,
Waynesville, N. C.

Amount of Government participation $ 6,149.00

Percent of Government participation 90 %

Region: VII State: N.C.

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

(Title)

Date Delivered to Bureau of Mines, Washington. Oct. 30, 1952 13908

MF-200 (A)
(February 1952)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 12 1952

DOCKET NO. DMEA 2610

COMMODITY Mica

Government's Copy
IDM-E 431

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

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 30th day of October, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Dixie Minerals, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of North Carolina, and having an office at 131 Main Street, Waynesville, 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 that certain land situated in the State of North Carolina, County of Jackson, Township of Savannah, described as ~~follows~~:[3] set forth in Annex I

the Operator represents and undertakes:[4]

(*a*) That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: None

(*b*) ~~That the Operator is owner, in possession and entitled to possession, and the Owner's Consent to Lien is attached~~
The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

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

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

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 90 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $4,140.00, which is 90 percent of $4,600.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 9. *Changes and added provisions* _____

_____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Dixie Minerals, Inc.
(Operator)

By H. A. Lawhead Pres.

By O. Mitterdorf
Administrator, Defense Minerals Exploration Administration

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

_____ [CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
DIXIE MINERALS, INC.
DOCKET NO. DMEA-2610

ANNEX I

The property referred to in Article 2 hereof consists of the Shell Ridge or Shell Branch Mine which is 8.3 miles airline S. 16° W. of Sylva, Jackson County, located on the tract of land described as follows:

"BEGINNING on a Dogwood, old corner in the Joseph Buchanan line, the beginning corner of the tract of land of which this conveyance is a part, and at or near the Shell Branch, and runs thence S. 45* E., with old line, 45 poles to a stake in said line; thence, leaving said old line, S. 45* W. 40 poles to a stake, thence N. 9* W. 50 poles to a stake in old line of D. C. Higdon; thence N., with said old line, 10 poles to the BEGINNING. Containing 6.87 of an acre, more or less. BEING a part of the lands contained and described in Grant No. 181 issued to William H. Higdon on 18th August, 1855."

The above property was deeded to the Operator by a deed from D. C. Higdon and Ethel H. Higdon, his wife, dated September 26, 1952, and recorded in Deed Book 196 at page 396, in the Office of the Registrar of Deeds of Jackson County at Sylva, North Carolina.

EXPLORATION PROJECT CONTRACT
DIXIE MINERALS, INC.
DOCKET NO. DMEA-2610

EXHIBIT "A"

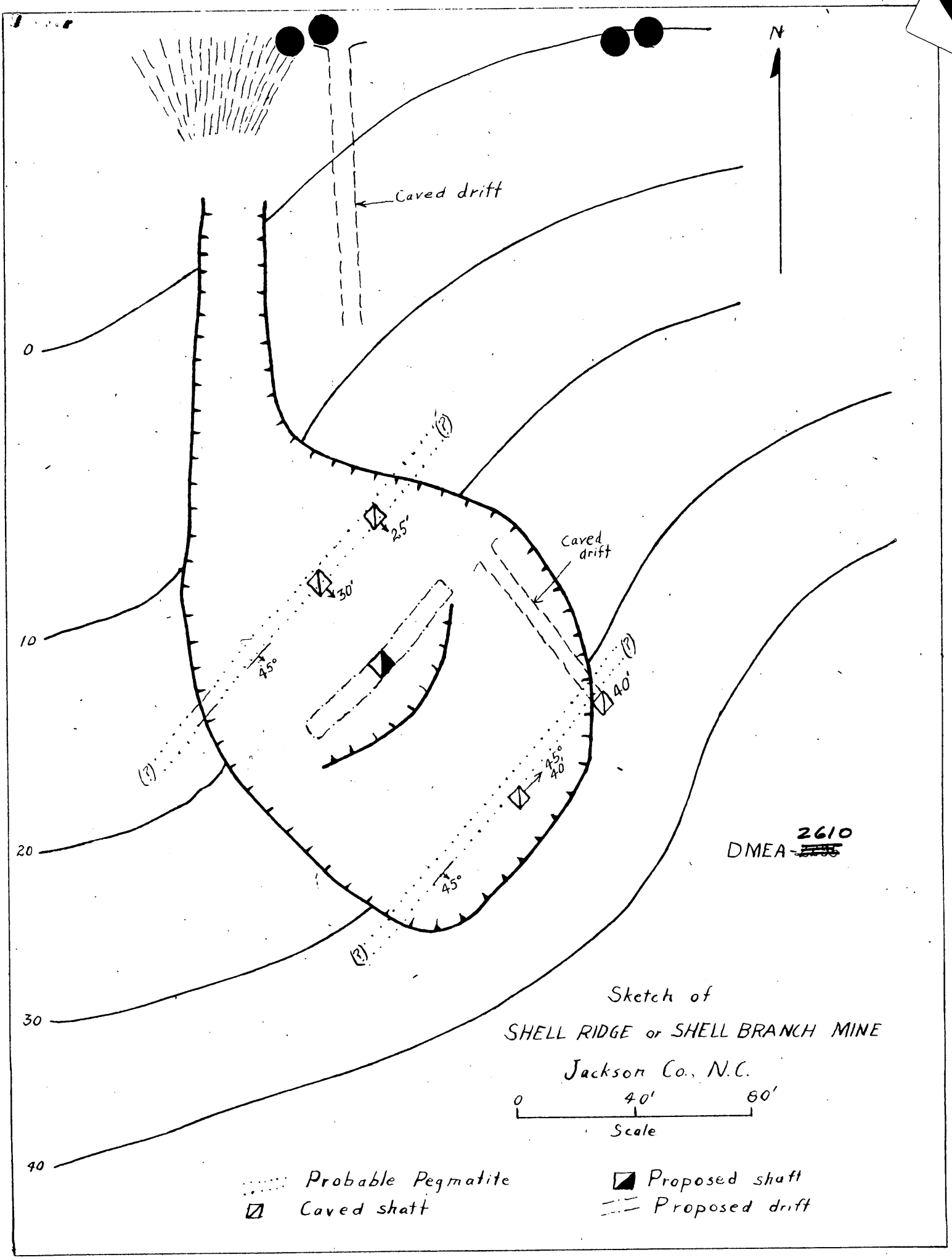
Description of the Work

As indicated on the map attached hereto and made a part hereof and entitled "Sketch of Shell Ridge or Shell Branch Mine, Jackson Co., N. C. - DMEA-2610," sink a 5' x 7' two-compartment shaft 50 feet deep. From the bottom of the shaft drift 60 feet.

The exact location, direction, and extent of the work shall be specified by the Government.

Agreed Project Costs

50 feet of shaft @ $50.00/ft.	$2,500.00	
60 feet of drift @ $35.00/ft.	2,100.00	
Total Cost of the Project		$4,600.00
Government Participation @ 90%		$4,140.00


N
Caved drift
0
10
20
30
40
(?)
25'
30'
45°
Caved drift
(?)
40'
45°
40'
(?)
45°
(?)
DMEA 2610
Sketch of
SHELL RIDGE or SHELL BRANCH MINE
Jackson Co., N.C.
0
40'
80'
Scale
Probable Pegmatite
Caved shaft
Proposed shaft
Proposed drift