DEFENSE MINERALS EXPLORATION ADMINISTRATION

Nonmetallic Minerals Division Date 7-19-56

Semi-Annual Report - Certified Project Date 6-6-56

DMEA No. 2610 Operator Dixie Minerals, Inc. Contract No. Idm-E 431

Ore Reserves Run of Mine Block Mica

Ore Estimates	Tons	Analysis
Original (DMEA)	None given in Final Report	
Increase (Operator) - Not indicated		
Total		
Decrease (Production)	16.3	@ $600/Ton $9,786
Net Available		

Investment

Shafts			Winzes			Drifts & Crosscuts		
Size	Feet	Cost	Size	Feet	Cost	Size	Feet	Cost

Raises			Drilling			Rehabilitation	
Size	Feet	Cost	Type & Size	Feet	Cost	Description	Cost

Facilities

Mine Plant		Mill		Roads	
Description	Cost	Description	Cost	Description	Cost

Remarks

Present leaseholders - G.M. Bingham and J.D. Gillespie, who are presently deepening open cut, toward shaft sunk under DMEA Contract. Considerable pegmatite exposed, but only small amount of mica observed. Royalty payments are being made and future payments from present operations are promised in letter of 8-14-56

W Anderson

100338

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. Ida-P431 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

Original signed
Wm. A. Beck
Mining Engineer

53362

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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 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 $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-E431, 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. H. 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 Goodmica 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 Goodmica 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.	Goodmica 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-E431, 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	22.94	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	1,909	65.09	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 Cove Mine. The amount of $222.36 has been included in the amount of sales subject to royalty under Contract Idm-E516, Docket No. DMEA-2926, Al J. Goodman, d/b/a Goodman Mining Company.

Division copy

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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 O. Mitchell Dorr
Administrator, Defense Minerals
Exploration Administration

Robin
Hoffland
Houl

DIXIE MINERALS, INC.

Chamberlin

By H. G. Lawhead
Pres

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 961
Sylva, North Carolina

pertaining to Exploration Project Contract No. Idm-2431, 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

Division Copy

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

AMENDMENT NO. 2

It is agreed this 26th day of October, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Dixie Minerals, Inc., each acting in consideration of the agreement of the other to the terms hereinafter set forth, that Exploration Project Contract Idm-E431, Docket No. DMEA-2610, dated October 30, 1952, between the parties hereto, as amended, be further modified and amended as of October 22, 1953, as follows:

1. In Article 4 of the contract form, the figures "$4,140.00" and "$4,600.00" are hereby changed to read "$5,265.00" and "$5,850.00," respectively.

2. In Exhibit "A":

(a) Under the heading "Description of the work," "shaft 50 feet deep" is changed to read "shaft 75 feet deep."

(b) Under the heading "Agreed Project Costs," "50 feet of shaft @ $50.00/ft., $2,500.00" is changed to read "75 feet of shaft @ $50.00/ft., $3,750.00."

(c) Under the heading "Total Cost of the Project," the figure "$4,600.00" is altered to read "$5,850.00"; and under the heading "Government Participation @ 90%," the figure "$4,140.00" is altered to read "$5,265.00."

3. In lieu of Article 6 of the contract form, the provisions of Annex I attached hereto and made a part hereof are substituted.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mittendorf
Administrator, Defense Minerals Exploration Administration

DIXIE MINERALS, INC.

By _____

Extra Copy

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

AMENDMENT NO. 2

It is agreed this 26th day of October, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Dixie Minerals, Inc., each acting in consideration of the agreement of the other to the terms hereinafter set forth, that Exploration Project Contract Idm-E431, Docket No. DMEA-2610, dated October 30, 1952, between the parties hereto, as amended, be further modified and amended as of October 22, 1953, as follows:

1. In Article 4 of the contract form, the figures "$4,140.00" and "$4,600.00" are hereby changed to read "$5,265.00" and "$5,850.00," respectively.

2. In Exhibit "A":

(a) Under the heading "Description of the work," "shaft 50 feet deep" is changed to read "shaft 75 feet deep."

(b) Under the heading "Agreed Project Costs," "50 feet of shaft @ $50.00/ft., $2,500.00" is changed to read "75 feet of shaft @ $50.00/ft., $3,750.00."

(c) Under the heading "Total Cost of the Project," the figure "$4,600.00" is altered to read "$5,850.00"; and under the heading "Government Participation @ 90%," the figure "$4,140.00" is altered to read "$5,265.00."

3. In lieu of Article 6 of the contract form, the provisions of Annex I attached hereto and made a part hereof are substituted.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. O. Mittendorf
Administrator, Defense Minerals Exploration Administration

DIXIE MINERALS, INC.

By _____

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. Lowkeary

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DEPARTMENT OF THE INTERIOR
Bureau Mines Administration
RECEIVED
MAY 6 1953

MF-200 (A)
(February 1952)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 12 1952

DOCKET NO. DMEA 2610

COMMODITY Mica

Division 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 ~~xxxx~~ 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*) [redacted].
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. Lowhead

By C. D. Mitteadorf
Administrator, Defense Minerals Exploration Administration

Chandler

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-2630

EXHIBIT "A"

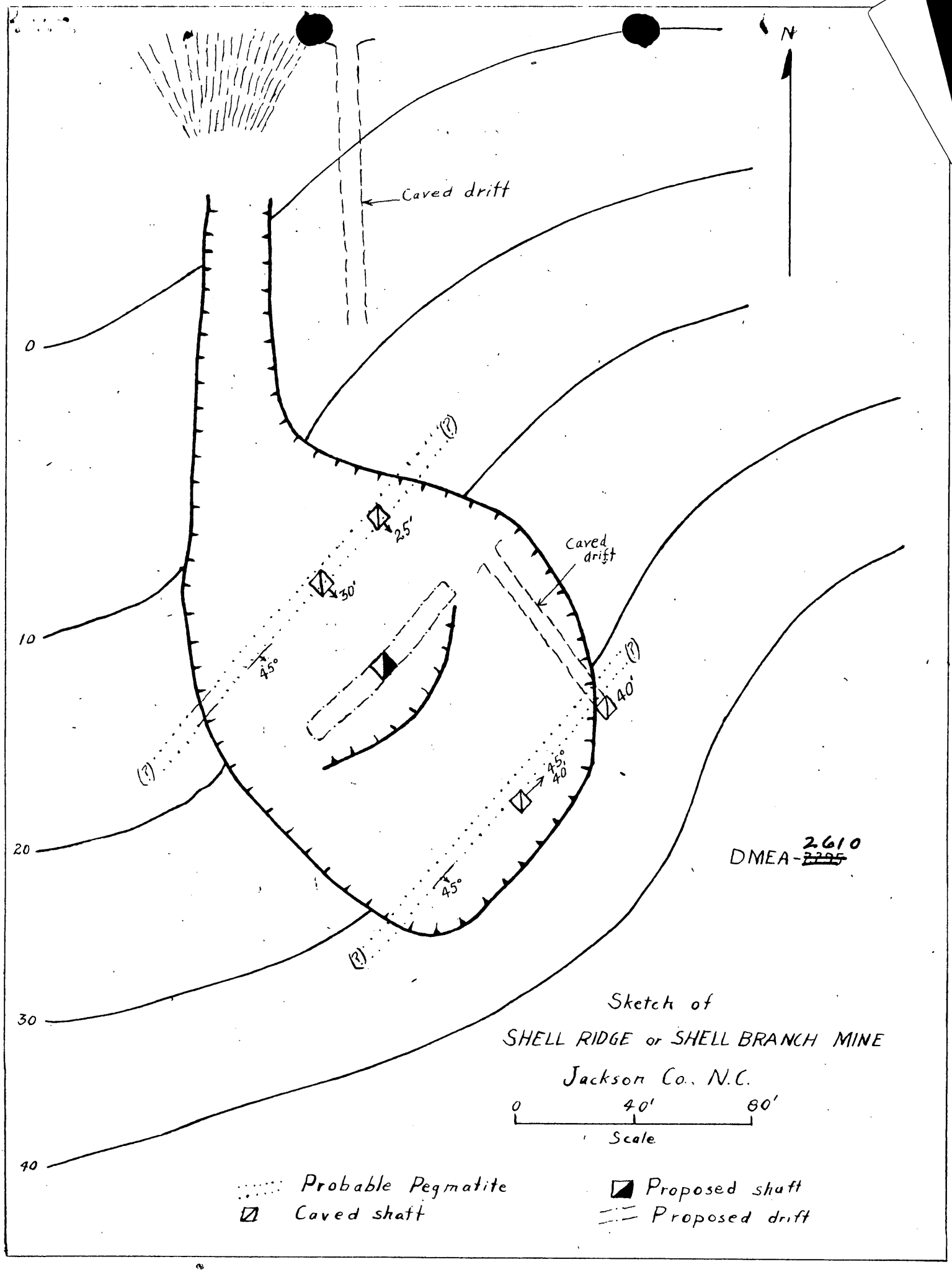
Description of the Work

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-2630," 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

OFFICIAL FILE COPY
O. M. E.
RECEIVED SEP 21 1959

DATE	INITIALS	CODE
9-21	Ahent	

[illegible]

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[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible] et al.

[illegible]

[illegible] Inc.

[illegible]

EXTRA COPY
DMEA
RECEIVED FEB 11 1958
DATE | CODE
600

DMEA EXPLORATION PROJECT

SEMI-ANNUAL REPORT ON PSEUDO CERTIFIED PROJECT

DMEA-2610, Idm-E431 (mica) SHELL RIDGE MINE
Jackson County, North Carolina

Reporting Period: July 1, 1957 to January 1, 1958

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

D. C. Higdon, owner of the property, told the writer January 24, 1958, that no one has a lease on the property. Fox and Kilpatrick who had a lease on the property last summer did not do any work there. Mr. John Johnson, who lives at the foot of the mountain below the mine confirmed the fact that no one has worked the mine recently. He was also visited on January 24, 1958.

2/6/58.

Wm. A. Beck, Mining Engineer
Bureau of Mines (DMEA)

z

EXTRA COPY
DMEA
RECEIVED SEP 9 1957
DATE | INITIALS | CODE
9/10 | Hook | 600

DMEA EXPLORATION PROJECT

Semi-Annual Report of Pseudo Certified Project

Reporting Period: 1-1-57 to 7-1-57. Examined: ~~8-8 & 20, 1957~~

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

Mine Name: Shell Ridge. County: Jackson. State: North Carolina

DMEA-2610, Idm-E431. Commodity: Mica. Contract Date: Oct.30,1952.

Termination Date: April 7, 1954.

Expiration Date of Royalty Payments: October 30, 1962

Total Amount of Contract: $4,600.00. Total Expended: $2,500.00

Amount of Gov't Participation at 90% --$2,250.00

Royalty Payments this Period: $14.67. Previous Royalty Paid: $482.96

Total Royalty Paid to Date: $497.63

Percent Gov't Participation Repaid: 22.12%. Royalty Due: None

Royalty Remarks: The above $14.67 was paid by Dixie Minerals, Inc., as royalty on production made during the summer of 1956 by O.M. Bingham and J. D. Gillespie.

Other Remarks: The writer conferred with D. C. Higdon the owner of the property August 8, and visited the mine on August 20, 1957

Mr. Higdon stated that the property is now leased to two men by the names of Fox and Kilpatrick. He said they told him they would start mining in the near future, but it would be some time before they would produce any mica as there was considerable clean-up to be done first. Mr. Higdon is in poor health and has been unable to visit the property for the past two years.

When the mine was visited August 20, there were no indications that any work had been done on the property since the visit of March 20, 1957.

Wm. A. Beck, Mining Engineer
Bureau of Mines

z

9/4/57

Pseudo cert.

April 15, 1957

RECEIVED
APR 17 1957
D.M.E.A.

Memorandum

To: Finance Officer, DMEA, Region V

From: Executive Officer, DMEA, Region V, Knoxville, Tennessee

Subject: Royalty Payment, DMEA-2610, Idm-E431, Dixie Minerals, Inc.
Shell Ridge Mine, Jackson County, North Carolina.

Transmitted is a check in the amount of $14.67 for 5% royalty to be credited to subject contract.

Attached is a copy of our letter dated March 26, 1957, to Mr. H. A. Lawhead, President, of Dixie Minerals, Inc.

Robert A. Laurence

as
cc
Mittendorf
Lynch
Files

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

RECEIVED
APR 17 1957
D.M.E.A.

MR.

Mr. Robert A. Laurence
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. Laurence:

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. Minor 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 2[illegible], 1957, to the president of Dixie Minerals, Inc.

Sincerely yours,

(Sgd.) J. L. Chambers

Jay [illegible]. Chambers, Chief
Contract Administration
and Audit Division

Enclosure-Ck. #776

RECEIVED
APR 15 1957

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 1 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

EXTRA COPY
DMEA
RECEIVED MAR 28 1957

DATE	INITIALS	CODE
		600

March 26, 1957

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

Re: DMEA-2610, Idm-2431 (mica)
Shell Ridge Mine
Jackson County, N. C.

Dear Mr. Lawhead:

A recent check on operations at the subject mine reveals that $293.31 worth of mica has been sold from production there during the year 1956. The mine was operated by O. M. Bingham, Route 2, Sylva, N. C., and J. D. Gillespie of Sylva, N. C.

An itemized list of their sales is as follows:

Sold to the Government Mica Buying Depot at Spruce Pine, N. C.:

Date of Sale	Lot No.	Pounds	Amount Received
5-24-56	1157	10.36	$126.76

Sold to Jackson Mining Company, Box 962, Sylva, N. C.:

1 lot of 7 sacks of hand cobbed mica for $125.00

Sold to Franklin Mineral Products Co., Franklin, N. C.:

2770 pounds of scrap at $30.00/ton $ 41.55
$293.31

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. Please favor us with your check in the amount $14.67 as the Government's 5 percent royalty on the above sales. Make check payable to the Defense Minerals Exploration Administration and mail it to this office.

According to Mr. Higdon no one has a lease on the property at the present time.

Copies of this letter are being sent to Mr. H. L. Liner and Mr. James W. Howell, Jr.

Very truly yours,

Robert A. Laurence
Executive Officer, DMA
Region V

RAL/as
cc
H. L. Liner, Sr.
James W. Howell, Jr.
Opr. Com. 2
Lynch
Files

DMEA EXPLORATION PROJECTS

Semi-Annual Report of Pseudo Certified Projects

Reporting Period 7/1/56 to 1/1/57 Date of Examination: 3/19 & 20/57

Operator: Dixie Minerals, Inc., 131 Main St., Waynesville, North Carolina.

Mine Name: Shell Ridge Mine.

County: Jackson State: North Carolina

DMEA-2610 Contract No. Idm-5431 Commodity: Mica

Date of Contract: October 30, 1952 Date of Certification by Termination Agreement April 7, 1954 Expiration Date of Royalty Payments: October 30, 1962

Total Amount of Contract: $4,600.00

Total Expenditures under contract: $2,500.00

Amount of Government Participation at 90% $2,250.00

Royalty Payments this Period: None

Previous Royalty Payments: $482.96

Total Royalty paid to Date: $482.96

Percent Government Participation Repaid: 21.46%

Royalty Due on Production to Date: $14.67

EXTRA COPY
DMEA
RECEIVED [illegible]

DATE	INITIALS	CODE
		600

Royalty Remarks: A letter has been written the Dixie Minerals, Inc., telling them of their obligation to pay the above royalty.

Original Estimate of Reserves (from Engr.-Geol. report). None given in the Final report.

Production this Period:

Type	Pounds	Amount
Sheet	10.36	$126.76
Hand Cobbed about	700.00	125.00
Scrap	2770.00	41.55
Total	3480.36	$293.31

Amount of Previous Production (since date of contract)

Type	Pounds	Amount
Sheet	635.07	$9,364.58
Punch	561.00	76.76
Scrap	15,840.00	217.91
	17,036.07	$9,659.25

Total DMEA Production to Date:

Type	Pounds	Amount
Sheet	645.43	$9,491.34
Hand Cobbed	700.00	125.00
Scrap	18,610.00	259.46
Punch	561.00	76.76
	20,516.43	$9,952.56

Production Remarks: This mine was operated during the early summer of 1956 by O. M. Bingham, Rt. 2, Sylva, N. C., and J. D. Gillespie of Sylva, N. C. They made the sales listed above under "Production this Period." The sale of hand cobbed mica was made to O. E. Thorne who is operating under the name of Jackson Mining Company, Box 962, Sylva, N. C. After rifting and trimming the mica, he sold it to the Government mica buying depot for $272.12. The above information was given the writer by Mr. Bingham and Mr. Thorne on March 19, 1957. On the same day Mr. D. C. Higdon, the owner of the property, was interviewed. He stated that no one had a lease on the mine at present.

On March 20, 1957, the mine was visited and from all appearances no work had been done there in some time.

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

Inspected: March 20, 1957

WAB/as
Opr. Com. 2
Lynch
Files

RECEIVED
JUL 18 1956

Report of Inspection of Property on which Government Retains a Lien for Ten Years

Semi-Annual Reports of Certified Projects

Reporting Period 7/14/55 to 6/6/56 Date of Examination June 6, 1956

Operator Dixie Minerals, Inc., 131 Main St., Waynesville, North Carolina

Mine Name Shell Ridge Mine (mica)

County and State Jackson County, North Carolina

Docket Number and Commodity --- DMEA-2610

Contract Number --- Idm-E431

Date of Contract October 30, 1952

Date of Certification Termination Agreement dated April 7, 1954.

Expiration Date of Royalty Payments October 30, 1962

Total Amount of Contract ---------- $4,600.00

Total Expenditures under Contract ------ 2,500.00

Amount of Government Participation at 90 % 2,250.00

Royalty Payments this Period None

Previous Royalty Payments $482.96

Total Royalty Payments to Date $482.96

Percent Government Participation Repaid 21.46% (Based on total expenditures under contract)

Royalty Due on Production to Date $6.34

Royalty Remarks

The present lessees have made one sale of 10 pounds of mica, totaling $124.76, to the GSA Mica Depot, Spruce Pine, N. C. during this period.

Original Estimated of Reserves (from final Engr.-Geol. report) None given ~~xxx~~ in the final report.

Production this Period:

Type	Pounds	Amount
Sheet Mica	10.36	$126.76

Amount of Previous Production (since date of contract)

Type	Pounds	Amount
Sheet Mica	635.07	$9,364.58
Punch	561	76.76
Scrap	15,840	217.91
Total	17,036.07	$9,659.25

Total DMEA Production to date:

Type	Bounds	Amount
Sheet Mica	645.43	$9,491.34
Punch "	561	76.76
Scrap "	15,840	217.91
Total	17,046.43	$9,786.01

Production Remarks: Mica is being produced by the present leaseholders, G. M. Bingham, R#2, Sylva, N.C. and J. D. Gillespie, Sylva, N.C. About 100 lbs. of mine-run book was observed on the surface. No estimate was given of book mica on hand.

Other Remarks: The above lessees are deepening an existing open cut by dragline and hand methods. Work is progressing toward the shaft sunk under DMEA contract, but has not disturbed the ground in the vicinity of the shaft. Considerable pegmatite is presently exposed, but only a small amount of mica in place was observed. The quality of mica being recovered is excellent.

The present Operators are not obligated to pay the Government any royalty on production. The responsibility for payment of the royalty is that of Dixie Minerals, Inc., 131 Main St. Waynesville, N. C.

July 13, 1956.

L. E. Shirley, Mining Engineer
and

Wm. A. Beck, Mining Engineer
Bureau of Mines

FEB - 2 1956

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

Dear Mr. Laurence:

For your information we are listing below the executed certifications by agreement made in the Nonmetallic Minerals Division:

DMEA	Idx-E	Mine	Date
2579	459	Mica Industries, Inc.	1/1/54
2610	431	Dixie Minerals, Inc.	4/7/54
2873	562	Empire Mica Company	6/7/54
3375	686	Raymond Rendelman	2/14/55

Semi-annual reports on production, royalty received, and future plans should be submitted using the same format as is used for certified projects. The total production from the Chalk Hill Mine, DMEA-1665, Mica Development Corporation, would be of interest, if available.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Approved:

/s/ Robert W. Geehan
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

LGHouk:gad 1/26/56
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

REPORT OF INSPECTION OF PR PERTY ON WHICH THE

GOVERNMENT RETAINS A LIEN FOR TEN YEARS.

DMRA-2610, Idm-E431 (mica), SHELL RIDGE MINE, Jackson County, N. C.

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

Location: Near the headwater of Shell Branch, about 1.5 miles north of Pumpkintown and 8.3 airline miles S. 16° W. of Sylva, Jackson County, N. C.

Due to rain and the bad access to the mine no attempt was made to visit it. On July 14, 1955 John Johnson, who lives in the house where one turns off the county road to go up to the mine, was interviewed. He stated that no work had been done at the mine since last winter when the GoodMica Mining Company operated it. Mr. Milton Wilson , an employee of the Goodmica Mining Company was at Mr. Johnson's home when visited and he gave the same story.

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

600

MAY - 2 1955

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

Subject: Docket No. DMEA-2610 - Mica
Dixie Minerals, Inc.
Shell Ridge Mine
Jackson County, North Carolina
Contract No. Idm-E431

Dear Mr. Laurence:

Reference is made to your memorandum of March 15, 1955, on the subject contract which was terminated by mutual agreement with pseudo certification clause on April 7, 1954.

You will find enclosed copy of memorandum from the Acting Assistant Solicitor to the Administrator, dated April 21, 1955, which sets forth most of the pertinent facts connected with the case.

Although it appears there is sufficient basis for prosecution, the Acting Assistant Solicitor is of the opinion that it is a poor case, consequently we feel no such action should be taken.

Sincerely yours,

George E. Saffire

Chairman, Operating Committee

Approved:

/s/ Robert W. Geehan

Member, Bureau of Mines

Albert G. Ahlsgaard

Member, Geological Survey

Enclosure

LGHouk:gad 4/25/55
Rewritten 4/29/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Dietrich, 3061
Mr. Kiilsgaard, 5222
Mr. Houk

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

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

Subject: Docket No. DMEA-2610 - Mica
Dixie Minerals, Inc.
Shell Ridge Mine
Jackson County, North Carolina
Contract No. Idm-E431

Dear Mr. Laurence:

Reference is made to your memorandum of March 15, 1955, on the subject contract which was terminated by mutual agreement with pseudo certification clause on April 7, 1954.

You will find enclosed copy of memorandum from the Acting Assistant Solicitor to the Administrator, dated April 21, 1955, which sets forth most of the pertinent facts connected with the case.

~~In view of all of the facts it is believed that no criminal action should be taken against the applicant.~~

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Approved:

Robert W. Gerhon
Member, Bureau of Mines

Thor H. Gilsgaard
Member, Geological Survey

Enclosure

although it appears there is sufficient basis for prosecution, the acting assistant solicitor is of the opinion that it is a poor case, consequently we feel no action should be taken

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

APR 21 1955.

Memorandum

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

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-2610, Dixie Minerals, Inc. (Misc)

By memorandum to me dated April 12 Mr. Houk has inquired as to whether this Operator has violated section 1001, Title 18, U.S.C., relating to fraudulent representations to the Government. The fraudulent representation referred to would be the statement in the contract that the Operator owns the land free from claims, liens, or encumbrances, when the fact was that at the time he signed the contract the land was covered by a trust deed to secure the payment of the purchase money for the land.

In the same memorandum Mr. Houk states: ". . . that no apparent harm has been sustained by the Government, the Nonmetallic Minerals Division is of the opinion that action to recover $1,767.04 is not justified."

This sum of money is the amount the Government would recover if it required repayment of its entire contribution to the exploration project.

The contract is dated October 30, 1952, and was wound up by a termination agreement dated April 7, 1954, which included a certification by agreement. This termination agreement resulted from a memorandum of the Field Team to the Operating Committee dated March 15, 1954, in which the Field Team brings to the attention of the Washington office the defect in the Operator's title, and then concludes:

> "For these reasons, we request that Operator be notified of termination for failure to fulfill the contract, for not having proper interest in the land and for not obtaining consent to Lien from Higdon."

Referring to this memorandum of the Field Team to the Operating Committee, the Chief Counsel (now Acting Assistant Solicitor), by memorandum dated March 25, 1954, advised the Administrator that an administrative determination should be made as to whether the contract should be terminated under its provisions for the default of the Operator, or whether notice of rescission should be given with demand for repayment of all money contributed.

This administrative decision was made pursuant to a memorandum dated March 30, 1954, from the Nonmetallic Minerals Division (Mr. Houk) to the Administrator advising that it would be preferable to terminate the project by agreement incorporating a certification of the project. Such a termination agreement was drafted in this office and entered into by the parties under date of April 7, 1954.

In Mr. Houk's memorandum of March 30, he says: "Action to recover the $2,250 advance is not justified." In this connection, it is my understanding that the work ran into heavy going, more difficult and expensive than was contemplated; and that the Operator might have had a good defense to any attempts to require completion of the work originally provided for. However, this would not, of course, afford any defense to fraud in the inception of the contract (if there was such). In this connection, Mr. Houk states in his memorandum of March 30: "There appears to be no evidence of fraud on the part of the applicant"; and then proceeds to state what would be clear evidence of fraud in the matter of the defect in the title. The defect in the title was the misrepresentation with respect to the outstanding purchase-money trust deed; and in this connection Mr. Houk writes: "Legal advised that it is common practice to handle real estate transactions this way. In our opinion the cost of collection would be more than the amount advanced." The Field Team received a copy of this memorandum of Mr. Houk's and in its memorandum of March 15 to the Operating Committee comments: "We have never been able to understand this last statement, and it certainly is not common practice around here."

It is common practice in most of the United States to purchase real property and to give a trust deed to secure the payment of the purchase money. Whether it is common practice in North Carolina is unimportant; the

fact remains, that is what was done. It is not common practice, I hope, for the purchaser to represent, as this Operator did, that under these circumstances he owns the property free of all "claims, liens, or encumbrances."

By letter of the Administrator to the Operator dated March 10, 1955 (drafted in this office) the Operator's attention was called to the Government's knowledge of the misrepresentations in the contract respecting the title, and demand was then made for the repayment of all monies due on account of royalty. In spite of the fact that the Operator had previously lost the property by foreclosure of the trust deed, it appears to have paid all accrued royalties, including royalties on production from which it had no benefit. Insofar as all accrued royalties have been paid, Mr. Houk has pointed out that no harm has resulted to the Government from the misrepresentation in the contract with respect to the title.

In the letter drafted in this office of the Administrator to the Operator dated March 10, 1955, it is stated that the Operator's letter dated January 27, 1955, to the Field Team ". . . 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." In its letter to the Operating Committee dated March 15, 1955, the Field Team points out that this statement is incorrect, and that we did know of the defect in the title in March of 1954. The apparent error arises from careless phrasing in this office of the Administrator's letter, which was intended to state merely that this is the first indication or confession by the Operator to the Government that the representations in the contract are not true. The Operator did not state the matter as a confession, but as a statement of fact. It does seem unlikely that these representations could have been anything but knowing and willful, but that would have to be established in a criminal prosecution. I think that the facts as we have them afford a sufficient basis for a prosecution for violation of the statute in question; but under all of the circumstances, it seems to me like a poor case for such action.

Copy to: DMEA Docket
Solicitor's Docket
L. G. Houk (2)
J. L. Hofflund (2)
chron.

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

JLHofflund/emd

APR 21 1955.

Memorandum

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

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-2610, Dixie Minerals, Inc. (Miss)

By memorandum to me dated April 12 Mr. Houk has inquired as to whether this Operator has violated section 1001, Title 18, U.S.C., relating to fraudulent representations to the Government. The fraudulent representation referred to would be the statement in the contract that the Operator owns the land free from claims, liens, or encumbrances, when the fact was that at the time he signed the contract the land was covered by a trust deed to secure the payment of the purchase money for the land.

In the same memorandum Mr. Houk states: ". . . that no apparent harm has been sustained by the Government, the Nonmetallic Minerals Division is of the opinion that action to recover $1,767.04 is not justified."

This sum of money is the amount the Government would recover if it required repayment of its entire contribution to the exploration project.

The contract is dated October 30, 1952, and was wound up by a termination agreement dated April 7, 1954, which included a certification by agreement. This termination agreement resulted from a memorandum of the Field Team to the Operating Committee dated March 15, 1954, in which the Field Team brings to the attention of the Washington office the defect in the Operator's title, and then concludes:

> "For these reasons, we request that Operator be notified of termination for failure to fulfill the contract, for not having proper interest in the land and for not obtaining consent to Lien from Higdon."

Referring to this memorandum of the Field Team to the Operating Committee, the Chief Counsel (now Acting Assistant Solicitor), by memorandum dated March 25, 1954, advised the Administrator that an administrative determination should be made as to whether the contract should be terminated under its provisions for the default of the Operator, or whether notice of rescission should be given with demand for repayment of all money contributed.

This administrative decision was made pursuant to a memorandum dated March 30, 1954, from the Nonmetallic Minerals Division (Mr. Houk) to the Administrator advising that it would be preferable to terminate the project by agreement incorporating a certification of the project. Such a termination agreement was drafted in this office and entered into by the parties under date of April 7, 1954.

In Mr. Houk's memorandum of March 30, he says: "Action to recover the $2,250 advance is not justified." In this connection, it is my understanding that the work ran into heavy going, more difficult and expensive than was contemplated; and that the Operator might have had a good defense to any attempts to require completion of the work originally provided for. However, this would not, of course, afford any defense to fraud in the inception of the contract (if there was such). In this connection, Mr. Houk states in his memorandum of March 30: "There appears to be no evidence of fraud on the part of the applicant"; and then proceeds to state what would be clear evidence of fraud in the matter of the defect in the title. The defect in the title was the misrepresentation with respect to the outstanding purchase-money trust deed; and in this connection Mr. Houk writes: "Legal advised that it is common practice to handle real estate transactions this way. In our opinion the cost of collection would be more than the amount advanced." The Field Team received a copy of this memorandum of Mr. Houk's and in its memorandum of March 15 to the Operating Committee comments: "We have never been able to understand this last statement, and it certainly is not common practice around here."

It is common practice in most of the United States to purchase real property and to give a trust deed to secure the payment of the purchase money. Whether it is common practice in North Carolina is unimportant; the

fact remains, that is what was done. It is not common practice, I hope, for the purchaser to represent, as this Operator did, that under these circumstances he owns the property free of all "claims, liens, or encumbrances."

By letter of the Administrator to the Operator dated March 10, 1955 (drafted in this office) the Operator's attention was called to the Government's knowledge of the misrepresentations in the contract respecting the title, and demand was then made for the repayment of all monies due on account of royalty. In spite of the fact that the Operator had previously lost the property by foreclosure of the trust deed, it appears to have paid all accrued royalties, including royalties on production from which it had no benefit. Insofar as all accrued royalties have been paid, Mr. Houk has pointed out that no harm has resulted to the Government from the misrepresentation in the contract with respect to the title.

In the letter drafted in this office of the Administrator to the Operator dated March 10, 1955, it is stated that the Operator's letter dated January 27, 1955, to the Field Team ". . . 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." In its letter to the Operating Committee dated March 15, 1955, the Field Team points out that this statement is incorrect, and that we did know of the defect in the title in March of 1954. The apparent error arises from careless phrasing in this office of the Administrator's letter, which was intended to state merely that this is the first indication or confession by the Operator to the Government that the representations in the contract are not true. The Operator did not state the matter as a confession, but as a statement of fact. It does seem unlikely that these representations could have been anything but knowing and willful, but that would have to be established in a criminal prosecution. I think that the facts as we have them afford a sufficient basis for a prosecution for violation of the statute in question; but under all of the circumstances, it seems to me like a poor case for such action.

Copy to: DMEA Docket
Solicitor's Docket
L. G. Houk (2)
J. L. Hofflund (2)
chron.

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

JLHofflund/emd

April 12, 1955

Memorandum

Docket No. DMEA-2610 - Mica
Dixie Minerals, Inc.
Shell Ridge Mine
Jackson County, North Carolina
Contract No. Idm-E431

To: Acting Assistant Solicitor, DMEA

From: Nonmetallic Minerals Division

Subject: Does the misrepresentation by an officer of a corporation constitute sufficient grounds to demand repayment of the Government participation ($1,767.04).

Some of the pertinent facts of the case are set forth in a resume of the docket made on April 12, 1955. The question of whether the now defunct corporation obtained the DMEA contract by making a willfully false statement or representation in violation of Title 18, Code (Criminal), Section 1001, is referred to you for formal opinion.

The contract was terminated by mutual agreement April 7, 1954. The termination is by mutual agreement with pseudo certification clause. On March 15, 1954, the Field Team recommended termination for cause with demand for repayment:

1. For failure to fulfill the contract.
2. Without having proper interest in the land.
3. For not obtaining an Owner's Consent to Lien.

On March 15, 1954, the Field Team advised us that there was a Deed of Trust outstanding against the property which was not mentioned by the Operator. In view of the pseudo certification clause in the mutual termination agreement which protects the Government's interest in any production from the land described in the contract and that all royalties due the Government have been paid, and that no apparent harm has been sustained by the Government, the Nonmetallic Minerals Division is of the opinion that action to recover $1,767.04 is not justified.

LGHouk:gad 4/12/55
Copy to: Admr. R. File
Docket
Mr. Houk

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
ROOM POSTOFFICE BLDG.
KNOXVILLE 2, TENN.

March 23, 1955

Mr. H. A. Lawhead, President
Dixie Minerals Inc.
Sylva, N. C.

Re: DMEA-2610, Idm-R431 (mica)
Shell Ridge Mine
Jackson County, N. C.

Dear Mr. Lawhead:

A recent audit of the books of the Goodmica Mining Company by an auditor from the Contract Administration and Audit Division of the Defense Minerals Exploration Administration reveals that $8,590.43 worth of mica has been sold from production from the subject mine since November 22, 1954. Please favor us with your check in the amount of $429.52 as the Government's 5 percent royalty on the above sales.

An itemized list of these sales is as follows:
Sold to the Government Mica Buying Depot at Spruce Pine, N. C.:

Date of sale	Lot No.	Pounds	Amount Received
11-22-54	956	10.94	$171.22
12-6-54	1044	22.94	347.54
12-13-54	1094	21.19	325.45
12-21-54	1161	17.37	290.83
1-4-55	1228	21.37	264.70
1-10-55	1267	33.56	510.26
1-17-55	1312	51.04	866.92
1-24-55	1358	28.75	459.91
2-2-55	1426	55.63	762.03
2-9-55	1469	67.25	1,038.86
2-15-55	1509	65.00	1,045.83
2-25-55	1576	65.68	1,115.13
2-28-55	1588	54.38	894.57
3-8-55	1663	38.75	383.28
		Total	$8,476.53

Sold to Franklin Mica Co:

3-7-55,	1100 lbs. @ $32/T	$17.60	
3-7-55	6420 lbs @ 30/T	96.30	113.90
	Total sales.....		$8,590.43
	5% royalty.....		429.52

It is our understanding that the Good Mica Company has ceased operations at Shell Ridge.

Very truly yours,

V. J. Lynch
ACTING EXECUTIVE OFFICER
DMEA REGION V

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
ROOM POST OFFICE BLDG.
KNOXVILLE 2, TENN.

April 6, 1955

Memorandum

To: Helen Miller, Ass't Administrative Officer - Reg. 5

From: Acting Executive Officer, DMEA - Region 5 - Knoxville

Subject: Royalty payment. Idm-E431, DMEA-2610 Dixie Minerals , Inc.

Transmitted is a check in the amount of $429.52 representing royalty payment on the sale of $8,590.43 worth of mica.

The bill-of-sales for these sales are not available but are listed as follows:

Date of sale	Lot No.	Pounds	Amount Received
11-22-54	956	10.94	$ 171.22
12-6- 54	1044	22.94	347.54
12-13-54	1094	21.19	325.45
12-21-54	1161	17.37	290.83
1-4-55	1228	21.37	264.70
1-10-55	1267	33.56	510.26
1-17-55	1312	51.04	866.92
1-24-55	1358	28.75	459.91
2-2-55	1426	55.63	762.03
2-9--55	1469	67.25	1,038.86
2-15-55	1509	65.00	1,045.83
2-25-55	1576	65.68	1,115.13
2-28-55	1588	64.38	894.57
3-8-55	1663	38.75	383.28
			$8,476.53

Sold to Franklin Mica Co.:

3-7-55	1100 lbs. @ $32/ton	17.60
3-7-55	6420 lbs. @ $30/ton	96.30

Total sales..... $8,590.43
5% royalty..... 429.52

V. J. Lynch

EM.
cc: Lynch, Mittendorf-Shirley, Lawhead, Files

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
ROOM POST OFFICE BLDG.
KNOXVILLE 2, TENN.

March 15, 1955

Memorandum

To: Operating Committee, DMEA - Washington, D. C.

From: D. M. E. A. Field Team, Region V - Knoxville, Tennessee

Subject: DMEA-2610, Idm-E431 (mica) Dixie Minerals, Inc.
Shell Ridge Mine, Jackson County, N. C.

Reference is made to the letter of March 10 from Mr. Mittendorf to Messrs. Lawhead, Liner and Howell of Dixie Minerals Inc.,

We have had no answer from Mr. Liner to Mr. Laurence's letter of February 2, and have not received payment of royalty; therefore we hope this latest letter will being forth the payment due.

However, we are somewhat surprised at the paragraph in the March 10 letter which immediately follows the quotation from Mr. Liner's letter, stating that this 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. Please refer to our memorandum of March 15, 1954 to the Operating Committee, in which we reported the existence of the deed of trust and Higdon's intent to foreclose; also Mr. Hofflund's memorandum of March 25, 1954, to the Administrator and Mr. Houk's memorandum of March 30, 1954 to the Administrator which states, in part: "The Operator then purchased the property but failed to state that a Deed of Trust, dated Sept. 26, 1952, was outstanding against the property. Legal advised that it is common practice to handle real estate transaction this way." We have never been able to understand this last statement, for it certainly is not common practice around here.

It was our opinion in March 1954 that this contract should have been terminated because it was obtained fraudulently, and we still think so.

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION V -

V. J. Lynch, Member
DMEA - U. S. Bureau of Mines

RAL/zm

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

MAR 1 0 1955

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

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

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

Re: Docket No. DMEA-2010 (Mine)
Dixie Minerals Inc.
Shell 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. Lemhead 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, 1952, from Mr. James H. 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 394 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 Shell 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. Howell 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 Goodnich 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: DMRA Docket
Solicitor's Docket
Adm. R. File
Operating Committee
T. M. Killagaard, GS 2
W. F. Dietrich, BM
L. G. Houk
J. L. Hefflund
Jay L. Chambers
M. C. Rubin
Field Team, Reg. V (2)
Chron. File
Pending File

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

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-E431

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

February 21, 1955

Memorandum

To: Mr. J. L. Hofflund, Acting Assistant Solicitor

From: Nonmetallic Minerals Division

Subject: Deed of trust - Docket No. DMEA-2610 - Mica
Dixie Minerals, Inc.
Shell Ridge Mine
Jackson County, North Carolina
Contract No. Idm-E431

Reference is made to letter from Dixie Minerals, Inc., dated January 27, 1955, concerning sale of subject property and deed of trust for balance and Mr. Laurence's reply of February 2, 1955.

Kindly review docket and advise concerning the liability for payment of royalties. Did Mr. Laurence state the case of liability correctly? Also please advise concerning the situation that the applicant failed to report in his application that a deed of trust existed on the property.

Walter C. Anderson
Nonmetallic Minerals Division

WCAnderson:ad 2/21/55
Copy to: Admr. R. File
Docket
Mr. Houk

C
O
P
Y

DIXIE MINERALS, INC.
Waynesville, N. C.

January 27, 1955

United States Department of the Interior
Defense Minerals Exploration Administration
Post Office Building
Knoxville 2, Tenn.

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

Re: DMEA-2610, Idm-E 431 (mica)
Shell Ridge Mine, Jackson County, N. C.

Gentlemen:

Mr. H. A. Lawhead just mailed to me your letter of January 12 in the above matter.

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. Rigdon from whom we had purchased the property and given a deed of trust for balance owing.

I knew nothing of the Goodmica Mining Company operating on this land but have investigated since receiving your letter and find that Mr. Goodman, owner and operator, has not taken any mica from the operation on which the above loan was made but is working an old tunnel.

There was never any mica found in our operation on this property nor any promise of any being found when we worked it; however, we did try hard to get some assistance on the operation that Mr. Goodman is now doing. Mr. Teague and the gentleman with him never saw eye to eye with us on the tunnel.

If we can give further information please advise.

Very truly yours,

DIXIE MINERALS, INC.

S/ H. L. Liner, Sr.
Secretary - Treasurer

Pseudo Cert.
1-7-54 gjt

C O P Y.
cc: Opr. Com.-2

Project Summary Report

By: Walter C. Anderson June 7, 1954

1. Docket No. DMEA-2610 - Mica
   Contract No. Idm-E431
   Shell Ridge Mine
   Jackson County, North Carolina

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

   Operator's property rights: Owner

2. Contract - dated October 30, 1952

   Work authorized:

50 feet of shaft @ $50.00/ft.	$2,500.00
60 feet of drift @ $35.00/ft.	2,100.00
Total cost of project	$4,600.00
Government participation @ 90%	$4,140.00

   Amendments: No. 1 - 4/28/53 - Extends completion date from 6 months to 12 months.

   Work completed:

50 feet of shaft @ $50.00/ft.	$2,500.00
Total accepted cost	$2,500.00
Government participation @ 90%	$2,250.00

   Work began on November 27, 1952 and was terminated by mutual agreement on April 7, 1954.
   Field Team Final Report received May 10, 1954.
   Operator's Final Report received May 25, 1954.

3. Audit - certificate issued on May 5, 1954 (no exceptions)

Accepted cost	$2,500.00
Government participation	$2,250.00

4. Certification of Discovery - none issued.

5. Comments:

How conducted -

1. Low efficiency and incompetently conducted.
2. Operator exhibited no interest. Long delays and inadequate pumping facilities resulted in caving of the shaft and abandonment by the operator. Termination by mutual agreement had to be resorted to since cost of resumption of work would have been prohibitive and efforts to persuade the operator to resume were futile.

Operation - bad.

Engineering - bad. Reports were very inadequate.

Geological premise - whether right or wrong cannot be determined since target was not reached.

Geological criteria on which work was based:
1. Two parallel pegmatites, each 6 to 10 feet thick.
2. Occurrence of mica books up to 6 inches in diameter.
3. Production of 1,226 pounds of mica valued at $2,323 during World War II.

Future possibilities - The final field team report states that "This deposit still has good possibilities for the production of considerable amounts of strategic mica"; however, the completed work does not substantiate this statement.

Recommendations: The Nonmetallic Minerals Division concurs with the field team that no certification of discovery should be issued and that this operator should never again be considered for exploration assistance. The Bureau of Mines and the Geological Survey concur.

No closing letter on this project is to be sent to the operator.

WCAnderson:gad 6/8/54
Copy to: Admr. R. File
Mr. Houk

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 1 SHIPPING POST OFFICE BLDG.
KNOXVILLE 2, TENN.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 3 1955

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 County, 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/sm
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 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
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 analysed, and all sales receipts traced to purchasers document.

In analysing 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

REPORT OF INSPECTION OF PROJECT ON WHICH THE
GOVERNMENT ROYALTY RIGHTS ARE PRESERVED FOR 10 YEARS.

DMEA-2610, Idm-E 431 (mica)

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

SHELL RIDGE MINE
Jackson County, North Carolina

Accompanied by B. J Brekhus, Auditor, Contract Administration and Audit Division, the writer contacted the president of Dixie Minerals, Inc., Mr. H. A. Lawhead, at Sylva, N. C., on July 13, 1954; and contacted Mr. H. L. Liner, Sec. & Treas. of the company in Waynesville, N. C. Mr. N. H. Smith, accountant for the W. T. Stiles Accounting Service was in Mr. Liner's office and had all the records. An audit showed that sales of mica amounting to $1,068.81 had been made. A check in the amount of $53.44 as the Government's royalty on the above sales, together with sales slips, were given the writer.

July 13, 1954

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D.C.
ROOM POST OFFICE BLDG.
KNOXVILLE 2, TENN.

JUL 16 1954

Memorandum

To: Cora Piper, Chief, Finance Division, Region VII

From: Acting Executive Officer, DMEA - Region VII

Subject: Idm-E 431, DMEA-2610, Dixie Minerals, Inc. Shell Ridge Mine.

There are enclosed copies of invoices for the sale of mica from the subject exploration project, and a check in the amount of $53.44, which is 5 percent of the total sales due the Government.

Wm. A. Beck, Acting
ExecutiveOfficer, DMEA

ZM.
cc:
Beck
Lynch
Laurence
Mittendorf
Dixie Minerals,

COPY

GENERAL SERVICES ADMINISTRATION
Purchase Depot - Spruce Pine, N. C.

WARRANTY, ACCEPTANCE AND INVOICE

DATE: 11-7-52

ACCEPTANCE NUMBER: 4-302

ISSUED UNDER CERTIFICATE OF AUTHORIZATION NUMBER: ESP-4-36A

LOT NUMBER: SP-302

RECEIPT AND WEIGHT TICKET NUMBER:

WARRANTY

The undersigned, a participant in the Mica Program, warrants that the mica included in this lot of mica is of domestic origin, is not material owned previously by the Government, was not purchased from others prior to December 14, 1951, and is owned by the person or firm whose name appears below (herein referred to as "Seller").

NAME AND ADDRESS OF SELLER *(Type or print)*	SELLER OR PERSON AUTHORIZED TO SIGN THIS WARRANTY FOR SELLER
NAME: Dixie Minerals Inc.	SIGNATURE:
STREET ADDRESS:	NAME *(Type or print)*: H. L. Liner
CITY, ZONE AND STATE: Sylva, N. C.	TITLE *(Type or print)*: Sec. & Treas.

EVALUATION AND SETTLEMENT DATA

PROGRAM A - BLOCK OR FILM MICA

QUALITY	HALF TRIM			FULL TRIM		
	POUNDS	PRICE PER LB.	AMOUNT	POUNDS	PRICE PER LB.	AMOUNT
GOOD STAINED AND BETTER						
GRADES NO. 3 AND LARGER					$70.00	
GRADES NO. 4 AND 5				3.02	$40.00	120.80
GRADES NO. 5½ AND 6				22.37	$15.00	335.55
STAINED						
GRADES NO. 3 AND LARGER		$12.00			$18.00	
GRADES NO. 4 AND 5		$ 5.00		2.09	$ 8.00	16.72
GRADES NO. 5½ AND 6		$ 3.00		20.64	$ 5.00	103.20
HEAVY STAINED						
GRADES NO. 3 AND LARGER		$ 8.00			$13.00	
GRADES NO. 4 AND 5		$ 4.00			$ 6.00	
GRADES NO. 5½ AND 6		$ 2.00			$ 3.00	
TOTALS						
LOT TOTALS				48.12		576.27

PROGRAM B - HAND-COBBED MICA

TOTALS					$ 0.30	

ACCEPTANCE

Subject to the terms and conditions of the Mica Regulation dated March 12, 1952 (17 F.R. 2279), establishing the Government's Purchase Programs for Domestic Mica, the Government accepts the number of pounds of mica (as hereinabove identified), delivered by the Seller to the Government for which payment in the total amount set forth hereinabove will be made by the Government.

GENERAL SERVICES ADMINISTRATION

BY *(Type name)*	SIGNATURE	TITLE
Carl Buchanan	s/	Head Buyer

INVOICE

TO: General Services Administration, Region IV

FOR: Mica delivered as indicated above — $ 576.27

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

SELLER *(Type name)*	DATE
Dixie Minerals, Inc (Shell Ridge Mine) DMEA-2610	11-7-52
BY *(Signature)*:	NAME AND TITLE *(Type)*: H. L. Liner, Sec. & Treas

GSA-WASH DC 53-3094

COPY

GSA FORM 1013
September 1952

COPY

10-11-52

Bought of: Dixie Minerals Inc. Sylva, N. C.

10-25-52	4505 Lbs. refuse Mica @ $25/Ton	
	23 lb. circle @ 20¢	$ 56.31
	157 lbs. punch @ 08	4.60
		12.56
11-8-52		
	3815 lbs. #2 refuse mica @ $25/T	47.69
	260 lbs small punch @ .15¢ lb.	39.00
11-15-52		
	49 lbs. circle @ 20¢	9.80
	72 lbs. punch @ 15¢	10.80
		$ 180.76

ASHEVILLE MICA CO. - Buyer.

C O P Y

COPY COPY

GENERAL SERVICES ADMINISTRATION
Mica Purchase Depot - Spruce Pine, N. C.

WARRANTY, ACCEPTANCE AND INVOICE

DATE: 10-26-53
ACCEPTANCE NUMBER: 4-454

ISSUED UNDER CERTIFICATE OF AUTHORIZATION NUMBER	LOT NUMBER	RECEIPT AND WEIGHT TICKET NUMBER
EPS-4-36A	SP-454	

WARRANTY

The undersigned, a participant in the Mica Program, warrants that the mica included in this lot of mica is of domestic origin, is not material owned previously by the Government, was not purchased from others prior to December 14, 1951, and is owned by the person or firm whose name appears below (herein referred to as "Seller").

NAME AND ADDRESS OF SELLER *(Type or print)*	SELLER OR PERSON AUTHORIZED TO SIGN THIS WARRANTY FOR SELLER
NAME: Dixie Minerals, Inc.	SIGNATURE:
STREET ADDRESS: Box 561	NAME *(Type or print)*: H. A. Lawhead
CITY, ZONE AND STATE: Sylva, N. C.	TITLE *(Type or print)*: Agent

EVALUATION AND SETTLEMENT DATA

PROGRAM A - BLOCK OR FILM MICA

QUALITY	HALF TRIM			FULL TRIM		
	POUNDS	PRICE PER LB.	AMOUNT	POUNDS	PRICE PER LB.	AMOUNT
GOOD STAINED AND BETTER						
GRADES NO. 3 AND LARGER					$70.00	
GRADES NO. 4 AND 5				1.32	$40.00	52.80
GRADES NO. 5½ AND 6				15.05	$15.00	225.75
STAINED						
GRADES NO. 3 AND LARGER		$12.00			$18.00	
GRADES NO. 4 AND 5		$ 5.00		.54	$ 8.00	4.32
GRADES NO. 5½ AND 6		$ 3.00		5.17	$ 5.00	25.85
HEAVY STAINED						
GRADES NO. 3 AND LARGER		$ 8.00			$13.00	
GRADES NO. 4 AND 5		$ 4.00			$ 6.00	
GRADES NO. 5½ AND 6		$ 2.00		1.02	$ 3.00	3.06
TOTALS						
LOT TOTALS				23.10		311.78

PROGRAM B - HAND-COBBED MICA

TOTALS					$ 0.30	

ACCEPTANCE

Subject to the terms and conditions of the Mica Regulation dated March 12, 1952 (17 F.R. 2279), establishing the Government's Purchase Programs for Domestic Mica, the Government accepts the number of pounds of mica (as hereinabove identified), delivered by the Seller to the Government for which payment in the total amount set forth hereinabove will be made by the Government.

GENERAL SERVICES ADMINISTRATION

BY *(Type name)*	SIGNATURE	TITLE
Carl Buchanan	s/	Head Buyer

INVOICE

TO: General Services Administration, Region IV

FOR: Mica delivered as indicated above — $ 311.78

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

SELLER *(Type name)*: Dixie Minerals, Inc. (Shell Ridge Mine) DMEA-2610. — DATE: 10-26-53

BY *(Signature)*: H. A. Lawhead. — NAME AND TITLE *(Type)*: H. A. Lawhead, Agent

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

June 3, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-2610 (mica)

Contract Number: Idm-E 431

Applicant: Dixie Minerals, Inc.

Name and Location of Property: Shell Ridge Mine
Jackson County, North Carolina

Date of Field Team Final Report: May 6, 1954

Date Rec'd. by Ceramic & Fertilizer Mtls. Br.: May 13, 1954

Field Team Comments:

1. Deposit still has good possibilities for production of strategic mica.

2. Operator should never again be considered for exploration assistance.

Comments:

1. Work began on November 27, 1952 and date of Termination Agreement was April 7, 1952.

2. Operator refused to sign Amendment for deepening the shaft to 75 feet to permit drifting, although an official of the company agreed, verbally.

3. Expenditures - Total approved $4,600
Total cost 2,500
Gov't. share 2,250
Value None

Recommendation:

I concur in the field team's recommendation to deny any certification of discovery or development.

Signed

W. F. Dietrich

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

May 11, 1954

Memorandum

REVIEW OF FIELD TEAM REPORT ON APPLICATION DMEA-2610 (mica)

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. M. Larrabee, U. S. Geological Survey
Applicant: Dixie Minerals, Inc., Waynesville, N. C.
Name of property: Shell Ridge Mine.
Location of property: Jackson County, N. C.
Date of field team report: May 5, 1954.
Authorship of field team report: K. H. Teague and L. E. Shirley.
Field team's recommendation:

Final Report

1. Termination before completion.
2. No certification be made.
3. Operator should not be considered for exploration assistance in the future.

Comments: None.

ACTION RECOMMENDED: Follow field team's recommendation.

D. M. Larrabee

Larrabee:jeh
5/11/54
cc: Director's reading 4212
Branch reading 4212
DMEA 3
Larrabee G-230

IN REPLY REFER TO:

G-MD-CNM

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

May 11, 1954

Memorandum

REVIEW OF FIELD TEAM REPORT ON APPLICATION DMEA-2610 (mica)

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. M. Larrabee, U. S. Geological Survey
Applicant: Dixie Minerals, Inc., Waynesville, N. C.
Name of property: Shell Ridge Mine.
Location of property: Jackson County, N. C.
Date of field team report: May 5, 1954.
Authorship of field team report: K. H. Teague and L. E. Shirley.
Field team's recommendation:

Final Report

1. Termination before completion.
2. No certification be made.
3. Operator should not be considered for exploration assistance in the future.

Comments: None.

ACTION RECOMMENDED: Follow field team's recommendation.

D. M. Larrabee

Larrabee:jeh
5/11/54
cc: Director's reading 4212
Branch reading 4212
DMEA 3 ✓
Larrabee G-230

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

June 3, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-2610 (mica)

Contract Number: Idm-E 431

Applicant: Dixie Minerals, Inc.

Name and Location of Property: Shell Ridge Mine
Jackson County, North Carolina

Date of Field Team Final Report: May 6, 1954

Date Rec'd. by Ceramic & Fertilizer Mtls. Br.: May 13, 1954

Field Team Comments:

1. Deposit still has good possibilities for production of strategic mica.

2. Operator should never again be considered for exploration assistance.

Comments:

1. Work began on November 27, 1952 and date of Termination Agreement was April 7, 1952.

2. Operator refused to sign Amendment for deepening the shaft to 75 feet to permit drifting, although an official of the company agreed, verbally.

3. Expenditures

Total approved	$4,600
Total cost	2,500
Gov't. share	2,250
Value	None

Recommendation:

I concur in the field team's recommendation to deny any certification of discovery or development.

Signed

W. F. Dietrich

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

June 3, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-2610 (mica)

Contract Number: Idm-E 431

Applicant: Dixie Minerals, Inc.

Name and Location of Property: Shell Ridge Mine
Jackson County, North Carolina

Date of Field Team Final Report: May 6, 1954

Date Rec'd. by Ceramic & Fertilizer Mtls. Br.: May 13, 1954

Field Team Comments:

1. Deposit still has good possibilities for production of strategic mica.

2. Operator should never again be considered for exploration assistance.

Comments:

1. Work began on November 27, 1952 and date of Termination Agreement was April 7, 1952.

2. Operator refused to sign Amendment for deepening the shaft to 75 feet to permit drifting, although an official of the company agreed, verbally.

3. Expenditures - Total approved $4,600
Total cost 2,500
Gov't. share 2,250
Value None

Recommendation:

I concur in the field team's recommendation to deny any certification of discovery or development.

Signed

W. F. Dietrich

C
O
P
Y

May 24, 1954

Memorandum

To: Operating Committee, D M E A - Washington

From: Executive Officer, DMEA - Region VII

Subject: Operator's Final Engineering and Geological Reports.

Transmitted herewith are four copies each of the subject reports:

Idm-E 412, DMEA-2277, Burke-John Mine (mica) N. C.

✓Idm-E 431, DMEA-2610, Shell Ridge Mine (mica) N. C.

Robert A. Laurence
Executive Officer,
DMEA Region VII

May 22, 1954

Mr. Robert A. Laurence
Executive Officer, DMEA Region VII
Room 13, Post Office Building
Knoxville, Tennessee

Re: DMEA 2810, IdmE 431
Mica, Shell Ridge Mine

Dear Mr. Laurence:

We sunk a 6x8-2 compartment shaft 53 feet. Some formation 14 to 15 feet below surface showed signs of mica then there was no more from there down.

The earth was faulty and walls continually crept, causing back filling each day. The cost became so great with added depth, also the fear of a slide kept the men on edge so much that the work had to be stopped.

Our loss was several thousand dollars in addition to Government assistance with no mica from the shaft, so there is no reserve. We are not financially able to do more on the above project.

Very truly yours,

DIXIE MINERALS, INC.

H. L. Liner, Sr.

H. L. Liner, Sr.
Secretary - Treasurer

May 17, 1954

Memorandum

To: Operating Committee, D M E A - Washington

From: Executive Officer, DMEA - Region VII

Subject: Termination Agreement on DMEA-2610, Idm-E 431 (mica)
Dixie Minerals, Inc. North Carolina

Transmitted herewith are three signed copies of the subject termination agreement. The usual distribution of the other copies has been made.

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION VII

ZM.
cct
Beak
Lynch
Finance Office
Opr. Com. Div. File
Laurence

May 17, 1954

Mr. M. L. Liner, Sr. Sec.-Treas.
Dixie Minerals, Inc.
131 Main St.
Waynesville, North Carolina

Re: DMEA-2610, Idm-E 431 (mica)
Shell Ridge Mine

Dear Mr. Liner:

This will acknowledge receipt of your letter of May 13 and the signed copies of the termination agreement.

The Operator's final report, in the words of the contract, shall be "an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of reserves resulting from the exploration work." It need not be a lengthy report, but should state clearly what was done, what difficulties were encountered, what was accomplished by the project, and what, if anything, will be done as a result of the exploration.

Very truly yours,

Robert A. Lawrence
Executive Officer, DMEA-Region VII

RAL/sm
cc:
Beck
Lynch
Opr. Com. 2 Division file
Files

May 6, 1954

Memorandum

To: Operating Committee, D M E A - Washington

From: Field Team D. M. E. A. - Region VII

Subject: Final Report, DMEA-2510, Iron ill (mine) Shell Ridge Mine, Jackson County, N. C., Dixie Minerals Inc., Opr.

Enclosed are 4 copies of the final report on the subject exploration contract, which was abandoned by the Operator. A termination agreement form, sent to the Operator for signature on April 12, 1954, has not been returned.

We will enthusiastically object to any future applications by this Operator.

/s/
Robert A. Lawrence
EXECUTIVE OFFICER
DMEA REGION VII

/s/
Wm. A. Beck, for W. J. Lynch
U. S. Bureau of Mines

RAL/mm
cc:
Beck
Lynch
Lawrence
Opr. Gen.

Reviewed by
DMEA OPERATING COMMITTEE
5-14-54
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FINAL REPORT
On

DMEA-2610, SHELL RIDGE MINE
(mica)
Jackson County, N. C.

By

Kefton H. Teague, Geologist
U. S. Geological Survey

--

Lawrence E. Shirley, Mining Engineer
U. S. Bureau of Mines

May 5, 1954

Reviewed by
DMEA OPERATING COMMITTEE
5-14-54
(date)

FINAL REPORT
On
DMEA-2610, SHELL RIDGE MINE
(mica)
Contract Idm-E 431

Operator: Dixie Minerals, Inc. 131 Main St. Waynesville, North Carolina

The Shell Ridge Mine is 8.3 airline miles S. 16° W. of Sylva, Jackson County, North Carolina. It is about 1.5 miles north of Pumpkintown, near the headwaters of Shell Branch.

A 50-foot shaft was sunk at this deposit. As the shaft was in semi-weathered ground at this level, the State Mine Inspector would not permit the operators to turn off a level. An Amendment was prepared to deepen the shaft to 75 feet. The operator refused to sign this amendment, although the president had agreed verbally with the field examiners that this approach was the logical one. No mica has been discovered by the work completed, thus no certification of discovery should be issued. However, in the Termination Agreement (which has not been returned by the Operator) the Government's royalty rights are preserved. This deposit still has good possibilities for the production of considerable amounts of strategic mica.

This project began on November 27, 1952. Date on Termination Agreement is April 7, 1954; however, the operator has not yet returned the agreement. Work completed consisted of sinking a 5' x 7', 2-compartment timbered shaft to a depth of 50 feet in the hanging wall. At this depth the wall rock, biotite gneiss, is seamy and semi-weathered. Considerable water is present.

In the shaft bottom considerable vein quartz is present, although no pegmatite was encountered. Where the pegmatite is exposed in the cut made prior to the beginning of the project, it is about 8 feet thick, weathered, and trends to the northwest, dipping about 45° NE.

Expenditures:

(a)	Total approved	$4,600.00
(b)	Total cost of project	2,500.00
(c)	Government's share of cost	2,250.00
(d)	Government's share unexpended	1,890.00
(e)	Value of production during oper.	None

This operation was conducted in an incompetent and inefficient manner. Approximately 18 months were required to sink the 50-foot shaft. This operator should never again be considered for exploration assistance.

May 5, 1954

K. H. Teague, Geologist, U. S. G. S.

L. E. Shirley, Mining Engineer, U.S.B.M.

IN REPLY REFER TO:

G-MD-CMM

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

May 11, 1954

Memorandum

REVIEW OF FIELD TEAM REPORT ON APPLICATION DMEA-2610 (mica)

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. M. Larrabee, U. S. Geological Survey
Applicant: Dixie Minerals, Inc., Waynesville, N. C.
Name of property: Shell Ridge Mine.
Location of property: Jackson County, N. C.
Date of field team report: May 5, 1954.
Authorship of field team report: R. H. Teague and L. E. Shirley.
Field team's recommendation:

Final Report

1. Termination before completion.
2. No certification be made.
3. Operator should not be considered for exploration assistance in the future.

Comments: None.

ACTION RECOMMENDED: Follow field team's recommendation.

D. M. Larrabee

Larrabee:jeh
5/11/54
cc: Director's reading 4212
Branch reading 4212
DMEA 3 ✓
Larrabee G-230

MAY 7 - 1954

May 5, 1954

Mr. E. A. Lombardi, President
c/o Magic Minerals Inc.
Sylva, North Carolina

Re: [illegible], Lee-2 AR (mica)
Shell Ridge Mine, Mitchell County, N. C.

Dear Mr. Lombardi:

On April 12, this office sent you 6 copies of an agreement for termination of the subject exploration contract for your signature as president of the company. To date we have not received the five copies requested or your final report on the exploration at Shell Ridge. Please give this your immediate attention as we wish to close the files on this project.

Very truly yours,

W. A. Peck, Acting

WAP/ma

cc:
U.L. Maier, Jr.
Sec. Great Dixie Minerals
Spr. Gen-C
Lynch
Peck
Files

600

APR 8 1954

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

Subject: Docket No. DMEA-2610 - Mica
Dixie Minerals, Inc.
Shell Ridge Mine
Jackson County, North Carolina
Contract No. DMe-2431

Dear Mr. Laurence:

Transmitted herewith are original and five copies of Termination Agreement on the subject contract, copy of a memorandum from the Chief Counsel to the Administrator, and a copy of a memorandum from the Nonmetallic Minerals Division to the Administrator.

Please have the enclosed Termination Agreement executed, if you are in agreement, making the usual distribution of copies.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

J. H. Hedges
Member, Bureau of Mines

T. P. Thayer
Member, Geological Survey

Enclosures 8

LGHouk:gad 4/5/54
Copy to: Admr. R. File
Docket File
Operating Committee
Mr. Dietrich, 3061
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

March 30, 1954

Memorandum

To: Administrator

From: Nonmetallic Minerals Division

Subject: Docket No. DMEA-2610 - Mica
Dixie Minerals, Inc.
Shell Ridge Mine
Jackson County, North Carolina
Contract No. Idm-M431

The Nonmetallic Minerals Division recommends termination by mutual agreement with provision for royalty payments. No future applications be considered from the applicants on the grounds of incompetency. Action to recover the $2,250 advance is not justified.

Mutual termination with repayment clause would protect the Government's interest should any production be made from the property.

The Operator has not prosecuted the work continuously or diligently nor with the proper equipment available at all times to do the job. It is granted that the ground is heavy.

The State Mine Inspector caused the mine to be abandoned and the insurance cancelled. He later indicated that deepening the shaft 25 feet would be allowed. The Operator refused to sign Amendment No. 2 to deepen the shaft an additional 25 feet.

Legal informs me that the Operator cannot be forced to do the work not included in the original contract. The field team believes the turn-off could be made at the 50-foot level. The State Mine Inspector and the Operator disagree. In this matter of judgment we would not be on strong ground in forcing completion of the contract.

There appears to be no evidence of fraud on the part of the applicant. In the application the property was to be operated as a lease. The owner's consent could not be obtained, the Operator then requested the owner's consent be waived. Action was recommended to waive owner's consent by the Nonmetallic Minerals Division. The Operator then purchased the property but failed to state that a Deed of Trust, dated September 26, 1952, was outstanding

against the property. Legal advised that it is common practice to handle real estate transactions this way. In our opinion the cost of collection would be more than the amount advanced.

The Nonmetallic Minerals Division, therefore, recommends that the Legal Division prepare a mutual termination with royalty repayment clause in case of production and the docket be closed.

LGHouk:gad 3/30/54

Copy to: Admr. R. File
Docket File
Mr. Houk

March 29, 1954

File

Applicants proposal December 13, 1951, to spend $12,980 to explore a vein of sheet mica. Cost breakdown included. Dixie Minerals Inc. newly organized corporation has three officers who own all the stock.

To operate property as lessee.

Copy of lease dated December 8, 1951 for five years.

$200 annual minimum royalty or 12½% of gross ~~sales.~~

Five year renewal clause.

Field Team Report:

1. No pegmatite exposed. Past workings indicate two parallel pegmatites about 100 feet apart.
2. Field Team recommended (1) Denial or $4,800 program of bulldozing 50' shaft and 60' drift.

Application denied April 21, 1952.

Request for reasons for denial by applicant May 15, 1952.

Denial reaffirmed but if pegmatite is exposed DMEA will reconsider. June 1952.

Supplemental report by Field Team on results of stripping.

Field Team recommends contract. USGS concurs.

Aug. 5 Landlor's Subordination returned as not signed by owners.

Oct. 2 Applicants request owner's consent be waived.

Oct. 24 Applicants forward deed to property. Dated sept 26, 1952

Oct. 30 Short form contract executed - 50' shaft and 60' drift for $4,600.

Dec. 31 Interim report - work progressing satisfactorily.

Mar. 11 " " - work moved slowly as operator doing work outside the contract. Shaft at 22'.

Apr. 8	Interim report - No work since last visit
Apr.28	Amendment No. 1 executed in field and concurred in by Nonmetallic Minerals Division to allow six additional months to complete project.
May 4	~~Interior~~ Interim report - Work halted temporarily.
June 15	" " - Work resumed shaft at 26'.
June 29	" " - Shaft at 27.5' - drilling equipment has been obtained.
July 27	" " - Shaft at 35' - Workers idle because of pump breakdown.
Aug. 12	" " - Shaft at 38½' - Pump repairs have been made.
Aug. 21	" " - Shaft at 43'.
Sept. 8	" " - Shaft at 48.5' - remains 1½' to sink - ground heavy.
Oct. 19	" " - Shaft at 50' - State Mine Inspector ~~requests~~ cancels abandonment of mine and cancellation of insurance. Field Team recommends amendment to deepen shat 25'.
Oct. 27	Amendment No. 2 prepared and signed by Administrator and sent to Region VII.
~~Oct. 28~~	~~USGS recommend denial.~~
Oct. 30	Letter from Region VII indicating operators will not sign Amendment No. 2.
Dec. 31	Interim Report - Operator awaiting word of reinstatement of insurance.
Feb. 2	Letter Laurence to operators - (1) State Mine Inspector approved sinking to 75' and advised operators Oct. 12.

DEFENSE MINERALS ADMINISTRATION

97023

PRODUCTION EXPANSION DIVISION

PROCUREMENT APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Length of Contract (preproduction plus production) _____

Amount of Metals or Minerals in tons, units or pounds _____

Floor price or Guaranteed price and whether or not escalated _____

Maximum Government Commitment _____

Comments on Contract: _____

_____

_____

_____

_____

_____

Date sent to Legal Division _____

Date of Recommendation to D.P.A. for Certification _____

Date Certification sent to G.S.A. by D.P.A. _____

Date signed into Contract by G.S.A. _____

Additional Remarks: _____

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NOTE: If application is denied, or if it is recommended for change into exploration, etc., please state under additional remarks.

Interior--Duplicating Section, Washington, D. C.

Signed _____

(2) Laurence states default on contract work could require $2,250 be repaid to Government.

Mar. 1 Laurence to operators - forwarding operators letter to Washington for final decision. Field Team's opinion - efficient operator and equipment would have finished contract on time.

Mar. 1 After telephone conversation with Laurence he was authorized to terminate by agreement.

Feb.19 Letter operator to Laurence:

1. No insurance coverage.
2. The bottom 25' of the 50' shaft has caved.
3. Ask Laurence for on spot inspection.
4. Operators claim to have lost $8,000 on Shell Ridge.
5. Requests cancellation without prejudice.

Mar. 2 Laurence's letter transmitting Feb. 19 letter:

1. Insurance can probably be reinstated now.
2. The shaft cave could have been prevented.
3. Possible further work impractical.
4. Recommend termination for cause.
5. No future contracts for operators.

Mar. 5 L. G. Houk to C. O. Mittendorf:

Terminate by mutual agreement - no application be accepted ~~by~~ from applicants and no action to recover monies advanced.

Mar. 15 Field Team to Operating Committee:

DEFENSE MINERALS ADMINISTRATION

97023

PRODUCTION EXPANSION DIVISION

PROCUREMENT APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Length of Contract (preproduction plus production) _____

Amount of Metals or Minerals in tons, units or pounds _____

Floor price or Guaranteed price and whether or not escalated _____

Maximum Government Commitment _____

Comments on Contract: _____

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Date sent to Legal Division _____

Date of Recommendation to D.P.A. for Certification _____

Date Certification sent to G.S.A. by D.P.A. _____

Date signed into Contract by G.S.A. _____

Additional Remarks: _____

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NOTE: If application is denied, or if it is recommended for change into exploration, etc., please state under additional remarks.

Signed _____

Interior--Duplicating Section, Washington, D. C.

Terminate contract for cause and demand repayment:

1. All equipment removed.
2. Shaft not caved.
3. Deed of Trust dated Sept. 26, 1952 not recorded in application.

Mar. 25 Legal to Administrator:

Awaiting decision of engineers on action to take.

Summary:

1. The operators did not prosecute the work under the contract diligently.
2. The proper equipment was not available.
3. The ground was heavy.
4. The operators indicate being in red $8,000.
5. The Deed of Trust was not mentioned in application.

DEFENSE MINERALS ADMINISTRATION

97023

PRODUCTION EXPANSION DIVISION

PROCUREMENT APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

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Comments on Contract: _____

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Date sent to Legal Division _____

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Date signed into Contract by G.S.A. _____

Additional Remarks: _____

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NOTE: If application is denied, or if it is recommended for change into exploration, etc., please state under additional remarks.

Signed _____

Interior—Duplicating Section, Washington, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 43, POST OFFICE BLDG.
KNOXVILLE 2, TENN.

March 15, 1954

Memorandum

To: Operating Committee, D M E A Washington

From: Field Team, D M E A - Region VII

Subject: DMEA-2610, Idm-E 431 (mica) Shell Ridge Mine. Dixie Minerals Co.

Reference is made to our memorandum of March 2.

Recent examination of this project strengthens our opinion that the contract should be terminated for cause with demand for repayment.

All equipment has been removed from the project. Operator's letter indicated that the shaft had caved, but on March 8, Teague and Shirley measured the depth at 50 feet. Shaft was partly filled with water, but measurement was made with weighted tape dropped from shaft collar. With efficient management, we still think this job could be completed. Also, there is a deed of trust, dated September 26, 1952, recorded October 7, 1952 in Book 193, page 189, Jackson County, N. C., which the Operator never reported. Operator represented that the property was owned in fee, with no claims, liens or encumbrances.

D. C. Higdon and wife hold this deed of trust. Payment by Dixie Minerals was to be made in quarterly installments of $175.00, with $500 paid down. They are now in arrears two payments having paid a total of $1,025.00 of the total of $7000 purchase price. Higdon indicates that he will foreclose if payment is not received within one week.

For these reasons, we request that Operator be notified of termination for failure to fulfill the contract, for not having proper interest in the land and for not obtaining consent to Lien from Higdon.

RECEIVED
MAR 18 1954
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

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

Wm. A. Beck, for V. J. Lynch
U. S. Bureau of Mines

RAL/sm

March 5, 1954

Memorandum

To: Mr. C. O. Mittendorf

From: Lawrence G. Houk

Subject: Termination - Docket No. DMEA-2610 - Mica
Dixie Minerals, Inc.
Shall Ridge Mine
Jackson County, North Carolina
Contract No. Idm-R431

Subject contract for $4,600, Government participation $4,140 to sink 50' shaft and 60' of drift was signed October 30, 1952. Amendment No. 1 was time extension to complete work by October 30, 1953.

The work has not been prosecuted vigorously or continuously because of lack of proper equipment, heavy ground, and loss of interest by the operator.

On April 28, 1953, the operator was notified by registered mail that the contract was firm and unless work was resumed "the Government could demand repayment of all contributions previously made." Work was resumed and proceeded slowly. Ten months being spent in sinking 50 feet. In October, 1953, after shaft reached 50' the State Mine Inspector stated it was too dangerous to make the turn off at 50'. The mine was abandoned and insurance cancelled. An amendment was prepared by the field team to sink an additional 20' to solid ground. The shaft deepening was approved by State Mine Inspector. The operator did not execute the amendment. To date, $2,250 has been paid the operator for work performed under the contract.

On March 1, 1954, after a telephone conversation with Mr. Laurence, authorization was forwarded to terminate by mutual agreement.

In view of all the information, the Nonmetallic Minerals Division recommends termination by mutual agreement and recommends no applications be considered from the applicants on grounds of incompetency. It is not believed that legal action to recover the monies advanced is justified.

LGHouk:gad 3/5/54
Copy to: Admr. R. File
Docket File
Mr. Houk

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

March 2, 1954

Memorandum

To: Operating Committee, D M E A - Washington

From: Field Team, D M E A - Region VII

Subject: DMEA-2610, Idm-E 431 (mica) Dixie Minerals Inc.

Enclosed are 3 copies of a letter received from Dixie Minerals, Inc., operator of the subject exploration contract, in which termination by mutual consent is requested.

We believe this contract could have been completed as scheduled, and at the estimated cost, if the Operator had gone about it in an efficient workman like manner, and with adequate equipment.

To comment on his three points:

1. Certainly an Operator should not be required to operate without insurance. But the State Mine Inspector has approved deepening of the shaft, and it is therefore probable that insurance coverage can be obtained.

2. The caving of the shaft resulted from the long delays and inadequate pumping facilities provided by the Operator. Had work been prosecuted promptly and efficiently, the required depth would have been reached long ago.

3. Possibly further work is impractical, and it would be expensive for the Operator to correct the results of these past mistakes. We do not doubt that they have gone $16,000 in the red, as they claim on these two contracts (this one and DMEA-2293), but we think that is due to inefficient management. Other Operators with similar contract have completed them successfully in far less time, and under conditions no better than at Shell Ridge.

This contract, originally scheduled for completion before April 30, 1953, has been dragged out nearly a year longer, for no good reason.

In summary, we recommend termination for cause. Regardless of the outcome of this contract, we will not recommend any future applications by this Operator.

We are sending this at this time so that it may be given immediate consideration, but we suggest that a decision be delayed until after the next visit by our field examiners (March 8) when they will check on a reported irregularity in the ownership of this property. We will notify you immediately after receiving their report.

/s/ Robert A. Laurence
Executive Officer
DMEA Region VII

/s/ Wm. A. Beck
Wm. A. Beck, for V. J. Lynch
U. S. Bureau of Mines

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.

February 19, 1954

RECEIVED
FEB 23 1954
Knoxville, Tenn.

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

Re: DMEA 2610, Idm-E 431
Mica, Shell Ridge Mine

Dear Mr. Laurence:

Reference is made to your letter of February 2, 1954; subject: Amendment to Exploration Contract 431.

In connection with the above named contract and insistance from your office that the same be completed under the proposed Amendment #2 to the contract, we wish to point out certain facts to be considered:

1. The insurance companies carrying the employer's liability have cancelled our coverage and we are unable to get coverage on the Shell Ridge shaft. Therefore, Dixie Minerals certainly does not intend to work the mine without insurance coverage.

2. The present shaft of 50 feet, which was completed in compliance with the contract, has caved and slid in, in the lower 25 feet thereof, necessitating for all practical purposes the reconstruction of that shaft to get back to where work stopped on the contract.

3. It is impractical to go further with the work. Pertinent facts are better seen and explained on the spot than can be handled by correspondence. Therefore, we believe it advisable for you to come and inspect and see the situation for yourself from a personal inspection on your part alone. This we urge you to do.

We wish to point out that records will substantiate the fact that Dixie Minerals has gone $8,000 into the red on Shell Ridge alone; and on Shell Ridge and Moses Creek together a total of $16,000 or more. However, while the contract at Moses Creek is complete, Dixie Minerals is going ahead on its own there and driving 20 to 25 feet of drift to follow out what looked like a vein.

It is our feeling and our recommendation that the contract pertaining to Shell Ridge Mine ought to be cancelled as it stands, without prejudice to either party, inasmuch as Dixie Minerals did

complete the 50 ft. shaft stage of the contract pursuant to the contract in good faith, and under the present circumstances it is not advisable to proceed further. This can be done by mutual cancellation of the contract in its present stage. Through the stage completed we deem that what the government has paid was justly earned. The reasons for not going further are beyond our control.

Very truly yours,

H. L. Liner, Sr.
Secretary-Treasurer

HLLmpk

Encl.

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

March 25, 1954

Memorandum

To: The Administrator
Through: 1. L. G. Houk
2. F. E. Johnson

From: Chief Counsel

Subject: Dixie Minerals, Inc., Docket No. DMEA-2610
Contract No. Idm-E431

Reference is made to a memorandum from the Field Team, Region VII, to the Operating Committee dated March 15, received at this office for consideration on March 18. The memorandum from the Field Team requests ". . . that the Operator be notified of termination for failure to fulfill the contract, for not having proper interest in the land and for not obtaining consent to Lien from Higdon."

In an earlier memorandum, dated March 5, Mr. Houk to the Administrator, it is said: "It is not believed that legal action to recover the monies advanced is justified." This memorandum seems to provide a justification for the Operator in not completing the work by the following statement: "In October 1953, after shaft reached 50' the State Mine Inspector stated it was too dangerous to make the turn off at 50'. The mine was abandoned and insurance cancelled."

Inasmuch as no notice of termination under the provisions of the contract has been given in this case (see memorandum of this date re Robert Baker, Contract Idm-E444 (Docket No. DMEA-2646), and Forest City Mining Company, Contract Idm-E480 (Docket No. DMEA-2725)), the Government is free to give a notice of rescission and demand for repayment of money for the default of the Operator, if the Government considers the default not justified. I think that the engineers should determine which course they wish to pursue, advise this office, and we will collaborate with them in preparing the suitable papers to implement their decisions.

JLHofflund/emd
Copy to: Docket
L. G. Houk
F. E. Johnson
J. L. Hofflund
chron.

J. L. Hofflund

J. L. Hofflund
Chief Counsel

C
O
P
Y

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

March 1, 1954

Mr. H. L. Liner, Sr.
Sec'y Treas, Dixie Minerals Inc.
131 Main St.
Waynesville, N. C.

Re: DMEA-2610, Idm-E 431 (mica)
Shell Ridge Mine

Dear Mr. Liner:

I have delayed answering your letter of February 19 until Mr. Beck and Mr. Teague returned from the field so I could discuss it with them.

Your letter will be forwarded to our Washington Office, where the final decision on approval of terminations must be made. I see no particular advantage in my visiting the mine at this time, as I have been there and am familiar with the situation, and Mr. Teague and Mr. Shirley have made frequent visits to the mine all during the life of the contract.

It is still the opinion of the Field Team that efficient operation with proper equipment would have brought this exploration to completion within approximately the stated time and, at the costs approved in the contract.

Very truly yours,

Robert A. Laurence
Executive Officer
DMEA Region VII

MAR 1 1954

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

Subject: Docket No. DMEA-2410 - Mica
Dixie Minerals, Inc.
Shell Ridge Mine
Jackson County, North Carolina
Contract No. Idm-2431

Dear Mr. Laurence:

Reference is made to your telephone conversation of February 23, 1954, on the subject contract.

You are authorized to terminate the subject contract using the standard form "Termination of Exploration Project Contract by Agreement After Commencement but Before Completion of the Work", if you deem it advisable to close the docket in this manner.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

J. H. Hedges

Member, Bureau of Mines

D. M. Larrabee

Member, Geological Survey

LGHouk:gad 2/25/54
Copy to: Admr. R. File
Docket File
Operating Committee
Mr. Dietrich, 3526
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

February 3, 1954

Feb. 23, 1954

Mr. L. G. Houk calling Mr. R. A. Laurence, Knoxville, Tenn.

Mr. Houk: I want to talk about Robert Baker (2646), Forest City (2725) and Dixie Minerals (2610).

Mr. Laurence: I received a letter today from Dixie Minerals.

Mr. Houk: Legal has written a memo to Mr. Mittendorf stating that the amount is so small it would be hardly worthwhile to send the material forward for prosecution.

Mr. Laurence: On Forest City - Seems Ira Vance is in the hospital and we may agree to terminate by mutual agreement with them. They have finally agreed to pump the mine out for examination.

Baker walked off and abandoned the project we have not been able to locate him. It is true it would probably cost more than it is worth.

Dixie-had a letter from them. I want to study it some. The gist is that when the State people said they could not turn off, the insurance company has refused to renew the insurance. The lower 25 ft. has caved and they want to terminate as is. If they had gone ahead it would not have had a chance to cave.

Mr. Houk: I wrote a memo that we should do something about Robert Baker. Legal and Mr. Johnson think there is nothing much to be gained.

Mr. Laurence: I agree with that. It probably would cost more than it is worth.

Mr. Houk: On Robert Baker and Forest City we have prepared a termination. You can hold Forest City and send it when you have had a chance to study it.

On Dixie you can go ahead, but we will not give exploration assistance to any of these again.

Mr. Laurence: We may eventually agree with them that it should be terminated (Dixie Minerals). I don't know what to do with the termination on Robert Baker - everything we send him comes back. I will send it registered mail.

Mr. Houk: If it comes back just notify us. On Dixie do you think it will be a mutual termination.

Mr. Laurence: Teague and Shirley think they have messed it up and not gone deeper when they should have. Now the insurance company gives them a good excuse for not going deeper.

We will not endorse anything they put in any more. If they had gone ahead not having a water level going up and down they would not have had all this trouble.

Mr. Houk: We can turn them down on incompetency. No second deal.

On Chrisawn (2368) He had one and now wants another (3199) Was he competent?

DEFENSE MINERALS ADMINISTRATION

97023

PRODUCTION EXPANSION DIVISION

PROCUREMENT APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Length of Contract (preproduction plus production) _____

Amount of Metals or Minerals in tons, units or pounds _____

Floor price or Guaranteed price and whether or not escalated _____

Maximum Government Commitment _____

Comments on Contract: _____

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Date sent to Legal Division _____

Date of Recommendation to D.P.A. for Certification _____

Date Certification sent to G.S.A. by D.P.A. _____

Date signed into Contract by G.S.A. _____

Additional Remarks: _____

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NOTE: If application is denied, or if it is recommended for change into exploration, etc., please state under additional remarks.

Interior—Duplicating Section, Washington, D. C.

Signed _____

Mr. Laurence: I will have to look it up. Was it the Zell Valley Shell or the Westall? I dont remember if he had difficulties or not.

Dixie Minerals and Forest City I would not give a contract on either of them again.

Mr. Houk: I want to talk about Elmyra Gibbs Harris Mine. It looks like a ~~new~~ second Elk Mine, (3221) also the Cilly Mine (3233)

(3221) It is quite a limited target and we were wondering about working these old mines under an exploration program. We have been trying to avoid them as much as possible. ~~to~~ Stay away from these old mines. Would you feel badly if we turn down the Elmyra Gibbs?

Mr. Laurence: I dont mind. I would not feel too strongly for it.

Mr. Houk: Quite a limited target. Tralyta Mine - how is that mine. Dont they (3215) have a lot of trouble holding ground, in Georgia.

Mr. Laurence: It is not the principal Georgia area.

Mr. Houk: The Grinstaff (3231) looks better. They feel here that there are too many old workings and not enough new mines.

Mr. Laurence: As policy that is a good thing.

Mr. Houk: They are getting critical of us. We must hue to the line of exploration. ~~I wanted to talk with you~~.

Mr. Laurence: I agree but we would not have had any mica if we hadnt had some of those old mines.

Mr. Houk: How are things, generally?

Mr. Laurence: I have been out since a week ago Friday and I have to catch up.

Mr. Houk: Do you thinks spring will see any increase in activity?

Mr. Laurence: No great increase. A steady flow of applications just as last year. No increase.

Mr. Houk: Are the mills working regularly?

Mr. Laurence: Yes. They are keeping busy. Generally they are under their full employment. No large dip in employment at the mills.

Mr. Houk: More interest shown in our program if no great employment. The change from 90 to 75% has not effected the people to get into the program.

Mr. Laurence: Apparently not. The rate seems to be the same as last summer.

DEFENSE MINERALS ADMINISTRATION

97023

PRODUCTION EXPANSION DIVISION

PROCUREMENT APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

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Comments on Contract: _____

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Date Certification sent to G.S.A. by D.P.A. _____

Date signed into Contract by G.S.A. _____

Additional Remarks: _____

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NOTE: If application is denied, or if it is recommended for change into exploration, etc., please state under additional remarks.

Interior—Duplicating Section, Washington, D. C.

Signed _____

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.

February 2, 1954

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

Re: DMEA-2610, Idm-E 431 (mica)
Shell Ridge Mine, Jackson Co., N. C.

Dear Mr. Lawhead:

On October 26, 1953, I sent to you, for signature, six copies of Amendment No. 2 to the subject exploration contract, which provided for sinking the Shell Ridge shaft to 75 feet, in order that the level work would be in sound rock. The State mine and quarry inspector has approved this change, and so notified you on October 12.

It will be appreciated if you will return the signed amendment (original and four copies) to me, and let me know how soon operations will be resumed. At present, $2,250.00 has been paid by the Government on this contract, and it is necessary to complete the work if the contract is not to be considered in default. Default could require repayment to the Government of all money paid to you for this work.

Very truly yours,

Robert A. Laurence

Minerals Administration
RECEIVED
DEC 31 1953

INTERIM REPORT

DMEA-2610 Idm-E431 (mica) SHELL RIDGE MINE

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

LOCATION: 8.3 miles airline S 16° W of Sylva, Jackson County, N. C. It is about 1.5 miles north of Pumpkintown, near the headwaters of Shell Branch. It is 14 miles by road from Sylva to the mine.

No additional work has been accomplished on this contract, due to conditions as outlined in the Interim Report of October 9, 1953. The operator was contacted, but no definite date for resuming work could be obtained. The insurance covering the mine was cancelled and the operator contends that he isawaiting word of reinstatement. Additional contacts will be made regularly until definite facts can be obtained.

L. E. Shirley, Mining Engineer
U. S. Bureau of Mines

K. H. Teague, Geologist
U. S. Geological Survey

Dewey Amos, Geologist
U. S. Geological Survey

December 16, 1953

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

October 30, 1953

Memorandum

To: Operating Committee, D M E A - Washington

From: Field Team, D M E A - Region 7

Subject: DMEA-2610, Idm-E 431 (mica) Shell Ridge Mine, Dixie Minerals Inc.

Amendment No. 2 to the subject exploration contract is returned herewith without the Operator's signature. Reason for this is that, On October 26, 1953, we prepared and sent to the Operator for his signature, Amendment No. 2 providing for the greater depth of the shaft but without increasing the total cost of the contract.

The Operator told Mr. Shirley recently that he was unwilling to put any more money into this project, and for that reason we prepared the amendment as indicated above, to achieve the principal objective without extra cost. If, after completion of the work as authorized in that amendment, it appears adviseable to do additional drifting or crosscutting, an amendment for additional work may be prepared at that time.

Robert A. Laurence,

Wm. A. Beck, for V. J. Lynch
U. S. Bureau of Mines

RAL/zm
cc:
Beck
Lynch
Files

Original to Docket

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

Defense Minerals Administration
RECEIVED
OCT 30 1953

October 28, 1953

Memorandum

REVIEW OF FIELD TEAM REPORT ON APPLICATION DMEA-2610 (mica)

To: L. G. Heuk, Defense Minerals Exploration Administration
From: D. A. Brobst, U. S. Geological Survey
Applicant: Dixie Minerals, Inc., 131 Main St., Waynesville, N. C.
Name of property: Shell Ridge mine
Location of property: 8.3 air miles S. 16° W. of Sylva, Jackson County, N. C.
Date of field team report: October 9, 1953
Authorship of field team report: L. E. Shirley and K. H. Teague
Field team's recommendation: Draw up an amendment allowing 20 to 25 feet of additional shafting to put the shaft on safe ground.

Comments:

The report states that, "The operators are not too interested in seeing this contract brought to a successful conclusion." The operators took 10 months to sink 50 feet of shaft. In view of this poor performance and lack of interest on the part of the operators, denial of the requested amendment is recommended.

ACTION SUGGESTED:

"Deny the request for the amendment."

D. A. Brobst

Copy to: DMEA (3)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

IN REPLY REFER TO:

Defense Minerals Administration
RECEIVED
OCT 30 1953

October 28, 1953

Memorandum

REVIEW OF FIELD TEAM REPORT ON APPLICATION DMEA-2610 (mica)

To: L. G. Houk, Defense Minerals Exploration Administration
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ACTION SUGGESTED:

Deny the request for the amendment.

D. A. Brobst

Copy to: DMEA (3)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

IN REPLY REFER TO:

Defense Minerals Administration
RECEIVED
OCT 30 1953

October 28, 1953

Memorandum

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ACTION SUGGESTED:

Deny the request for the amendment.

D. A. Brobst

Copy to: DMEA (3)

EXECUTIVE OFFICER
DMEA REGION VII

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1953

DOCKET COPY

October 26, 1953

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

Re: DMEA-2610, Idm-E 431 (mica) Shell Ridge Mine

Dear Mr. Lawhead:

We have been advised by Mr. Teague and Mr. Shirley that the State Mine Inspector will not approve beginning the level work at the Shell Ridge mine at the present depth because of the unstable condition of the wall material. However, Mr. Fitzgerald has stated in his letter of October 12 to you, that he will approve deepening the present shaft 20 to 25 feet in order to get in sound rock.

Therefore, I have prepared an amendment to the contract which will provide for this extra depth, by converting some of the drift footage to shaft footage, thus requiring no increase in the total amount of the project. Time for completion is extended for an additional six months.

Please sign all 6 copies of the amendment, keep one copy and return the original and 4 carbon copies to me as soon as possible so that work may be resumed at the earliest possible date. This work has dragged on for nearly a year and should be completed in the near future.

Very truly yours,

Robert A. Laurence,
Executive Officer, DMEA
Region 7

RAL/xm
cc:
Beck
Lynch
Opr. Com.
Files

C
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DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 28 1953

STATE OF NORTH CAROLINA

DEPARTMENT OF LABOR

Raleigh

DMEA 2610,
Idm E-431 (Mica)
Dixie Minerals, Inc.
Shell Ridge Mine.

Box 7346
Asheville, N. C.
October 12, 1953

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

Dear Mr. Lawhead:

After discussing the existing situation at your Shell Ridge Mine with Mr. L. E. Shirley, Mining Engineer, U. S. Bureau of Mines, it was decided that you may continue the present shaft on down from twenty to twenty-five feet. It is our belief that a more stable material will be encountered within this footage. Of course timbering and lagging shall be continued as before, as the working proceeds. After considerable progress has been made in deepening the shaft, if you will notify me I shall return for an inspection towards consideration of issuing a certificate of compliance

Very truly yours,

J. L. Fitzgerald
Mine and Quarry Inspector

CC: Mr. Lewis P. Sorrell
Deputy Commissioner

Mr. L. E. Shirley, Engineer
U. S. Bureau of Mines
11 Patton Avenue, Asheville

RECEIVED
OCT 26 1953
U. S. BUREAU OF MINES
DEF. MIN. ADM.
Knoxville, Tennessee

OCT 27 1953

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

Subject: Docket No. DMEA-2610 - Mica
Dixie Minerals, Inc.
Shell Ridge Mine
Jackson County, North Carolina
Contract No. Km-E431

Dear Mr. Laurence:

We are enclosing the original and five copies of Amendment No. 2 to the above-referenced contract which have been signed by the Administrator for the Government.

If the terms and conditions of this amendment are satisfactory to you and the Operator, all six copies should be signed and the usual distribution made.

If any part of this amendment does not have either your approval or that of the Operator and cannot be amended within your delegated authority, the original and all copies of the subject amendment are to be returned to this office, together with the proposed changes for consideration.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

J. H. Hedges
Member, Bureau of Mines

T. P. Thayer
Member, Geological Survey

Enclosures 6
WCAnderson:gad 10/23/53
Copy to: Admr. R. File
Docket File
Operating Committee
Mr. Dietrich, 3526
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

C
O
P
Y

STATE OF NORTH CAROLINA

DEPARTMENT OF LABOR

Raleigh

Box 7346
Asheville, N. C.
October 12, 1953

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

Dear Mr. Lawhead,

After discussing the existing situation at your Shell Ridge Mine with Mr. L. E. Shirley, Mining Engineer, U. S. Bureau of Mines, it was decided that you may continue the present shaft on down from twenty to twenty-five feet. It is our belief that a more stable material will be encountered within this footage. Of course timbering and lagging shall be continued as before, as the working proceeds. After considerable progress has been made in deepening the shaft, if you will notify me I shall return for an inspection towards consideration of issuing a certificate of compliance

Very truly yours,

J. L. Fitzgerald
Mine and Quarry Inspector

CC: Mr. Lewis P. Sorrell
Deputy Commissioner

Mr. L. E. Shirley, Engineer
U. S. Bureau of Mines
11 Patton Avenue, Asheville

INTERIM REPORT

MSHA-2610 Adm-1431 (mica) SHELL CREEK MINE

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

LOCATION: 8.3 miles airline S 16° W of Sylva, Jackson County, N. C. It is about 1.5 miles north of Dumpkintown, near the headwaters of Shell Branch. It is 14 miles by road from Sylva to the mine.

Shaft sinking has been completed on this contract. No work has been accomplished in the past 4 weeks because of results of an examination made at the bottom of the shaft by J. L. Fitzgerald, State of North Carolina Mine and Quarry Inspector, disclosed that the ground at this level was too dangerous for a turnoff point. At Mr. Fitzgerald's request, the mine was abandoned and insurance in effect on the mine was cancelled. Mr. Fitzgerald was contacted several times, but could give no recommendations for reopening the mine. In a personal discussion on October 12, 1953, Mr. Fitzgerald agreed that deepening the shaft at least another 20 feet would probably put the shaft in solid or more stable ground that would permit a turnoff at that level.

The Field Examiners were aware of the conditions at the mine, having made visits at two-week intervals, and when suggestions were made concerning turnoff point, etc., it was recommended that a capable timber man be employed to handle this phase of the work. The Field Examiners still share the opinion that a turnoff could be made at the 50 ft. level. However, in view of the foregoing facts, it is suggested that an amendment be drawn up allowing 20-25' of additional shafting to put the shaft in safe ground. It is safe to assume that the operators are not too interested in seeing this contract brought to a successful conclusion. This project began work

on November 27, 1952 and the past 10 months has been required to sink 50 feet of shaft.

L. S. Shirley, Mining Engineer
U. S. Bureau of Mines

K. M. Teague, Geologist
U. S. Geological Survey

October 9, 1953

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

Mr Anderson

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

600

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Aug., 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: 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 9/1/53 *Payee Dixie Minerals, Inc.
Per H. A. Lankford 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 Laurence E. Shirley Title Mining Engr. U.S.Bm 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 MT-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. 1953 Docket No. DMEA 2610 Contract No. E 451
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	~~50.00~~ 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~~ 50.00				

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. A. Lankford 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

Shell Ridge Mine. for August.

5th. Pumped, drilled and blasted.
6th. Mucked and drilled.
10th. Bored shaft.
11th. Timbered.
12th. Blasted and mucked.
13th. Finished muking 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.

[illegible]

[illegible]-2610 (am-231 (mica) [illegible]

[illegible]: Dixie Minerals, Inc., 101 Main Street, [illegible]ville, N. C.

LOCATION: 8.3 miles airline - 16° [illegible] Sylva, Jackson County, N. C. It is about 1.5 miles north of Humphintown, near the headwaters of Shell Branch. It is 14 miles by road from Sylva to the mine.

Shaft sinking continues on this contract and is now at 43.5 feet. Pegmatite material has been picked up on the northwest side of the shaft on one of a quartz rib flanked by feldspathic zones, which contain small muscovite mica, and biotite in quantity. The country rock, a biotite schist, is extremely weathered and soft at this depth and some heavy ground has impeded recent progress. The mine continues to make considerable water, but this being handled satisfactorily with an air sump pump. 1½ feet of shafting remains on this contract.

Mr. Harry Liner and M. A. Lawhead, operators, accompanied the field examiners on this visit to the mine.

[illegible] Shirley, Mining Engineer
U. S. Bureau of Mines

[illegible], Geologist
[illegible] Geological Survey

August 28, 1953

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

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

48

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAYMENT VOUCHER & SCHEDULE OF PAYMENTS K 9

OPERATOR'S MONTHLY REPORT AND VOUCHER

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. Lankford 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. Idm-E-431 in accordance with the terms of the contract.

Signature Laurence E. Shirley Title Mining Engr. U.S.G.M. Date Aug. 12, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lemmon 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	~~43~~ 42 ef	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. 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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 30 1943

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.

600

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 21 1953

INTERIM REPORT

DMA-2610 Idn-1431 (mica) SHELL FLOB MINE

OPERATOR: Dixie Minerals, Inc., 181 Main Street, Gainesville, Fla. 3.

LOCATION: 8.3 miles airline S 16° W of Sylva, Jackson County, N. C. It is about 1.5 miles north of Pumpkintown, near the headwaters of Shell Branch. It is 14 miles by road from Sylva to the mine.

Shaft sinking continues on this contract and is now at 43 feet. The bottom was not examined because pumping of collected water was in progress. Material on the dump consisted of biotite schist and granitic rock composed of quartz, feldspar and scattered pyrite. Progress on this contract is slow.

L. E. Shirley, Mining Engineer
U. S. Bureau of Mines

R. E. Teague, Geologist
U. S. Geological Survey

August 10, 1953

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
RECEIVED
AUG 12 1953

[illegible]-2610 Idm-2431 (mica) [illegible] HILL [illegible] MINE

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

LOCATION: 8.3 miles airline S 15° W of Sylva, Jackson County, N. C. It is about 1.5 miles north of Pumpkintown, near the headwaters of Shell Branch. It is 14 miles by road from Sylva to the mine.

Shaft sinking continues on this contract and is now at 38½ ft., an advance of 3½ feet in two weeks work. The bottom contained about 8" of water and was reported in biotite schist. Pump repairs have been made recently and no apparent obstacles stand in the way of progress.

L. E. Shirley, Mining Engineer
U. S. Bureau of Mines

R. H. Teague, Geologist
U. S. Geological Survey

July 23, 1953

INTERIM REPORT

[illegible] (mica) [illegible]

OWNER: Dixie Minerals, Inc., 101 Main Street, Sylvaville, N. C.

LOCATION: [illegible] miles airline S 18° [illegible] of Sylva, Jackson County, N. C. It is about 1.5 miles north of Pumpkintown, near the headwaters of Shell Branch. It is 14 miles by road from Sylva to the mine.

Shaft sinking is moving slowly on this project and is now at 35 feet. The shaft contained several feet of water at time of visit and the bottom could not be examined. Workers at the mine site, but-idle because of a pump breakdown, stated that the shaft was down at least an additional foot at time of pump failure.

The field examiners can see no visible reason for the slow progress on this job. Approximately eight months time has been required to sink this shaft 35 feet.

L. E. Shirley, Mining Engineer
U. S. Bureau of Mines

K. H. Teague, Geologist
U. S. Geological Survey

July 14, 1953

F-104 (Rev.)
il 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

VOUCHER AND SCHEDULE
MENTS NOT R-2

11

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June 195 3 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 Cus A. Piper
(Authorized Certifying Officer)

Date JUL 10 1953 Vou. No. 11

(See other side)

70.00

3

(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 July 7, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. A. Beck Title ACTING EXECUTIVE OFFICER 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

F-104A
ril 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 June 3 Project 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	Ft.	700.00	14	1800.00	36	1800.00		
Shafts								
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.								
		700.00	14	1800.00				
TOTAL COSTS								

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date July 3 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

HARVY A. LAWHEAD
PRES.

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

DIXIE MINERALS, INC.

HOME OFFICE: 131 MAIN ST.

WAYNESVILLE, 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 timber 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.

INTERIM REPORT

IBRA-2610 Idm-2431 (mica) SHELL RIDGE MINE

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

LOCATION: 3.3 miles airline S 16° W of Sylva, Jackson County, N. C. It is about 1.5 miles north of Pumpkintown, near the headwaters of Shell Branch. It is 14 miles by road from Sylva to the mine.

Shaft sinking continues slowly on this project and is now at 27.5 feet. One of the miners on the job reported that only a few shifts had been worked since the last visit because no drilling equipment was available. A jackhammer and necessary drill steel have been obtained and sinking should move faster in the future. Material removed has consisted principally of country rock, a mica schist, and quartz. The bottom shows a 2 ft. section of massive quartz.

L. E. Shirley, Mining Engineer
U. S. Bureau of Mines

R. H. Teague, Geologist
U. S. Geological Survey

June 15, 1953

[illegible]

[illegible]-(3D) [illegible] (mica) [illegible]

Location: Dixie [illegible], Inc., 101 Main Street, [illegible]ville, N. C.

Location: [illegible] miles airline S 13° W of Sylva, [illegible] County, N. C. It is about 1.5 miles north of [illegible]town, near the headwaters of [illegible] Creek. It is 1[illegible] miles by road from Sylva to the mine.

The drilling has resumed on this project and is now down to 20 feet. The mine is adding water, but operation has obtained a 3" air scrap pump, which is handling the flow satisfactorily. Mica schist observed in the bottom is becoming harder and will necessitate drilling and shooting. Some pegmatite stringer material was also observed in the bottom which is composed of quartz and feldspar. No mica has been recovered to date. It is anticipated that this project will show better progress in the future.

L. [illegible] Shirley, Mining Engineer
U. S. Bureau of Mines

[illegible] Keith, Geologist
U. S. Geological Survey

June 3, 1953

Noted 6/18/53 [illegible]

May 11, 1953

Memorandum

To: Administrator

From: Nonmetallic Minerals Division

Subject: Review of Amendment No. 1 - Docket No. DMEA-2610 - Mica
Dixie Minerals, Inc.
Shell Ridge Mine
Jackson County, North Carolina
Contract No. Idm-E431

Purpose: To amend Article 3 of the contract to allow 12 months instead of 6 months for completion of the work.

Justification: Inclement weather and inadequate pumping facilities have retarded progress.

Recommendation: The Nonmetallic Minerals Division concurs with the Field Team and recommends approval of the amendment as executed in the field April 28, 1953.

/S/

Stanley A. Feitler
Nonmetallic Minerals Division

SAFeitler:gad 5/11/53

Copy to: Admr. R. File
Docket File
Mr. Houk

Mr. Leitner

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 30 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
ROOM 15, POST OFFICE BLDG.
KNOXVILLE 2, TENN.

April 28, 1953

Registered Mail

Mr. H. A Lawhead, President
Dixie Minerals Inc.
131 Main St.
Waynesville, N. C.

Re: DMEA-2610, Idm-R431 (mica)

Dear Mr. Lawhead:

We understand that no work on your exploration contract has been done since early in March, and that you have apparently abandoned the project. Since March 4th three visits have been made to the property by our engineers and at each time no work was being done in the shaft. The completion date on this contract is April 30, 1953, and as it is now obviously impossible to complete the project by that time, there is enclosed six copies of an amendment extending the time for an additional six months. Please sign all six copies, keep one, and return the original and 1 copies to this office.

This contract, signed by you, is a firm contract to complete a project. A suspension of operations for whatever cause, with no intention of resuming operations within a time and in a manner to permit completion of the work within the time fixed by the contract, is a breach of the contract. Such a suspension is a default on your part, and justifies the Government in making no further contributions to the costs of operations, including work already performed. If the default continues, the Government could demand repayment of all contributions previously made.

Please give this your immediate attention and advise this office when you expect to resume operations.

Very truly yours,

Wm. A. Beck, Acting
Executive Officer, DMEA, Reg. 7

W R/zm
cc:
Laurence
Lynch
Opr. Com.
Files

Mr. Feltha

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]-2610 I[illegible]-[illegible]31 (mica) SHELL [illegible]

[illegible]: Dixie Minerals, Inc., 151 Main Street, Maynesville, N. C.

LOCATION: 5.5 miles airline S 16° [illegible] of Sylva, Jackson County, N. C. It is about 1.5 miles north of Dumplintown, near the headwaters of Shell Branch. It is 14 miles by road from Sylva to the mine.

Shaft sinking has been halted temporarily on this project because the operator has failed to obtain a pump to handle the water. Shaft measurements indicate additional raveling and loss of 1 foot. If this shaft is lost the responsibility will lie entirely with the operator. Both field examiners have suggested at different times to the operator the necessity of obtaining and using proper equipment in shaft sinking.

D. M. Larrabee, Commodity Specialist, U. S. Geological Survey, accompanied the field examiners on this visit to the mine.

L. E. Shirley, Mining Engineer
U. S. Bureau of Mines

K. H. Teague, Geologist
U. S. Geological Survey

April 23, 1953

noted
5/11/53
[illegible]

Dis. Letter

INTERIM REPORT

DMEA-2610 Idm-E431 (mica) SHELL RIDGE MINE

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

LOCATION: 8.5 miles airline S 16° W of Sylva, Jackson County, North Carolina. It is about 1.5 miles north of Pumpkintown, near the headwaters of Shell Branch. It is 14 miles by road from Sylva to the mine.

Shaft sinking continues slowly on this project. At the time of this visit, the shaft contained water within 8½ feet of the surface. Present shaft depth is 21½ feet and has probably accumulated some silt and other material as a result of the water. Operator has been advised several times to procure a small sump pump to handle the water. Men on the job stated that no work had been accomplished the week previous to this visit. Reported material in the bottom is mica schist.

Mr. W. A. Beck, a member of the DMEA Field Team, Region VII, accompanied the Field Examiners on this visit to the mine.

L. E. Shirley, Mining Engineer
U. S. Bureau of Mines

K. H. Teague, Geologist
U. S. Geological Survey

March 24, 1953

noted
4/10/53
SF

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

Mr. Feitler 124

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 - 47

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Feb., 1953 Docket No. DMEA 2610 Contract No. S 431
Operator's Name Dixie Minerals, Inc. Minerals Mica
Address Box 561 Sylva, N. C.
Contract Amount, $4600.00 Government Participation 90 % Amount, $140.00

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						
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(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	1100.00

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. Q. Lanthrop 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)

2

50.00

(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. Shirley Title Mining Engr. U.S.B.M. Date March 12, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Laurence Title EXECUTIVE OFFICER DMEA REGION VII Date MAR 1 1953

MONTHLY REPORT OF OPERATOR

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(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.

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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. 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.	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. 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.

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.

H. A. Lockwood

INTERIM REPORT

DMRA-2610 Idm-8431 (mica) SHELL RIDGE MINE

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

LOCATION: 8.8 miles airline S 16° W of Sylva, Jackson County, N. C. It is about 1.5 miles north of Pumpkintown, near the headwaters of Shell branch. It is 14 miles by road from Sylva to the mine.

This project has moved slowly since its starting date, primarily due to conditions that were made by the operator on work not covered by the contract, and the new shaft is now down to 18½ feet. The operator accompanied the field examiner to the mine, which was not working because of inclement weather, and stated that last measurements on the previous day showed the shaft depth to be 22 feet. About 3½ feet of loose silt and muck material had accumulated in this 22 hour period plus about 4 feet of water. The operator has been advised to procure a pump to alleviate this condition. At present he is removing the water with the muck bucket (55 gallon oil drum) and has had to bail as much as 40 buckets in the morning before men could go to work. (about 7' - SF)

The shaft has been timbered solid with upright round poles to a depth of 20-22 feet and has been lined with rough sawed 1" lumber of varied widths to its present depth. A separate manway will be constructed after more depth is obtained. Equipment on the job consists of a gasoline engine hoist employing a boom pole arrangement substituting for frame support. This appears to be satisfactory for sinking to a depth of 50'. Material removed consists principally of biotite schist and decomposed schist and silt.

L. E. Shirley, Mining Engineer
U. S. Bureau of Mines

noted 3/16/53 SF

March 4, 1953

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

Mr. Fettes

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
VOUCHER AND SCHEDULE
FEB 11 1953
105
MOR - 43

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Jan, 1953 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			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						
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. Lawhorn 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. Pipes
(Authorized Certifying Officer)

Date FEB 9 1953 Vou. No. 105
(See other side)

11/27/52

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

Signature Lawrence E. Shirley Title Mining Engr. U.S.B.M. 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 195 3 Docket 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	Unit Costs
Drifting	ft.						60	35.00
Crosscutting								
Raising								
Shafts	ft.	600.00	12	600.00	12	600.00	50	50.00
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. Lanthorn 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., 1953

DMEA-2610
Idm-E431

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.

RECEIVED
FEB 5 1953
U. S. BUREAU OF MINES
DEF. MIN. ADM.
Knoxville, Tennessee

Mr. Fitton

INTERIM REPORT

LMEA-2610 Idm-E431 (mica) SHELL RIDGE MINE

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

LOCATION: 8.3 miles airline S 16° W of Sylva, Jackson County, North Carolina. It is about 1.5 miles north of Pumpkintown, near the headwaters of Shell Branch. It is 14 miles by road from Sylva to the mine.

This project began on November 27, 1952. M. A. Lawhead accompanied the field examiner on this visit to the mine. The operator had, previous to starting date of Contract, attempted to remove weathered material in the vicinity of the shaft location by washing down with a stream of water. Work on an incline has begun and about 28 feet accomplished. Degree of incline allows a drop of 1 foot in 10 feet. This entire footage has been timbered, lofted over and loaded. At time of visit heavy ground was encountered at heading and some additional washing was in preparation. This work is progressing satisfactorily.

L. S. Shirley, Mining Engineer
U. S. Bureau of Mines

December 18, 1952

noted 1/22/53 SF

October 29, 1952

Memorandum

To: Administrator

From: Nonmetallic Minerals Division

Subject: Resume - Supplement 1
Docket No. DMEA-2610 - Mica
Dixie Minerals, Inc.
Waynesville, North Carolina
Shell Ridge Mine

Contract, with Owner's Consent to Lien waived, approved by Operating Committee 10/24/51

Letter from applicant received 10/24/52. Applicant has purchased the property and submits a copy of the deed.

Contract and letter of transmittal revised 10/27/52 to reflect the present status of the applicant as owner of the property.

Revised contract to Operating Committee 10/29/52.

Stanley A. Feitler
Nonmetallic Minerals Division

SAFeitler:gad

Copy to: Adm. R. File
Docket File
Mr. Houk

600

OCT 30 1952

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

Subject: Docket No. DMA-2610 - Mica
Dixie Minerals, Inc.
Shell Ridge Mine
Jackson County, North Carolina

Dear Mr. Laurence:

Please find herewith the original and five copies of a contract covering the subject exploration project which have been signed by this office for the Government with register number and effective date as shown.

If the contract meets with your approval, present it to the operator for his approval and signature. If any provisions are unsatisfactory to the operator, return all copies to this office along with suggested changes for consideration. The time to be allowed for starting and completing the work should be inserted in the proper spaces in Article 3 of the contract before the operator signs.

After signing of the contract, one copy is to be given to the operator, one copy retained for your files, one copy for the Regional Finance Officer, and the remaining copies, including the original, are to be returned to this office as soon as possible.

Sincerely yours,

Frank E. Johnson

Chairman, Operating Committee

Approved:

J. H. Hedges

Member, Bureau of Mines

A. R. Kinkel, Jr.

Member, Geological Survey

SAFeitler:gad 10/28/52
Copy to: Adm. R. File
Docket File
Operating Committee (2)
Mr. Dietrich, 3526
Mr. Norton, G-232 GSA Bldg.
Mr. Houk

Enclosures 6

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

October 20, 1952

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-2610, Mica Shell Ridge Mine, Macon County, North Carolina

I concur in the field team's recommendation for an exploration program in the amount of $4,600.

W. F. Dietrich

October 16, 1952

Memorandum

To: Administrator

From: Nonmetallic Minerals Division

Subject: Resume, DMEA-2610 - Mica (Formerly DMEA-2295)
Shall Ridge Mine
Dixie Minerals, Inc.
131 Main Street
Waynesville, North Carolina

Conclusions: Past production and mica bearing pegmatite now exposed indicate excellent possibility for a discovery.

Lease extends beyond the limit of the mica purchasing program so Owner's Consent to Lien can properly be waived for this small project.

Recommendation: Attached contract for $4,600.00 providing for a 50 foot shaft and 60 feet of drift should be approved.

Application received (DMEA-2295) 12/17/51.
Field referral 2/12/52
Field report received 4/9/52
Recommends denial or bulldozing surface - sinking 50 feet shaft and drifting 60 feet at a cost of $4,800.00
U.S.G.S. memo 4/16/52 - deny.
Application denied 4/21/52
Applicant asks for details of denial 5/15/52.
Letter to applicant re-affirming denial but offering reconsideration if applicant exposes pegmatite.
Supplemental report from Field Team 7/1/52 - says exposed pegmatite exposed by applicant looks good and recommends shaft and drift.

New number DMEA-2610 applied to old Docket DMEA-2295.
U.S.G.S. memo 7/11/52 - concurs with Field Team.
Letter to applicant requesting Owner's Consent to Lien.
Letter from applicant requesting waiver of Owner's Consent to lien as owner wants property back now that mica has been exposed at applicant's expense.

Letter received by DMEA 10/15/52 granting permission to waive Owner's Consent to Lien when lease is long enough to allow mining of probable ore bodies.
Contract prepared 10/15/52.
Contract to Legal Division 10/16/52.

Stanley A. Feitler
Nonmetallic Minerals Division

SAFeitler:gad 10/16/52

Copy to: Adm. R. File
Docket File
Mr. Heuk