Docket copy

TERMINATION AGREEMENT

It is agreed this 7th day of April, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Dixie Minerals, Inc., hereinafter called the "Operator," parties to that certain Exploration Project Contract IDM-R431, Docket No. DMEA-2610, dated October 30, 1952, that:

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

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

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

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

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

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

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

THE UNITED STATES OF AMERICA

By C. J. Mitterdorf
Administrator, Defense Minerals Exploration Administration

Rubin
Hoffman
Hook
Chamberlain

DIXIE MINERALS, INC.

By H. A. Lawhead
Pres.

DIXIE MINERALS, INC. DMEA-2610

Contract signed by

H. A. Lawhead

(Note) signed as President
on MF-104 for July, 1953.

File also contains letter from
James H. Howell, Jr., Attorney-at-Law

Deed of Conveyance signed by:
D. C. Higdon
Ethel H. Higdon

Application contains names of officers of co.
and three stockholders:

H. A. Lawhead, President (a director)
H. L. Liner, Sr. Secretary-Treasurer (a direct.
J. H. Howell, Jr. Vice-President (a director)

application signed by H. L. Liner, Sr.

Government's 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 O O Mittendorf
Administrator, Defense Minerals Exploration Administration

DIXIE MINERALS, INC.

By _____

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

RECEIVED

The following provisions are in lieu of Article 6:

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by this contract) from the date of the contract, or until the total net 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 net amounts realized from the sale or other disposition of any such production (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts, plus one-half ($\frac{1}{2}$) per cent 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) per cent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) per cent.)

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

d. Lien for Payment.--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.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--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.

Operator's Copy

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

AMENDMENT NO. 2

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(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 P Mittendorf
Administrator, Defense Minerals Exploration Administration

DIXIE MINERALS, INC.

By _____

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

RECEIVED
NOV 1 1953

The following provisions are in lieu of Article 6 :

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d. Lien for Payment.--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.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--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.

Finance Office Copy

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

AMENDMENT NO. 2

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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 _____

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

The following provisions are in lieu of Article 6:

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f. No Obligation to Produce.--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.

Field Team Copy

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

AMENDMENT NO. 2

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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 W Mittendorf
Administrator, Defense Minerals Exploration Administration

DIXIE MINERALS, INC.

By _____

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

The following provisions are in lieu of Article 6:

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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d. Lien for Payment.--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.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--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.

Docket Copy

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

AMENDMENT NO. 2

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Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C P Mitteudorf
Administrator, Defense Minerals Exploration Administration

DIXIE MINERALS, INC.

By _____

Before Robert Hoy Talbot

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

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

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

ANNEX I

The following provisions are in lieu of Article 6:

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by this contract) from the date of the contract, or until the total net 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 net amounts realized from the sale or other disposition of any such production (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts, plus one-half ($\frac{1}{2}$) per cent 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) per cent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) per cent.)

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

d. Lien for Payment.--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.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--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.

Docket Copy

UNITED STATES
DEPARTMENT OF THE INTERIOR

Orig one
5/15/53
Butin

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. Lowthwaite

XR

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 12 1952

MF-200 (A)
(February 1952)

DOCKET NO. DMEA [redacted]

COMMODITY [redacted]

Docket 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] [redacted]

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 [redacted], County of [redacted], described as [redacted]: [redacted]

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: [redacted]

(*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] [redacted]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 9. *Changes and added provisions* _____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Dixie Minerals, Inc.
(Operator)

By H. A. Lawhead Pres

By C. Mitteedorf
Administrator, Defense Minerals Exploration Administration

Seal
Chamber

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

_____ [CORPORATE SEAL]

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

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

ANNEX I

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

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

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

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

EXHIBIT "A"

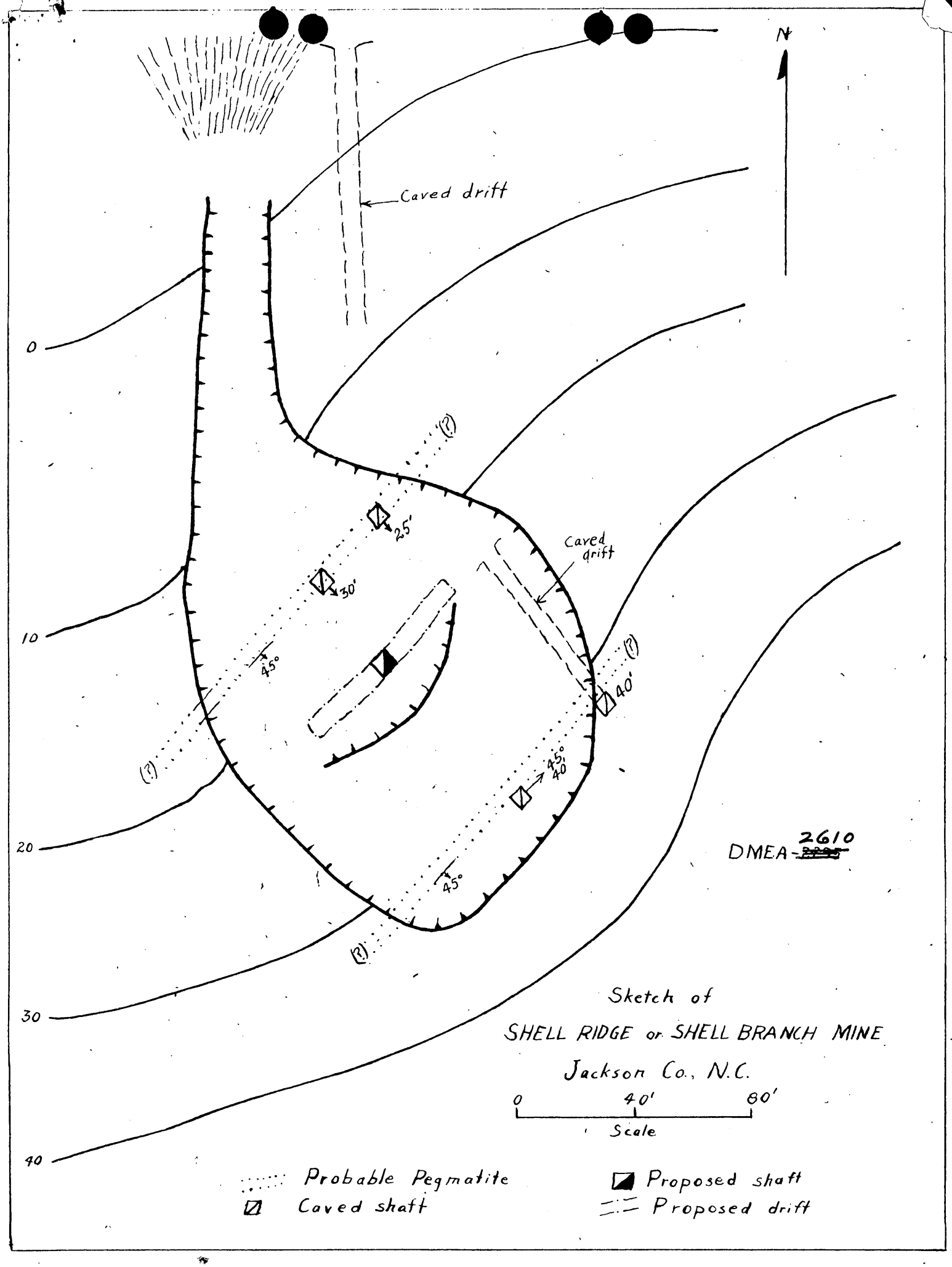
Description of the Work

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

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

Agreed Project Costs

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


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

DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMA Docket No. 2610

DO NOT DETACH THIS SLIP

Action on this document is recorded and controlled in Reports and Records Branch. Any movement of this document between divisions or offices of DMA or movement outside DMA must be reported to the Reports and Records Branch. Actions taken that affect status of the case must also be reported.

This document has been recorded as

EXPLORATION PROJECT

Any action taken to change the type of request for assistance must be promptly reported to the Reports and Records Branch. Use DMA Form 2 for submitting these reports.

Routing Slip

To:	Non-Met.Minls.Div.	Date	7/9/52
To:	Fertlr	Date	7/9/52
To:	Op Com	Date	10-24-52
To:	Op Com	Date	10-29-52
To:	Oper Com	Date	3-1-54
To:		Date	
To:		Date	
To:		Date	
To:		Date	
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To:		Date	
To:		Date	
To:		Date	

DO NOT DETACH

CONTROLLED DOCUMENT

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
11/5	Holt	500
	Russell	500
11/5	Talbert	800
	Selberg	120
11/6	Johnson	110
11/6	Tisnall	100
		320

NOV 6 1962

Mr. D. C. Higdon and
Mrs. Ethel H. Higdon
Sylva, North Carolina

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

Dear Mr. and Mrs. Higdon:

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

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

Sincerely yours,

George Fumich, Jr.

Director

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

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
10/31	Holt	500
	Yurusel	500
10/31	Talbert	800
		150
		110
		100
		220

Mr. D. C. Higdon and
Mrs. Ethel H. Higdon
Sylva, North Carolina

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

Dear Mr. and Mrs. Higdon:

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

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

There will be no lien on any production from your property after October 30, 1962.

Sincerely yours,

Director

SPHolt/mm
10-30-62
cc: Director's Reading File
CA&A Division
Region IV (2) with copy (2) of Form 63
Docket
Code 500

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

OFFICIAL FILE COPY

September 28, 1962

RECEIVED OCT 12 1962

DATE	INITIALS	CODE
10/15	[illegible]	800
		~~120~~
10-16	[illegible]	100
10/15	[illegible]	~~110~~
10/30	S.P.H.	500

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

Mr. D. C. Higdon

Sylva, North Carolina

Dear Mr. Higdon:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

W. R. Griswold, Chief
Division of Minerals

On 12th June 1954, I had to foreclose on the Deed of Trust held against the Dixie Minerals, Inc, Shell Ridge mine, Jackson Co. N. C, because they failed to make payments as agreed. They no longer own any part of my land.

D. C. Higdon

MME Form 63
Revised 3-62

DMEA-2610
Idm-E431

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since May 18, 1961, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. Since May 18, 1961, has there been any production from the land subject to the contract? Yes ☐ No ☒

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☒

   A. If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name _____ Title _____

Address _____ Date _____

4511

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

July 27, 1962

Re: [illegible]A-2610 (Mica)
Dixie Minerals, Inc.
Shell Ridge Mine
Jackson County, N. C.
Contract Idm-2431

Mr. D. C. Higdon

Sylva, North Carolina

Dear Mr. Higdon:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since May 18, 1961, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☐

2. Since May 18, 1961, has there been any production from the land subject to the contract? Yes ☐ No ☐

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value
_____		
_____	_____	_____

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore	_____	Tons	_____	_____
Concentrates	_____	Tons	_____	_____
Other	_____	Tons	_____	_____

3. Since _____, has any production been transported through _____ workings (see _____ of contract)? Yes ☐ No ☐

   A. If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value
_____	_____	_____

Submitted by:

Name _____ Title _____

Address _____ Date _____

4511

OFFICIAL FILE COPY

Date	Surname	Code
6/28	Tilbert	800
"	Holt	500
	Morris	500
6/28	Selfridge	120
"	Stillman	110
	Finch	100
		220

JUN 28 1962

Memorandum

To: The File

From: C. E. Fisher, OME Auditor C. E. Fisher

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

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

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

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

CEFisher/ama 6-28-62

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

43683

DMEA Form 7
(10-58)

DMEA-2610

OFFICIAL FILE COPY

Date	Surname	Code
		300
		120
		110
		100
		220

June 27, 1962

Memorandum

To: E. D. Talbert, Acting Chief
Contract Administration and Audit Division

From: C. E. Fisher, OME Auditor

Subject: Audit Trip to Spruce Pine, North Carolina

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

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

The last purchase by the Depot under the Mica Purchase Program was made on June 7, 1962. Mr. J. P. McKinney, Depot Superintendent, stated that processing the mica on hand and making final settlements with vendors will take another 60 to 90 days before the Depot is finally closed. Mr. McKinney also advised that 2,972 Participation Certificates were issued and 21,609 lots of mica were purchased during the program. At June 15 the yield of strategic mica amounted to 1,516,755.75 pounds. This will increase some when all processing is completed. As of June 1 the total payments to vendors amounted to $20,526,000. This amount will be increased when final settlements have been completed.

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

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

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

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

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

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

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

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

concentrating on strategic mica. Their company got only the local material that was not eligible for purchase by the Depot. Mr. Conley stated that some of the local miners have been in to "talk" about the possibility of continuing mining and are "considering" the matter. He indicated that he expected some land-owner farmers would probably bring in punch from time to time as they felt the need for cash. Just another crop from the land.

B-K Associates (Contract Idm-E557, DMEA-3000) sold punch to the Spruce Pine Mica Company. Mr. Conley hopes they will continue operations as the Bryson Mine is a good source of supply and, further, he would like to see a North Carolina operation continued. He stated that B-K Associates own a couple of punch presses (presumably in Baltimore), but that so far as he knew they had not used them on Bryson Mine production.

Sam Phillips met with me for an hour or so on Friday afternoon at the Baker Motel. This was after the rest of my investigation had been completed and I was satisfied that there was not much to be gained by such a meeting. Our talk was very general and limited mainly to projects in which he had been interested. He called my attention to the fact that 6 projects in which he was interested had repaid the Government advance in full. I carefully refrained from mentioning that in at least 10 times as many projects, he, and his associates, had stopped mining almost as soon as the Government contributions ceased. He mentioned the McKinney Mine (Contract Idm-E692, DMEA-3260) but I did not see any profit in a discussion of that case.

Mr. Phillips told me that all feldspar operations in the area were large open-cut mechanical operations and that it is practically impossible for the small operator to sell feldspar. The big operators have their own adequate supplies and do not wish to be bothered. The price is so low that the little fellow cannot afford to mine and haul his supply. Of course, when most of the mining expense was an exploration cost, some of the feldspar was sold. For example, Contract Idm-E412, DMEA-2277, Burke John Mica Miners, was certified because of feldspar discovery. According to Mr. Phillips the property has not been operated since completion of the exploration project.

My review of the Depot records indicated possible unpaid royalty in connection with 13 contracts as follows:

<u>Contract Idm-E311, DMEA-2377, Piedmont Minerals, Inc.</u>

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

[illegible] .74
[illegible] $394.50. A
[illegible] $19.7[illegible]
unpaid royalty [illegible] the document was
obtained [illegible] from pro-
[illegible] erators under
[illegible] royalty is
[illegible] the

[illegible] Lime Rest

Final settlement statement for [illegible] approved July 20,
[illegible], [illegible] Asheville,
N. C., [illegible] settlement [illegible] same as
[illegible] This contract
covered exploration at the [illegible] to the con-
tract and the landlord's subordination agreement executed by T. B.
Sumner, that mine is located in [illegible] Asheville is
the county seat of [illegible] County. [illegible] that the sale by
Mr. [illegible] by him
under the [illegible] Ranger Mine on
the settlement [illegible].

[illegible] 1945, [illegible] and [illegible] owner whose
address [illegible], Inc., [illegible] Asheville, N. C.,
[illegible] information about
[illegible] royalty as
[illegible] including the
sale by [illegible] on which
the payment was [illegible] certified
[illegible] of feldspar.

[illegible]

[illegible] settlement [illegible] 2-[illegible] dated,
approved [illegible], [illegible] 962,
[illegible] this settle-
ment statement [illegible] does not give
the location of the [illegible] contract [illegible] exploration at
the Hall Ridge [illegible] located in [illegible] which
[illegible] to the [illegible] seat.

DM[illegible] 26[illegible]

[illegible] 459, [illegible]-2079, Mica Industries, [illegible]

Final settlement sheets [illegible]-470[illegible], approved December 2, 1[illegible], and
[illegible]-[illegible], approved December 2[illegible], 1[illegible], [illegible] payments aggregating

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

Contract Idm-7495, DMEA-2793, Burns-Spangler Construction Co.

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

Contract Idm-8548, DMEA-2921, Fred Taylor, Julian Greene & Johnnie Greene

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

Contract Idm-8557, DMEA-3000, B. T. R. Mining Company

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

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

Date	Lot No.	Amount	
6/7/62	SPAR-496	$2,145.16	Final
6/15/62	" -512	1,214.58	"
4/5/62	" -523	1,100.98	Preliminary
4/12/62	" -530	1,181.30	"
4/19/62	" -537	950.82	"
4/26/62	" -542	875.89	"
5/3/62	" -547	966.57	"
5/10/62	" -560	842.03	"
5/18/62	" -566	917.21	"
6/1/62	" -591	435.49	"
6/5/62	" -599	236.26	"
6/7/62	" -607	279.04	"
4/5/62	SPAO-156	222.24	"
4/12/62	" -161	296.28	"

Contract Idm-5619, DMEA-5152, Dixie Mines, Inc.

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

Lot No.	Date Approved	Seller	Amount
SPAP-257(a)	11/5/58	S. P. Lett, Rt. 3, Linville, Ala.	$2,019.20
" -270(a)	12/30/58	" " " "	455.87
" -333(a)	12/19/58	" " " "	861.37
" -414(a)	3/16/59	L. T. Rounds, Rt. 2, Columbiana, Ala.	157.82
" -511(a)	3/25/59	" " "	649.37
" -780(a)	6/23/59	" " "	336.95

Contract Idm-5664, DMEA-3247, Newland Buchanan, et al.

Final settlement sheet for lot No. SPBR-163(a), approved August 24, 1960, covered payments aggregating $854.44 to M. E. Burleson & Frank W. Phillips Co., c/o Mitchell Lumber Co., Spruce Pine, N. C. The name and location of the mine are shown as Johnson Mine, Mitchell County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-5814, DMEA-3740, Roy Grindstaff, et al.

Final settlement sheet for lot No. SPAO-154(a), approved January 27, 1960, covered payments aggregating $263.65 to Pereley & Grindstaff, Route 3, c/o Roy Grindstaff, Bakersville, N. C. The name and location of the mine are shown as Conley, Mitchell County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-5977, DMEA-4337, Hawk Mining Company

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

Lot No.	Date Approved	Seller	Amount
SPAO-475(a)	4/18/59	J. E. Wilson, c/o Mitchell Lumber Co., Spruce Pine, N.C.	$ 114.80
" - 12(a)	7/24/59	" " " "	594.62
" - 51(a)	8/24/59	" " " "	1,070.79*
" - 89(a)	1/9/62	" " " "	302.37*

* Includes production from various mines. Amounts applicable to Hawk Mine are $195.57 and $9.48, respectively.

Contract Idm-5665, DMEA-3216, Hector Mining Company

Final settlement sheets for lots SPAR-10(a) and SPAR-14(a), approved September 7, 1960, covered payments aggregating $195.70 and $141.11, respectively, to Dan Allen, Route 2, Burnsville, N. C. The name and location of the mine are shown as Hector Mine, Yancey County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-5734, DMEA-3452, Howard Boone & John Jarrett

Final settlement sheet for lot SPAR-359(a), approved December 1, 1959, covered payments aggregating $101.31 to Hersley & Grindstaff, c/o Roy Grindstaff, Route 3, Bakersville, N. C. The name and location of the mine are shown as Putman, Mitchell County, N. C., which is in agreement with the description of the mine in which exploration was performed.

The following is furnished for your use in the unlikely event you may find it necessary to secure additional information regarding purchases by the Spruce Pine Depot.

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

General Services Administration, Region 3
Office of Regional Comptroller
Document Control and Collections Section
Room 6238, Regional Office Building
7th and D Streets, S. W.
Washington 25, D. C.

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

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

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

CEFisher/ama 6-27-62

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

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

OFFICIAL FILE COPY
IN REPLY REFER TO:
O. M. E
RECEIVED MAY 22 1961

DATE	INITIALS	CODE
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5/23	[illegible]	800
"	glal	500
		220

May 18, 1961

Report of Investigation of Certified Project

Dixie Minerals

Shell Ridge mine, Jackson County, N. C.
DMEA 2610 E431

No work is being done at the Shell Ridge mine and all equipment has been removed. The open cut is now over 150 feet in diameter and nearly 100 feet deep on the uphill side. The DMEA shaft is caved and only a few timbers indicate its approximate position.

Judging from the appearance of the cut and dumps, no work has been done for several years.*

Frank G. Lesure

Date Inspected
28 April 1961

* Last royalty covered production in 1956.
Talbert
5/23/61

MME Form 18
10-60

OFFICE OF MINERALS EXPLORATION

ANALYSIS OF ANNUAL REPORT
OF CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

Division of Minerals prepares in duplicate, files original in official docket, and sends copy -

To: (1) Code 110 (for verification or adjustment)
(2) Code 210

Docket No.	Operator	Report Period
2610	Dixie Minerals	To 5-1-61
		Contract No. E431

ORE ESTIMATES	Original DMEA or OME (From Final Report)	Revised DMEA or OME	Found by Operator after DMEA-OME work
Analysis			
Tons Found	about 12 tons		
Tons Produced (Ore or Concentrate)			
Previously Reported	all		
This Period			
Tons Remaining	—		

Comments of Analyst:

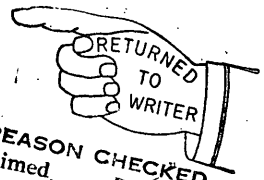
Inactive at present.

Prepared by W R Furnell Date 5/26/61

82444-60

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

OFFICIAL BUSINESS



REASON CHECKED
Unclaimed..... Refused.....
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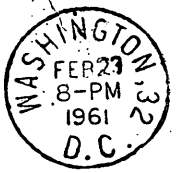

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF INTERIOR

Mr. D. C. Higdon

Waynesville, North Carolina

WAYNESVILLE
FEB
25
1961
N.C.

REQUEST FOR INFORMATION
FROM OPERATOR ON CERTIFIED PROJECT
AND PROJECT UNDER ROYALTY AGREEMENT

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

From: Chief, Division of Field Operations
~~Field Officer, OME~~
Office of Minerals Exploration
Department of the Interior
Washington 25, D. C.

Date: February 23, 1961

Concerning:
Docket No. DMEA-2610 (Mica)
Property Dixie Minerals, In c.
Shell Ridge Mine
Location Jackson County, North Carolina
Contract Idm-E431

D. C. Higdon

Waynesville, North Carolina

Proper address is Sylva N.C. Falls

With the certification of the exploration project identified above, you were asked to inform our office about changes in the status of the property and production from it.

To assist you to furnish this information and to assure the accuracy of our records, we ask that you answer the questions below and return ~~one copy~~ two copies to this office with copies of any pertinent documents.

George C. Selfridge
~~Field Officer~~
Chief, Division of Field Operations

1. Since July 1, 1958, has there been a change in ownership, lease, or sublease about which the OME has not been notified? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents. Yes ☐ No ☐

2. Since July 1, 1958, has there been any production from the property?*Yes ☐ No ☐

A. If so and it was shipped, give name and address of purchaser?

	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

Submitted by:

Name _____ Title _____

Address _____ Date _____

MME Form 63 8-60 * Property means land subject to the contract. 79340-60

Offered

SEMI-ANNUAL REPORT ON CERTIFIED OR PSEUDO CERTIFIED PROJECTS

INACTIVE SINCE LAST INSPECTION

1/2 @ 220 225

Commodity : Mica

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

DMEA No.	Idx-E	Operator & Mine	Date Inspected		
1140X	87	Pitt Mica Corp (Mary Mine)	June	25,	1958
1700X	116	Fred Cabe (Cabe No.1 Mine)	"	"	"
2150	156	Reid & Hooker (Reid Mine)	"	"	"
2277	412	Burke John Mica Mines (Burke John Mine)	"	"	"
2293	393	Dixie Minerals Inc. (D.H. Stephens Mine)	"	24	"
2327	476	Andrew W. Reid (May Mine)	"	25	"
2582	461	Zeb Angel (Kasson Mine)	"	24	
2610	431	Dixie Minerals Inc. (Shell Ridge Mine) Pseudo	"	24	"
2687	425	Sam Phillips, et al (Iotla Bowers Mine)	"	25	"
2875	613	Latt Young (Cox Mine)	"	24	"
2926	516	The Goodmica Mining Co. (Engle Cope Mine)	"	24	"
3000	557	B.T.R. Mining Co.(Terrill Bryson) mine	"	25	"
3265	830	Mines & Mining Inc.(Farlow Gap)	"	26	"
3287	674	Sam Phillips, et al (Mud Cut & Fallent Mines)	"	25	"
3469	737	A Ward(Elmore Mine)	"	24	"
3720	805	Alvin White, et al(Coward Mine)	"	24	"
3543	891	Buchanan Minerals Inc(DREAM Mine)	"	24	"

Wm. A. Beck, Mining Engineer, USBM (DMEA)

OFFICE FILE COPY
DMEA
RECEIVED FEB 11 1958
DATE CODE
2-11 C 220
12 COM 100
" 110
800
225

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

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.

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DMEA
RECEIVED SEP 9 1957

DATE	INITIALS	CODE

Wm. A. Beck, Mining Engineer
Bureau of Mines

z

9/4/57

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
4/11	Fisher	800
4/12	C	220
		225

APR 11 1957

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. Liner Real Estate and Insurance Co., and payable to Defense Minerals Exploration Administration.

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

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure-Ck. #776

CEFisher/wb
April 11, 1957

Copy to: Docket
Admr. Reading File
Mr. Chambers

8623

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

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 28 1957

DATE	INITIALS	CODE
3-28	C	220
3/28	EEF	800
		225

March 26, 1957

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

Re: DMEA-2610, Idm-[illegible] (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, DMEA
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-E431 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

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 28 1957

DATE	INITIALS	CODE
3/28	C	220
29	[illegible]	100

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

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

Inspected: March 20, 1957

WAB/as
Opr. Com. 2
Lynch
Files

2610

ACTION ON INCOMING
OR FINAL FIELD REPORT
Date 7-18

Referred to:

1. ~~[illegible]~~
2. ~~[illegible]~~
3. ~~[illegible]~~
4. ~~[illegible]~~
5. ~~Non Notable Miranda Division~~
6. Docket Control Mails and Files

Note comments in report regarding:

1. No opinion given as to likelihood of continued pyrdin. Note last ¶
2. ?
3.
4.

and take appropriate action.

Action taken by Divisions: ~~[illegible]~~

~~Disc [illegible]~~ thru Lawrence

~~Docket for [illegible]~~

Payments can be made

Report E. Adams

See letter [illegible]

8-14-56

W

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-E 431

Date of Contract October 30, 1952

Date of Certification Termination Agreement dated April 7, 1954. (pseudo?)

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 10.36 pounds of mica, totaling $126.76, to the GSA Mica Depot, Spruce Pine, N. C. during this period.

Original Estimate of Reserves (from final Engr.-Geol. report) None given ~~the~~ 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	Pounds	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

Docket Copy
Surname:
Houk

Selfridge
Talbut
Fleischmann
Nettendorf

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

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	Idm-E	Name	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 (GHB)

Approved:

/s/ Robert W. Geehan (GHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (GHB)
Member, Geological Survey

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

R.S.S.

RECEIVED
JUL 28 1955

REPORT OF INSPECTION OF PROPERTY ON WHICH THE

GOVERNMENT RETAINS A LIEN FOR TEN YEARS.

DMEA-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

Docket Copy
Surname:
Houk
Chamberlin
Selfridge
J. G. Johnson
Mittendorf

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 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 C. Selfridge
By ESF
Chairman, Operating Committee

Approved:

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

Thor H. Kiilsgaard
By ESF
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

R.C.L.

Docket Copy
Surname:
Houk
Selfridge

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 O. Selfridge
by EST

Chairman, Operating Committee

Approved:

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

Thor H. Kiilsgaard by EST
Member, Geological Survey

Enclosure

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

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. (Mica)

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.

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

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. (Mica)

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.

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

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

JLHofflund/emd

Docket Copy
Surname:
Houk
K Johnson
Wamsley
Mitchell

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

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

April 12, 1955

4-12-55

Subject: Resume of Docket No. DMEA-2610 - Mica (Formerly DMEA-2295)
Shell Ridge Mine
Dixie Minerals, Inc.
131 Main Street
Waynesville, North Carolina

Applicant's 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. $200,00 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 $4,800.00 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. 7/1/52

1952	
Aug. 5	Landlord's Subordination returned as not signed by owners.
Oct. 2	Applicant's 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 $4,600.00.
Dec. 31	Interim Report - work progressing satisfactorily.
1953	
Mar. 11	Interim Report - 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	Interim Report - work halted temporarily.
June 15	" " - work resumed shaft at 26'.
June 29	" " - shaft at 27.5' - drilling equipment has been obtained.

DEFENSE MINERALS ADMINISTRATION

97021

PRODUCTION EXPANSION DIVISION

LOAN APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

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

Metals or Minerals involved _____

Amount of loan and interest rate _____

Type of Loan (R.F.C. or Guaranteed Bank Loan) _____

Term of Loan _____

Purpose of Loan — Mine Equipment _____

Mill or Reduction Plant _____

Operating Funds _____

Other _____

Repayment and Rate _____

Comments on Contract: _____

_____

_____

_____

_____

Date sent to Legal Division: _____

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

Date Certification sent to R.F.C. by D.P.A. _____

Date Signed into Contract by R.F.C. _____

Additional Remarks: _____

_____

_____

_____

_____

Interior—Duplicating Section, Washington, D. C.

Signed _____

July 27	Interim Report - 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 - heavy ground.
Oct. 19	" " - shaft at 50' - State Mine Inspector causes abandonment of mine and cancellation of insurance. Field Team recommends amendment to deepen shaft 25'.
Oct. 27	Amendment No. 2 prepared and signed by Administrator and sent to Region VII.
Oct. 30	Letter from Region VII indicating Operator will not sign Amendment No. 2.
Dec. 31	Interim Report - Operator awaiting word of reinstatement of insurance.

1954

Feb. 2	Letter Laurence to Operator - (1) State Mine Inspector approved sinking to 75' and advised Operator Oct. 12. (2) Laurence states default on contract work could require $2,250.00 be repaid to Government.
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. Operator claims to have lost $8,000.00 on Shell Ridge. 5. Requests cancellation without prejudice.
Mar. 1	Laurence to Operator - forwarding Operator's letter to Washington for final decision. Field Team's opinion - efficient operator and equipment would have finished contract on time. After telephone conversation with Laurence he was authorized to terminate by agreement.
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. Recommends termination for cause. 5. No future contracts for Operator.
Mar. 5	L. G. Houk to C. O. Mittendorf: Terminate by mutual agreement - no application be accepted from applicant and no action to recover monies advanced.
Mar. 15	Field Team to Operating Committee: 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.

DEFENSE MINERALS ADMINISTRATION

97021

PRODUCTION EXPANSION DIVISION

LOAN APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

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

Metals or Minerals involved _____

Amount of loan and interest rate _____

Type of Loan (R.F.C. or Guaranteed Bank Loan) _____

Term of Loan _____

Purpose of Loan — Mine Equipment _____

Mill or Reduction Plant _____

Operating Funds _____

Other _____

Repayment and Rate _____

Comments on Contract: _____

Date sent to Legal Division: _____

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

Date Certification sent to R.F.C. by D.P.A. _____

Date Signed into Contract by R.F.C. _____

Additional Remarks: _____

Interior—Duplicating Section, Washington, D. C.

Signed _____

	Sale of mica - royalty $53.44 - paid.
11/7/52	Date of invoice.
7/19/54	Date of receipt of invoice.
5/5/54	Date of Field Team Final Report.
2/9/55	Received report of foreclosure of Dixie Minerals. Since foreclosure Goodmica produced mica from which royalties of $429.52 are due.
3/10/55	Offices of Dixie Minerals notified to arrange for payment of royalty under Goodmica operation.
3/21/55	Royalty Audit Certificate - by C. E. Fisher.
4/6/55	Paid $429.52 royalty due. No arrears in royalty.

Summary:

1. The Deed of Trust was not mentioned in application.
2. The Operator did not prosecute the work under the contract diligently.
3. The proper equipment was not available.
4. The ground was heavy.
5. The Operator cannot be forced to do work not originally set up in the contract.
6. Pseudo Certification clause in mutual termination agreement, dated April 7, 1954, protects Government lien on production.
7. No harm has been done the Government.
8. All royalties have been paid.

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 as suggested by Field Team is being referred to the Acting Assistant Solicitor's office for a formal opinion.

DEFENSE MINERALS ADMINISTRATION

97021

PRODUCTION EXPANSION DIVISION

LOAN APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

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

Metals or Minerals involved _____

Amount of loan and interest rate _____

Type of Loan (R.F.C. or Guaranteed Bank Loan) _____

Term of Loan _____

Purpose of Loan — Mine Equipment _____

Mill or Reduction Plant _____

Operating Funds _____

Other _____

Repayment and Rate _____

Comments on Contract: _____

_____

_____

_____

_____

Date sent to Legal Division: _____

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

Date Certification sent to R.F.C. by D.P.A. _____

Date Signed into Contract by R.F.C. _____

Additional Remarks: _____

_____

_____

_____

_____

Interior—Duplicating Section, Washington, D. C.

Signed _____

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

March 23, 1955

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

Re: DMEA-2610, Idm-5431 (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	64.38	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
ROOM WASHINGTON, D. C. 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
Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION V

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

Burton
Hoffland
Chandler
Hoch
Hedges
Kildgaard
Selfridge
Eckman

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

MAR 1 0 1955

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

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

Mr. James M. Howell, Jr.
Attorney-at-Law
P. O. Box 48
Waynesville, North Carolina

Re: Docket No. DMEA-2013 (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. Lanhead 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 24, 1954, from Mr. James M. Howell, Jr., vice-president and a director of your corporation, and your attorney, it was stated that the problem of obtaining an Owner's Consent to Lien had been eliminated by your Company's purchase of the mine property.

R.S.B.

Duplicate copies of a "Warranty Deed" evidencing the acquisition of title were attached to the letter indicating recordation in Book 196 at page 336 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 Johnson County last year by Mr. Higdon 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 Goodnice 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:rg:jb3/3/55

Copy to: DMEA Docket
Solicitor's Docket
Adm. R. File
Operating Committee
T. H. Killingsard, GS
W. F. Dietrich, MM
L. G. Houk
J. L. Hoffland
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.

MAR - 4 1955.

Memorandum

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

From: Acting Assistant Solicitor, Defense Minerals

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

Rubin

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

MAR - 4 1955.

Memorandum

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

From: Acting Assistant Solicitor, Defense Minerals

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

DOCKET COPY
Surname:
Anderson
Houk

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

600

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 1 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

RA/sm
cc:
Lynch
Opr. Com.
Allsman
Shirley
Files

Lt. Jan. 27, 1955
Dixie Minerals
Defendant

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

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

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 14 1955

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/sm
cc:
Beck
Shirley
Mr. Liner
Opr. Com.
Files

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

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

2

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

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.

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.

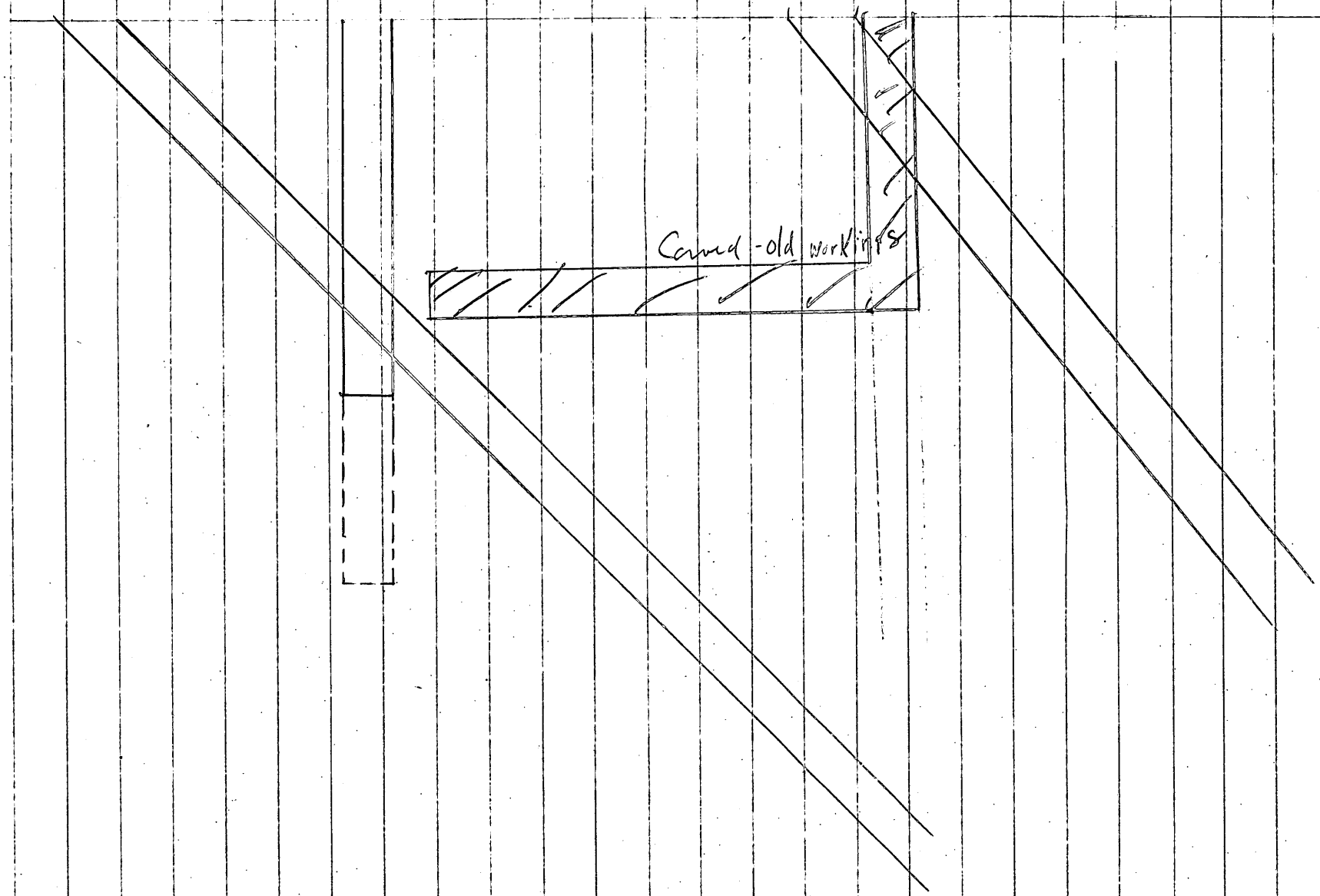
3. Expenditures - Total approved $4,600
Total cost 2,500
Gov't. share 2,250
Value None

Recommendation:

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

W. F. Dietrich

W. F. Dietrich


Caved -old workings

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:

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

Idn-E 431, DMEA-2610, Shall Ridge Mine (mica) N. C.

Robert A. Lawrence,
EXECUTIVE OFFICER
DMEA REGION VII

Enc.
cc:
Book
Lynch
Lawrence
Ex. Copy -DMEA

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.

May 22, 1954

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

Re: DMEA 2610, 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.
Secretary - Treasurer

RECEIVED
MAY 24 1954
U. S. Geol. Survey
Knoxville, Tenn.

May 22, 1954

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

Re: DMEA 2610, IdmE 431
Mica, Shell Ridge Mine

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Very truly yours,

DIXIE MINERALS, INC.

H. L. Liner, Sr.
Secretary - Treasurer

May 22, 1954

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

Re: DMEA 2610, IdmE 431
Mica, Shell Ridge Mine

Dear Mr. Laurence:

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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

Mr. H. L. Liner, Sr. Sec.-Treas.
Mica 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/wm
cc:
Beck
Lynch
Opr. Com. 2
Files

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

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

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION VII

IN REPLY REFER TO:
G-MD-CNM

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 12 1954

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

D. M. Larrabee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
ROOM 13, POST OFFICE BLDG.
KNOXVILLE 2, TENN.

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-2610, Idm-E 431 (mica) 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.

Robert A. Laurence
Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION VII

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

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

Administration
RECEIVED
MAY 10 1954

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.

z

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

Administration
RECEIVED
MAY 7 - 1954

May 5, 1954

Mr. H. A. Lanhead, President
c/o Dixie Minerals Inc.
Sylva, North Carolina

Re: DMMR-2610, Idn-3 L31 (mica)
Shell Ridge Mine, Mitchell County, N. C.

Dear Mr. Lanhead:

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,

Wm. A. Beck, Acting

WAB/mm

cc:
H.L. Miner, Sr.
Sec. Treas Dixie Minerals
Spr. Gen.-Q
Lynch
Beck
Files

File Copy
Surname:
Houk
~~Oberaugher~~
~~Selfridge~~
~~Fitzhugh~~

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 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. Idm-E431

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 (24B)

Approved:

J. H. Hedges (24B)
Member, Bureau of Mines

T. P. Thayer (24B)
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

R.C.G.

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

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-E431

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 "practice" [illegible] applies to sell [illegible] the [illegible] unnecessarily [illegible]

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.

140

FILE COPY
SURNAME:

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

H. S. in R. R.

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
ROOM 13, POST OFFICE BLDG.
KNOXVILLE 2, TENN.

Department of Defense Library
MAR 17 1954

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.

Robert A. Laurence

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

Wm. A. Beck

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

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

March 5, 1954

Memorandum

To: Mr. C. O. Mittendorf

From: Lawrence G. Houk

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

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.

File Copy
Surname: Houk

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

600

March 5, 1954

Memorandum

To: Mr. C. O. Mittendorf

From: Lawrence G. Houk

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

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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
ROOM 13, POST OFFICE BLDG.
WASHINGTON 25, D. C.
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.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 4 - 1954

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.

Robert A. Laurence

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION VII

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 4 - 1954

RECEIVED
FEB 23 1954
U. S. Bureau of Mines
Geologic Division
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.

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
U. S. Bureau of Mines
Knoxville, Tenn.

MAR 4 - 1954

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:

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Very truly yours,

H. L. Liner, Sr.
Secretary-Treasurer

HLLmpk

Encl.

File Copy
Surname:

Houk
Selfridge
Hedges
Matthews

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

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

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 (JHB)

Approved:

J. H. Hedges (JHB)
Member, Bureau of Mines

D. M. Larrabee (JHB)
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

R.C.G.
3-2-54

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 3 - 1954

March 1, 1954

Mr. H. L. Liner, Sr.
Sec'y eTreas, 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

RAL/sm
cc:
Beck
Lynch
Opr. Com
Files

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
ROOM 13, POST OFFICE BLDG.
KNOXVILLE 2, TENN.

GEN... Defense Minerals ... RECEIVED FEB - 3 1954

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 4 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

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

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 is awaiting word of reinstatement. Additional contacts will be made regularly until definite facts can be obtained.

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

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

Dewey Amos
Dewey Amos, Geologist
U. S. Geological Survey

December 16, 1953

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
ROOM 13, POST OFFICE BLDG.
KNOXVILLE 2, TENN.

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

Robert A. Laurence,

Wm. A. Beck

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

IN REPLY REFER TO:

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

DEPARTMENT OF THE INTERIOR
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
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

D. A. Brobst

BUREAU OF MINES
WASHINGTON, D. C.

OCT 30 9 07 AM '53

FILE COPY
SURNAME:

ce 10-26

Anderson
Houk
Talbert
Selfridge
Hedges

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

600

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. Idm-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 (JHB)

Approved:

J. H. Hedges (JHB)
Member, Bureau of Mines

T. P. Thayer (JHB)
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

R. G. 10-27-53

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 1 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.

Shaft sinking has been completed on this contract. No work has been accomplished in the past 4 weeks because ~~of~~ the 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. Fitzgeralds 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. E. Shirley

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

K. H. Teague

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

October 9, 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.

Shaft sinking continues on this contract and is now at 48.5 feet. Pegmatite material has been picked up on the northwest side of the shaft composed 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 H. A. Lawhead, operators, accompanied the field examiners on this visit to the mine.

L. E. Shirley

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

K. H. Teague

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

August 25, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 21 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.

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

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

K. H. Teague

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

August 10, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 12 1953

INTERIM REPORT

IMEA-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.

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 6" 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

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

K. H. Teague

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

July 28, 1953

913

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 21 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.

Shaft sinking is moving slowly again 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

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

K. H. Teague

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

July 14, 1953

Over page

C913

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.

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

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

K. H. Teague

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

June 15, 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.

Shaft sinking has resumed on this project and is now down to 26 feet. The mine is making water, but operator has obtained a #25 air sump pump, which is handling the inflow 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 make better progress in the future.

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

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

June 3, 1953

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

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.

Stanley A. Feitler
Stanley A. Feitler
Nonmetallic Minerals Division

cc 5/21

RECEIVED
MAY 18 '53
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

FILE COPY
SURNAME:

Feitler
Houk

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

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-R431

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.

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Stanley A. Feitler
Nonmetallic Minerals Division

SAFeitler:gad 5/11/53

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

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

COPY

Room 13, Post Office Bldg.
Knoxville 2, Tenn.

May 4, 1953

Memorandum

To: Operating Committee, D M E A - Washington

From: Executive Officer, D M E A - Region 7

Subject: Signed Amendment No. 1 on the following: DMEA-2610, Dixie Minerals
and
DMEA-2646, Robt. Baker

Transmitted herewith are 4 signed copies each of the above subject amendments.

One copy was retained by the Operator, one sent to the Finance Officer, and one retained by this office.

/s/ Robert A. Laurence

RECEIVED
MAY 18 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

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.

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

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

K. H. Teague

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

April 23, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 8 1953

INTERIM REPORT

DMEA-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.

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

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

K. H. Teague

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

March 24, 1953

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 11 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.

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.

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

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

March 4, 1953

2610

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 31 1952

INTERIM REPORT

IMEA-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. H. 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. E. Shirley

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

December 18, 1952

FILE COPY
SURNAME:

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

SAFeitler
Houk
Chamberlin

OCT 30 1952

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

Subject: Docket No. DMEA-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
(FEJ)
Chairman, Operating Committee

F.H. 10-30-52

Approved:

J. H. Hedges (FEJ)
Member, Bureau of Mines

A R Fankel Jr. (FEJ)
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
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

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

Stanley A. Feitler
Nonmetallic Minerals Division

FILE COPY
SURNAME:

SAFeitler

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

October 29, 1952

Memorandum

To: Administrator

From: Nonmetallic Minerals Division

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Docket No. DMEA-2610 - Mica
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Waynesville, North Carolina
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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

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

W. F. Dietrich

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 21 1952

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 VII
Room 13, Post Office Building
Knoxville 2, Tennessee

Subject: Docket No. DMEA-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. (Concurrence for starting date)

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.

Please note that in this contract the Owner's Consent to Lien is waived and the operator's corporate guarantee of repayment is accepted. X out

Sincerely yours,

Frank E. Johnson
Chairman, Operating Committee

Approved:

Member, Bureau of Mines

Member, Geological Survey

Enclosures 6

applicant
Purchasing
Cont

FILE COPY
SURNAME:

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

SAFeitler
Houk
Talbert

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

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

Dear Mr. Laurence:

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Please note that in this contract the Owner's Consent to Lien is waived and the operator's corporate guarantee of repayment is accepted.

Sincerely yours,

(signed) FRANK E. JOHNSON (SHB)

Chairman, Operating Committee

Approved:

Charles N. Merrill (SHB)
Member, Bureau of Mines

A. R. Zeitel Jr (SHB)
Member, Geological Survey

SAFeitler:gad 10/23/52
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
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

October 16, 1952

Memorandum

To: Administrator

From: Nonmetallic Minerals Division SAF

Subject: Resume, DMEA-2610 - Mica (Formerly DMEA-2295)
Shell 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 foot 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.

SAFeitler

Stanley A. Feitler
Nonmetallic Minerals Division

FILE COPY
SURNAME:

Steider
Hank

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

October 16, 1952

Memorandum

To: Administrator

From: Nonmetallic Minerals Division

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

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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.

JAMES H. HOWELL, JR.
ATTORNEY-AT-LAW
P. O. BOX 24
WAYNESVILLE, N. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 24 1952

October 22nd, 1952

Mr. Lawrence G. Houk, Acting Chief
Non-Metallic Minerals Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: DMEA Docket No. 2610 (formerly DMEA 2295), Shell Ridge Mine, Jackson County, N. C.
Application for Exploration Loan by Dixie Minerals Inc.,
Waynesville, N. C.

Dear Mr. Houk:

Sometime back I wrote you a request for Waiver of requirement of "Owner's Consent to Lien" with regard to the above named application for loan, the difficulty in obtaining that seemingly being the only thing that stood in the way of further consideration of the application.

This difficulty has been eliminated entirely now by the purchase of the mine property by Dixie Minerals Inc. I am enclosing a sufficient number of copies of the deed in this matter to be attached to the application.

The description of the land covered by the loan application and the contract should now be governed by the description given in the attached deed and not by the description contained in the former leases originally attached to the Application, although the leases covered the same property.

This deed is recorded in Deed Book 196 at page 396, Jackson County Register of Deeds Office, Sylva, North Carolina.

I trust that this will now place the application in line for further consideration, and hope that you will give it prompt attention. If some further thing need be done by Dixie Minerals Inc., please advise.

Very truly yours,

James H Howell, Jr.

James H. Howell, Jr.

(DUPLICATE COPY)

NORTH CAROLINA
JACKSON COUNTY

THIS DEED, made this the 26th day of September, 1952, by and between D. C. Higdon and wife, Ethel H. Higdon, of Jackson County, State of North Carolina, PARTIES OF THE FIRST PART, to Dixie Minerals Inc., a corporation organized under the laws of the State of North Carolina, with its principal office in Waynesville, Haywood County, State of North Carolina, PARTY OF THE SECOND PART.

W I T N E S S E T H:

That said parties of the first part, for and in consideration of the sum of TEN DOLLARS and other good and valuable considerations to them in hand paid by the said party of the second part, the receipt of which is hereby acknowledged, have bargained and sold, and by these presents do bargain, sell, and convey unto the said party of the second part, its assigns and successors in office, a certain tract or parcel of land in Savannah Township, Jackson County, State of North Carolina, adjoining the lands of U. S. Government and others, and more particularly described by metes and bounds as follows, to-wit:

> 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.

TO HAVE AND TO HOLD the aforesaid described tract or parcel of land and all privileges and appurtenances thereto belonging unto the said party of the second part, its assigns and successors in office, to it and its only use and behoof forever.

AND said parties of the first part, for themselves and their heirs, executors and administrators, covenant with the said party of the second part, its assigns and successors, executors and administrators, that they are seized of said premises in fee and have right to convey in fee simple, that the same are free and clear from all encumbrances, and that they do hereby forever warrant and will forever defend the said title to the same against the lawful claims of

all persons whomsoever.

IN TESTIMONY WHEREOF, said parties of the first part have hereunto set their hands and seals the day and year first above written.

SIGNED D. C. HIGDON (SEAL)

SIGNED ETHEL H. HIGDON (SEAL)

NORTH CAROLINA
JACKSON COUNTY

I, DAVID S. STILLWELL, a Notary Public, do hereby certify that D. C. Higdon and wife, Ethel H. Higdon, each personally appeared before me this day and acknowledged the due execution of the foregoing Deed of Conveyance.

Witness my hand and Notarial Seal, this the 26th day of September, 1952.

SIGNED DAVID S. STILLWELL
Notary Public.

My Commission Expires:

April 23, 1954

NORTH CAROLINA
JACKSON COUNTY

The foregoing certificate of DAVID S. STILLWELL, a Notary Public, attested by his Notarial Seal, is adjudged to be correct and in due form of the law.

Therefore, let the instrument, with the certificate, including this order, be registered.

Witness my hand and Official Seal, this the 6 day of Oct, 1952.

SIGNED: WILMA JONES
ASS'T Clerk Superior Court, Jackson County, N. C.

NORTH CAROLINA
JACKSON COUNTY

(COPY)

THIS DEED, made this the 26th day of September, 1952, by and between D. C. Higdon and wife, Ethel H. Higdon, of Jackson County, State of North Carolina, PARTIES OF THE FIRST PART, to Dixie Minerals Inc., a corporation organized under the laws of the State of North Carolina, with its principal office in Waynesville, Haywood County, State of North Carolina, PARTY OF THE SECOND PART.

W I T N E S S E T H:

That said parties of the first part, for and in consideration of the sum of TEN DOLLARS and other good and valuable considerations to them in hand paid by the said party of the second part, the receipt of which is hereby acknowledged, have bargained and sold, and by these presents do bargain, sell, and convey unto the said party of the second part, its assigns and successors in office, a certain tract or parcel of land in Savannah Township, Jackson County, State of North Carolina, adjoining the lands of U. S. Government and others, and more particularly described by metes and bounds as follows, to-wit:

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all persons whomsoever.

ON TESTIMONY WHEREOF, said parties of the first part have hereunto set their hands and seals the day and year first above written.

(Sgd.) D. C. Higdon (SEAL)

(Sgd.) Ethel H. Higdon (SEAL)

NORTH CAROLINA
JACKSON COUNTY

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(Sgd.) David S. Stillwell
Notary Public

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April 23, 1954

NORTH CAROLINA
JACKSON COUNTY

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(Sgd.) Wilma Jones
Asst. Clerk Superior Court, Jackson County, N. C.

(COPY)

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JACKSON COUNTY

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TO HAVE AND TO HOLD the aforesaid described tract or parcel of land and all privileges and appurtenances thereto belonging unto the said party of the second part, its assigns and successors in office, to it and its only use and behoof forever.

AND said parties of the first part, for themselves and their heirs, executors and administrators, covenant with the said party of the second part, its assigns and successors, executors and administrators, that they are seized of said premises in fee and have right to convey in fee simple, that the same are free and clear from all encumbrances, and that they do hereby forever warrant and will forever defend the said title to the same against the lawful claims of

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NORTH CAROLINA
JACKSON COUNTY

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Asst. Clerk Superior Court, Jackson County, N. C.

(COPY)

(COPY)

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JACKSON COUNTY

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(Sgd.) Ethel H. Higdon (SEAL)

NORTH CAROLINA
JACKSON COUNTY

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Notary Public

My Commission Expires;
April 23, 1954

NORTH CAROLINA
JACKSON COUNTY

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(Sgd.) Wilma Jones
Asst. Clerk Superior Court, Jackson County, N. C.

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JACKSON COUNTY

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(Sgd.) Ethel H. Higdon (SEAL)

NORTH CAROLINA
JACKSON COUNTY

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(Sgd.) David S. Stillwell
Notary Public

My Commission Expires;

April 23, 1954

NORTH CAROLINA
JACKSON COUNTY

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Witness my hand and Official Seal, this the 6 day of Oct., 1952.

(Sgd.) Wilma Jones
Asst. Clerk Superior Court, Jackson County, N. C.

(COPY)

MF-200 (A)
(February 1952)

Renewal

DOCKET NO. DMEA 2610

COMMODITY Mica

Government's Copy

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this _____ day of _____, 195__, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Dixie Minerals, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of North Carolina, and having an office at 131 Main Street, Waynesville, North Carolina

hereinafter called the "Operator," as follows:

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of North Carolina, County of Jackson, Township of Savannah, described as follows:[3] the mineral rights in The Shell Ridge or Shell Branch Mine which is 8.3 miles airline S. 16° W. of Sylva, Jackson County, located on the northern half of that tract of land described as follows: BEGINNING on a dogwood near a small branch (Shell Branch) and runs thence S. 45° E. 90 poles to a chestnut, witnessed by twin--chestnuts ~~XXXXXXXXXXXXXXXXXXXXXXXX~~ on a ridge; thence S. 45° W. 177-3/4 poles to a hickory; thence N. 45° W. 90 poles to a stake; thence N. 45° E. 177-3/4 poles to the BEGINNING: the Operator represents and undertakes:

(*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:~~

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is ~~attached~~ waived.

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

ARTICLE 3. *Exploration project.*—The Operator, within 30 days from the date of this contract shall commence work on a project of exploration for[5] Mica

in or upon the described land; and shall bring the project to completion within a period of 5 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 _____

By C. Mittendorf
Administrator, Defense Minerals Exploration Administration

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

_____ [CORPORATE SEAL]

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

JAMES H. HOWELL, JR.
ATTORNEY-AT-LAW
P. O. BOX 24
WAYNESVILLE, N. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 2 1952

Mr Feitler

September 30th, 1952

Mr. Lawrence G. Houk, Chief
Non-Metallic Minerals Division
Defense Minerals Exploration Administration
U. S. Department of the Interior
Washington, 25, D. C.

Subject: Docket No. DMEA-2610- mica- (formerly DMEA-2295)
Shell Ridge Mine- Jackson County, North Carolina.

Dear Mr. Houk:

Several days ago Mr. H. L. Liner Sr. requested me to write you about a situation with regard to obtaining "Owner's Consent to Lien". It May be that Mr. Liner or Mr. H. A. Lawhead has already written you about it.

Now that the mica vein has been exposed for a distance of 50 to 75 feet, a water resevoir constructed, and much work done toward getting the mine in operating condition, at a cost to Dixie Minerals Inc. of approximately $4000.00, the owner has (unless you have lately been informed otherwise by Mr. Lawhead) refused to sign "Owner's Consent to Lien". It does appear to us that the owner is attempting to regain control of his lease,-to regain possession of the mine. He has gone so far as to ask $5000 for the rights to five acres alone in consideration of his signing the "consent to lien".

In view of this difficulty, I am requested by Mr. Liner to ask you to give consideration to a request by Dixie Minerals Inc. for a waiver of Lien. This letter is to be taken as a request for such a waiver. If such can be obtained, it will greatly expedite going forward with the proposed exploration contract, which I understand has been tendered.

Please advise at your earliest convenience.

Very truly yours,

James H Howell Jr

James H. Howell, Jr.

JAMES H. HOWELL, JR.
ATTORNEY-AT-LAW
P. O. BOX 24
WAYNESVILLE, N. C.

August 12, 1952

Mr. Lawrence G. Houk, Chief
Non-Metallic Minerals Division
Defense Minerals Exploration Administration
U. S. Department of the Interior
Washington 25, D. C.

Subject: Docket No. DMEA-2610 - Mica (Formerly DMEA-2295)
Shell Ridge Mine - Jackson County, North Carolina

Dear Mr. Houk:

Reference is made to your letter dated August 5, 1952, subject application for exploration aid, docket number above.

Thank you for sending the "Owner's Consent to Lien" which we are in the process of having signed and returned and will forward as soon as completed to your office.

With regard to paragraph 4, it appears that the "Landlord's Subordination Agreements" executed by the land owners in what is known as the L. M. Stephens Mine, now No. DMEA-2294, have gotten 'out of pocket' and are in the wrong file in your office. "Landlord's Subordination Agreements" executed by George B. and Howard Stephens properly belong to file and Docket No. DMEA-2294 which application has been previously denied by your office. Those "Subordination of Lien Agreements" do not belong in the file concerning the Shell Ridge Mine, the subject application, and have no connection with subject application.

The lease obtained from D. C. and Ethel Higdon by Dixie Minerals, in connection with subject application has been accepted by the corporation. A corrected copy of said lease showing signature for Dixie Minerals, Inc., will be forwarded when "Owner's Consent to Lien" have been executed and all papers are ready for return to your office.

Very truly yours,

James H. Howell, Jr.

JHH:LL

James H. Howell, Jr.

AUG 14 1952

FILE COPY
SURNAME:
SAFeitler
CAH

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

AUG 5 1952

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

Subject: Docket No. DMEA-2610 - Mica
(Formerly DMEA-2295)
Shell Ridge Mine
Jackson County, North Carolina

Dear Mr. Howell:

Reference is made to subject application for exploration assistance at the Shell Ridge Mine, Jackson County, North Carolina. This application, under Docket No. DMEA-2295, was denied by our letter of April 21, 1952.

According to a Supplemental Field Report, the pegmatite is now exposed and sufficient evidence is available to justify favorable consideration. The application has therefore been assigned the above number and is now being processed.

The typed copy of the lease indicates signatures of D. C. Higdon and Ethel Higdon but no signature for Dixie Minerals, Inc. Has the lease been signed for the Corporation?

Why have the "Landlord's Subordination Agreements" been signed by George B. and Howard Stephens when apparently the owners of the property in question are D. C. and Ethel Higdon? Six copies of the "Owner's Consent to Lien" are enclosed for execution by the owners and two copies for your records.

Sincerely yours,

SIGNED
Lawrence O. Houk, Chief
Non-Metallic Minerals Division
Defense Minerals Exploration
Administration

cc 8/5/52

Enclosures - 8

SAFeitler:mp 8/4/52
cc: Docket File
Adm. Reading File
Mr. Dietrich, 3526
Mr. Norton, G-232, GSA Bldg.
Field Team, Region VII
Mr. Houk

IN REPLY REFER TO:
G-MD-CNM

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

S.A.F.

July 11, 1952

Memorandum

REVIEW OF FIELD TEAM REPORT ON APPLICATION DMEA-~~2295~~ 2610 (Mica)

To: L. G. Houk, Defense Minerals Exploration Administration
From: P. L. Weis, U. S. Geological Survey
Applicant: Dixie Minerals, Inc.
Name of property: Shell Ridge Mine.
Location of property: Jackson County, North Carolina.
Date of field team report: July 1, 1952
Authorship of field team report: R. A. Laurence and W. A. Beck.
Field team's recommendation: A re-examination of the Shell Ridge mine showed additional information that justifies allowing an exploration contract, as described in the original field team report dated April 1, 1952.
Comments: None.
ACTION SUGGESTED: Follow field team's recommendation.

Paul L. Weis

Paul L. Weis

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Room 13, Post Office Building
Knoxville, Tennessee

July 1, 1952

Memorandum

To: Operating Committee, D. M. E. A. Washington

From: Field Team, Region VII

Subject: SUPPLEMENTAL REPORT, ~~DMEA-2295~~ 2610, Shell Ridge Mine, Jackson County, N. C.

In connection with an examination of another application (D. H. Stephens Mine, DMEA-2293) for the Dixie Minerals, Inc., of Waynesville, N. C., K. H. Teague re-examined the Shell Ridge Mine on June 25, 1952.

Considerable stripping has been conducted at Shell Ridge since the original examination. Most of the loose overburden has been removed from the large circular pit and entrance way. The floor of the cut has been lowered approximately 10 feet and the pegmatite is now exposed for 50 feet along the strike. Several hundred pounds of book mica have been recovered recently. The mica is flat, hard, clear, free splitting, and ruby colored. Several books weighing from 10 to 15 pounds have been recovered.

In view of this recent work the Field Team believes that sufficient additional evidence is available to justify exploration assistance. We would therefore, recommend that this application be reconsidered and that a contract prepared along the outline given in the original Field Team's report, dated April 1, 1952. No bulldozing will be required.

Robert A. Laurence

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

Wm A. Beck jm.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JUL 3 - 1952

Reviewed by
DMEA OPERATING COMMITTEE

7-11-52
(date)

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D.C.

Room 13, Post Office Building
Knoxville, Tennessee

July 1, 1952

Memorandum

To: Operating Committee, D. M. E. A. Washington

From: Field Team, Region VII

Subject: SUPPLEMENTAL REPORT, DMEA-2295, Shell Ridge Mine, Jackson County, N. C.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
JUL 3 - 1952

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

FILE COPY
SURNAME:

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

600

JUN 19 1952

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

Subject: Docket No. DMEA-2295 - Mica
Shell Ridge Mine
Jackson County, North Carolina

Dear Mr. Howell:

This is in reply to your letter of May 15, 1952, referring to the denial of the subject application for exploration assistance.

With respect to a more detailed explanation of the reasons for denial, please be advised that the information regarding a property must indicate, in the opinion of the Government, the geologic probability of finding sufficient strategic or critical minerals or metals to be of significant importance to the National Defense Program.

In the subject case, the information contained in the application, and data obtained by the Field Team and from other sources have been carefully considered. Although some past production is indicated, the available data do not show that it was of strategic quality under current specifications. The pegmatite is not exposed and the mine workings are not accessible. Consequently, there is no evidence that further exploration would be worthwhile nor that exploration could reasonably be expected to result in a significant discovery. Under the circumstances we are unable to approve a project for the property.

However, if you will do sufficient work to expose the pegmatite, we will be pleased to reconsider the proposal when we have received information to that effect.

Sincerely yours,

C. O. Mittendorf (for) 6-19-52

Acting Administrator
Defense Minerals Exploration
Administration

FEJohnson:gad 6/17/52
Copy to: Admin. Reading File
Docket File
Operating Committee (2)
Field Team, Region VII, with copy of applicant's letter.
Mr. Norton, G-232 GSA Bldg.
Mr. Houk
Mr. Dietrich, 3526

JAMES H. HOWELL, JR.
ATTORNEY-AT-LAW
P. O. BOX 24
WAYNESVILLE, N. C.

May 15, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 16 1952

Administrator
Defense Minerals Exploration Administration
U. S. Department of Interior
Defense Mineral Administration
Washington 25, D. C.

Subject: Docket No. DMEA - 2295 - Mica, Shell Ridge Mine
Jackson County, North Carolina

Dear Sir:

Reference is to your letter of April 21, 1952, denying application for assistance on re-opening of this mine.

A more detailed explanation of the reasons for denial is requested inasmuch as the denial is quite a shock to the applicants in the light of the production history of this mine as is commonly known in Jackson County. Further, upon inspection of the mine by Federal mining experts from Knoxville, Mr. Lawhead of Dixie Minerals, Inc., gained the impression that for a shaft operation, approval would be recommended.

If desired affidavits from some of former operators can be obtained. It is not at all clear as to the reasons for denial, nor is it known upon what information you based the denial for assistance.

Very truly yours,

James H. Howell, Jr.

JHH:LL

James H. Howell, Jr.

C
O
P
Y

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

May 15, 1952

Administrator
Defense Minerals Exploration Administration
U. S. Department of the Interior
Defense Mineral Administration
Washington 25, D. C.

Subject: Docket No. DMEA-2295 - Mica, Shell Ridge Mine
Jackson County, North Carolina

Dear Sir:

Reference is to your letter of April 21, 1952, denying application for assistance on re-opening of this mine.

A more detailed explanation of the reasons for denial is requested inasmuch as the denial is quite a shock to the applicants in the light of the production history of this mine as is commonly known in Jackson County. Further, upon inspection of the mine by Federal mining experts from Knoxville, Mr. Lawhead of Dixie Minerals, Inc., gained the impression that for shaft operation, approval would be recommended.

If desired, affadavits from some of former operators can be obtained. It is not at all clear as to the reasons for denial, nor is it known upon what information you based the denial for assistance.

Very truly yours,

James H. Howell, Jr. /s/

C O P Y

FILE COPY
SURNAME:

Chapman
Dietrich
Norton
Houk
Hodges
Kayser
Heffman

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

600

APR 21 1952

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

Subject: Docket No. [illegible]-2295 - Mica
Shell Ridge Mine
Jackson County, North Carolina

Gentlemen:

Your application for exploration assistance on the Shell Ridge Mine, Jackson County, North Carolina, has been reviewed by the staff of the Defense Mineral Exploration Administration.

With data and reports in our files it is indicated that the discovery of significant bodies of strategic mica is not probable. Hence, your request for exploration assistance is denied.

We thank you for your interest in the defense minerals program and regret that we are unable to approve the expenditure of Government funds on this project.

Sincerely yours,

ce

C. O. Mittendorf

4/21

Acting Administrator
Defense Minerals Exploration
Administration

TLChapman:mp 4/17/52
cc: Docket File
Adm. Reading File
Field Team, Region VII (2)
Mr. Dietrich, 3526
Mr. Norton, G-232, GSA Bldg.
Mr. Houk

ce

IN REPLY REFER TO:

G-MD-JJN

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

April 16, 1952

Memorandum

REVIEW OF FIELD TEAM REPORT ON APPLICATION DMEA-2295 (Mica).

To: Non-Metallic Minerals Division, DMEA.
From: J. J. Norton, U. S. Geological Survey.
Commodity: Mica.
Applicant: Dixie Minerals, Inc.
Name of property: Shell Ridge.
Location of property: 8.3 miles S.16 W. of Sylva, North Carolina.
Field team's recommendation: Field team states that "No pegmatite is at present exposed," and in the absence of adequate data, the field team offers two alternative recommendations: (1) denial, or (2) a $4,800 project consisting of bulldozer work and a shaft on the northwest pegmatite.

Comments: Field team's indecision seems to reflect uncertainty on DMEA policy. It seems to me that the burden of proof should lie on the applicant, and he should be expected to show that the exploration is worthwhile and has a reasonable chance of resulting in a significant discovery. Inasmuch as the applicant has not provided evidence of this sort, I recommend denial. If the applicant cleans out the old workings and exposes the deposit, and by so doing obtains evidence that further expenditures are worthwhile, the project should be reconsidered.

ACTION SUGGESTED:

Deny the application, but notify applicant that the project will be reconsidered if he opens up the deposit and shows that further exploration is warranted.

J. J. Norton

J. J. Norton

OFFICE OF THE ADMINISTRATOR

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

Room 13, Post Office Building
Knoxville, Tennessee

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 9 1952

April 8, 1952

Memorandum

To: Frank E. Johnson, Chairman, Operating Committee, DMEA

From: Field Team, DMEA - Region VII

Subject: DMEA-2295 (mica) Dixie Minerals, Inc. Shell Ridge Mine
Jackson County, N. C. Field Examination Report.

Transmitted herewith are four copies of the field examination report on the subject docket.

The Field Team agrees with the findings of the examiner. As this is more or less a border line deposit, its approval is dependent upon policies set up in Washington.

The review of application and related papers are returned herewith. The copy of the docket is retained for our files. Six extra copies of the map showing recommended work are enclosed.

Benjamin Gildersleeve

Benjamin Gildersleeve, for
Robert A. Laurence, U. S. Geological
Survey.

W. A. Beck

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OSCAR L. CHAPMAN, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM, REGION VII

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 9 1952

DMEA-2295, SHELL RIDGE MINE
Jackson County, North Carolina
(mica)

By

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

April 1, 1952

Reviewed by
DMEA OPERATING COMMITTEE

4-14-52
(NB) (date)

Report of Field Examination on the

DMEA-2295, SHELL RIDGE MINE

Jackson County, North Carolina
(mica)

The Shell Ridge or Shell Branch Mine is located 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.

Past history of mining and production are unknown. From the meager information obtainable it would appear that the mine has been operated at various times by various miners since about 1900. The degree of their success is unknown. Apparently the last activity was by a group of miners from Burnsville, North Carolina during World War II. Colonial Mica Corporation's records indicate that 1226 pounds of mica valued at $2323 were produced.

No pegmatite is at present exposed. From information obtained locally, it would appear that at least two parallel pegmatites have been worked on the property. The pegmatites appear to strike about N 40° E and are reported to dip about 45° southeast. They are about 100 feet apart. The northwest pegmatite was worked from an open cut and two inclines on the pegmatite from the bottom of the cut. These inclines are reported to be from 25 to 30 feet deep. The southeast pegmatite is reported to have been worked to a depth of 40 feet, at which point water was encountered. Openings on the southeast pegmatite included an inclined shaft (40 ft. deep), vertical shaft(40 ft. deep) and a crosscutting adit approxi-

mately 75 feet long. The open cut is nowbadly slumped; its dimensions are about 125 ft. by 100 ft. and 40 ft. deep. Numerous slides have occurred along the southeast side of the cut.

It is reported that both pegmatites range in thickness from 6 to 10 feet and that mica obtained during mining was from near the hanging wall, between the wall and a medial quartz core.

Numerous books of mica up to 6 inches in diameter occur around the old openings. The mica is ruby colored and hard. Part of the mica examined was not free splitting and contained cracked and bent books. Some of the mica is mineral stained by small black spots--probably biotite. More biotite is present at this mine than is usual for the district.

From the small amount of information obtainable, it would appear that some strategic mica could be obtained from this deposit. Probably 50 percent of the sheet produced would not meet the specifications for strategic mica; however, from reports the pegmatites are supposed to be rich in book mica.

It is difficult with the data available to make a recommendation for this deposit. It would appear that past efforts to mine the deposit have been poorly planned, thus leaving the openings in a butchered condition. Two possibilities exist for the deposit: (1) Deny the loan; (2) Approve a limited amount of exploration on the northwest pegmatite. If exploration is approved the following procedure is recommended: Clean out the bottom of the old circular cut and entrance cut with a bulldozer, sink a 50-foot 6 x 8 ft. 2 compartment shaft in the hanging wall of the northwest pegmatite to intersect the pegmatite. From the bottom of the shaft, 30-ft. drifts (total of 60 ft.), should be driven along the pegmatite.

Estimated costs of this possibility are as follows:

Fixtures and Improvements

10 x 12 foot tool house	$300.00

Operating Equipment:

To be rented:

1 - Bulldozer*, 30 hrs. @ $10/hr.	300.00
1 - Air Compressor⊕ 2 mos. @ $200/mo.	400.00
1 - Single drum hoist⊕ 2 mos. @ $75/mo.	150.00
1 - Air Operated sump pump, 2 mo. @ $45/mo.	90.00
1 - Jackhammer drill, 2 mos. @ $60/mo.	120.00

To be purchased:

Hand tools	200.00
Supplies:	
Drill steel and bits	200.00
Dynamite and caps	450.00
Timber 4000 bd. ft. @ $60/M	240.00
Gasoline & oil	200.00

Furnished by Operator

None

Labor and Supervision

1 - Miner, 45 shifts @ $1.50/hr.	540.00
1 - Miner's helper, 45 shifts @ $1/hr.	360.00
1 - Working foreman-hoistman, 45 shifts @ $1.50/hr.	540.00
1 - Laborer, 45 shifts @ $1/hr	360.00
Insurance, social security, etc.	350.00

Rehabilitation and Repairs

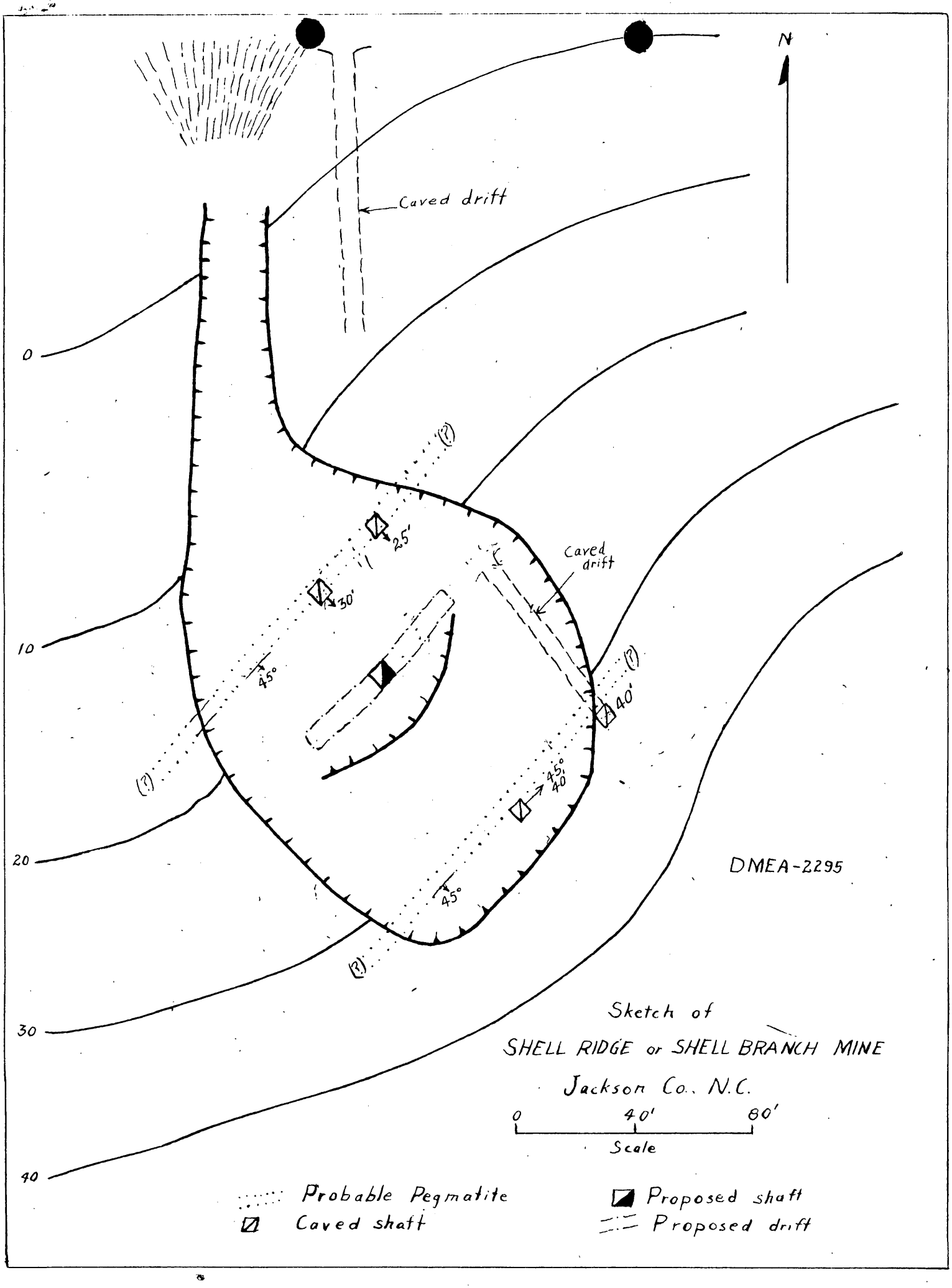
None

Total estimated cost.....	$4,800.00

* Rental includes operator, fuel, oil, and repairs.

⊕ Rental includes repairs, but not gasoline and oil.

Examined April 1, 1952
K.H. Teague, Geologist


N
Caved drift
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(?)
25'
30'
45°
Caved drift
(?)
40'
45°
40
45°
(?)
(?)
DMEA-2295
Sketch of
SHELL RIDGE or SHELL BRANCH MINE
Jackson Co., N.C.
0
40'
80'
Scale
Probable Pegmatite
Caved shaft
Proposed shaft
Proposed drift

COPY

Room 13, Post Office Building
Knoxville, Tennessee

April 8, 1952

Memorandum

To: Frank E. Johnson, Chairman, Operating Committee, DMEA

From: Field Team, DMEA - Region VII

Subject: DMEA-2295 (mica) Dixie Minerals, Inc. Shell Ridge Mine Jackson County, N. C. Field Examination Report.

Transmitted herewith are four copies of the field examination report on the subject docket.

The Field Team agrees with the findings of the examiner. As this is more or less a border line deposit, its approval is dependent upon policies set up in Washington.

The review of application and related papers are returned herewith. The copy of the docket is retained for our files. Six extra copies of the map showing recommended work are enclosed.

/s/ Benjamin Gildersleeve
Benjamin Gildersleeve, for
Robert A. Laurence, U. S. Geological Survey.

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OSCAR L. CHAPMAN, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM, REGION VII

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 9 1952

DMEA-2295, SHELL RIDGE MINE
Jackson County, North Carolina
(mica)

By

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

April 1, 1952

Reviewed by
DMEA OPERATING COMMITTEE
4-14-52
(JHS) (date)

Report of Field Examination on the

DMEA-2295, SHELL RIDGE MINE

Jackson County, North Carolina
(mica)

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mately 75 feet long. The open cut is nowbadly slumped; its dimensions are about 125 ft. by 100 ft. and 40 ft. deep. Numerous slides have occurred along the southeast side of the cut.

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1 - Air Operated sump pump, 2 mo. @ $45/mo.	90.00
1 - Jackhammer drill, 2 mos. @ $60/mo.	120.00

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Dynamite and caps	450.00
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Gasoline & oil	200.00

Furnished by Operator

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Labor and Supervision

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1 - Miner's helper, 45 shifts @ $1/hr.	360.00
1 - Working foreman-hoistman, 45 shifts @ $1.50/hr.	540.00
1 - Laborer, 45 shifts @ $1/hr	360.00
Insurance, social security, etc.	350.00

Rehabilitation and Repairs

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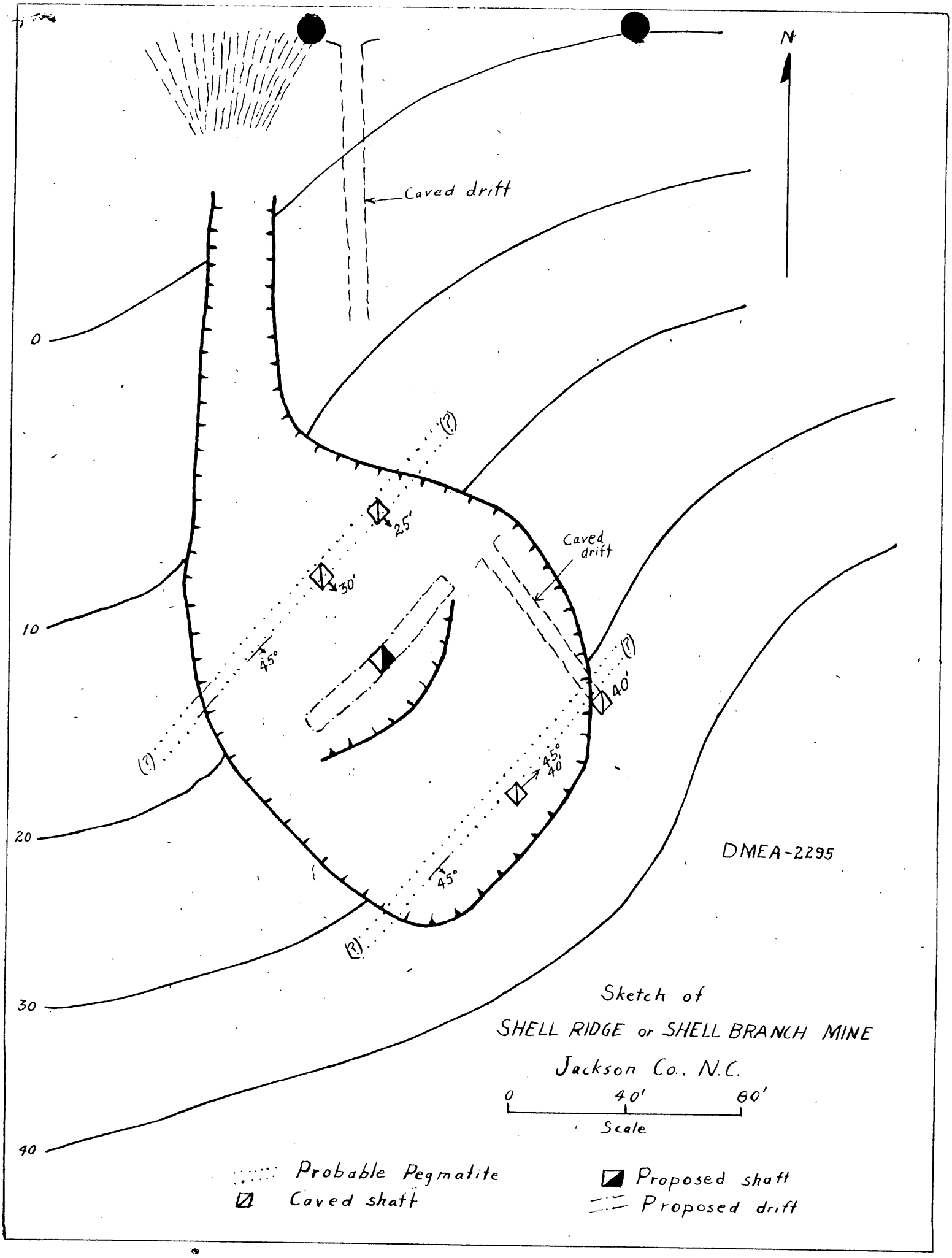
Total estimated cost.....	$4,800.00

* Rental includes operator, fuel, oil, and repairs.

@ Rental includes repairs, but not gasoline and oil.

Examined April 1, 1952
K.H. Teague, Geologist


N
Caved drift
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10
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25'
30'
45°
Caved drift
(?)
40'
45°
40
(?)
45°
(?)
DMEA-2295
Sketch of
SHELL RIDGE or SHELL BRANCH MINE
Jackson Co., N.C.
0
40'
80'
Scale
Probable Pegmatite
Caved shaft
Proposed shaft
Proposed drift

FILE COPY
SURNAME:

Houk
Dietrich
Thayer

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

FEB 12 1952

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

Subject: Docket No. DMEA-2295 - Mica
Shell Ridge Mine
14 Miles S.W. of Sylva
Jackson County, Tennessee

Gentlemen:

Dec. 14, 1951

Receipt is acknowledged of Mr. James H. Howell, Jr.'s letter of February 5, 1952, supplying additional information on the subject application.

Your application is being referred to Mr. Robert A. Laurence, Executive Officer, DMEA Field Team, Region VII, Knoxville, Tennessee, for further information.

Sincerely yours,

C. O. Mittendorf (for) E.P.L. 2/12/52
Acting Administrator
Defense Minerals Exploration
Administration

LGHouk:gad
2/7/52
Copy to: Admin. Reading File
Docket File
Mr. Dietrich, 3526
Mr. Norton, G-228, GSA Bldg.
Mr. Houk

This is apparently in error as Letter of 2/5/52 although numbered 2295 refers to the L. M. Stephens Mine DMEA 2294
Lt. has been placed in 2294
5/19/52

FILE COPY
SURNAME:

Chapman
Houk
Dietrich

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

FEB 12 1952

Mr. Robert A. Laurence
Executive Officer
DMEA Field Team, Region VII
Room 13, Post Office Building
Knoxville 1, Tennessee

Subject: Docket No. DMEA-2295 - Mica
14 Miles S.W. of Sylva
Shell Ridge Mine
Jackson County, Tennessee

Dear Mr. Laurence:

We enclose "Review of Application for Exploration Assistance" on:

Dixie Minerals, Inc.
Docket No. DMEA-2295
Commodity: Mica
Amount $12,930.00

Please expedite the consideration of this application with particular reference to the points raised in the enclosed "Review".

Sincerely yours,

C. O. Mittendorf (for) E.L. 2/12/52
ACTING Chairman, Operating Committee
Defense Minerals Exploration Administration

Approved:

J. H. Hedges (Lb)
For Bureau of Mines

J. P. Thayer (Lb)
For Geological Survey

Enclosure

TLChapman:gad 2/7/52
Copy to: Admin. Reading File
Docket File
Mr. Norton, G-228, GSA Bldg.
Mr. Dietrich, 3526
Mr. Houk

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 9 1952

Defense Minerals Administration

Review of Application for Exploration Assistance

Docket No. DMEA-2295

Commodity Mica

Total Amount $12,980.00

Govt. Participation $11,682.00 90%

1. Name and Address of Applicant Dixie Minerals, Inc.

131 Main Street, Waynesville, North Carolina

2. Location of Property 14 Miles Southwest of Sylva, Jackson County, N. C.

(Shell Ridge Mine.)

3. Mineral or metal Mica Is it listed in Section 9 of MO-5?

If not, application will be rejected.

4. Geologic probability of discovery—based on data in application (question #16, 17, 18, 20 and 22)*

Mines or Survey reports, etc., do you rate chances:

a) Good

b) Poor

c) None

d) Don't know—needs field examination Yes

e) Is there an alternative and favorable project? No
(If so, attach an explanation)

5. Is the applicant's right to the property clearly stated? Yes
(question 5, 6, 7)*

6. If applicant is a lessee, is a copy of the lease attached? Yes

Does the lease have sufficient time to run to cover a future

productive period? Yes

*question numbers are those of MF-103

7. Are subordination agreements necessary? Yes

a) MF-201? _____

b) MF-202 Yes

8. From the data presented, does the proposed project appear feasible from the point of view of:

a) Available manpower Yes

b) Equipment and supplies Yes
(question 14 plus general knowledge of availability)*

c) Accessibility (question 12)* Yes

d) Water (question 13)* Good

e) Power (question 13)* Use Gasoline powered machines

Is a field check needed on any of these points? No

9. Does the experience of the applicant appear to be adequate to assure that he can properly conduct the proposed project? (question 4)* Yes

_____

Is a field check needed on this point? _____

10. Exhibit A. (questions 21 and 22)*

a) Is the project adequately described? No

If not, are there sufficient data given so that you can describe the project? To a fair extent If so, attach a draft.

b) Is there an adequate map or sketch of the proposed work? No

_____

c) Is the proposed work "exploration" under the definition of Section 8, MO-5? Yes

If not, what part of it is? _____

_____

_____

_____

Is this part a worthwhile exploration project? Yes

d) Are the cost estimates detailed? Yes

Can they be summarized, as on page 2 of Procedural Instruction 5-A, from the available data? Yes If so, attach a draft.

e) Are the cost estimates reasonable? Some rent and purchase items appear to be low

f) Should more information be requested from applicant? _____

g) Is a field examination necessary to complete Exhibit A? Yes

11. Exhibit B (question 23-d)*

a) Is it applicable? Yes

b) If so, are sufficient data furnished? No If so, attach a draft.

c) Is a field check needed? Yes

12. Exhibit C (question 23-e, f and g)*

a) Is it applicable? Yes

b) Sufficient data? No If so, attach a draft.

c) Are rents and charges reasonable? Appear to be low

d) Is a field check needed? Yes

13. Exhibit D (question 23-a, b)*

a) Are there sufficient data? No

b) Is the schedule adequate for the work proposed? Not sufficient data on work proposed

c) Is the schedule excessive for the work proposed? _____

d) Are the proposed wages and salaries reasonable? Yes

e) Is a field check needed? Yes

14. Exhibit E (question 23-c)*

a) Is it applicable? No

b) Sufficient data? No

c) Reasonable?

d) Field check needed? Yes

15. In your judgment, can the proposed work be done in the proposed time? Insufficient data on proposed work

(All exploration must be completed within two years)

16. If field examination is not needed, attach your recommendation.

17. If field examination is needed, do you have any special instructions for the field team not indicated by your answers to the foregoing question? Needs geological study. Layout of work proposed for exploration and check on costs. Rentals and purchases appear to be low.

Reviewed by: Thomas L. Chapman

Date February 6, 1952

IN REPLY REFER TO:

G-MD-DHK

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

January 3, 1952

Memorandum

REVIEW OF APPLICATION DMEA-2295

To: Non-Metallic Minerals Division, DMEA.
From: Donald H. Kupfer, U. S. Geological Survey.
Commodity: Mica.
Applicant: Dixie Minerals, Inc.
Name of property: Shell Ridge (Shell Branch) Mine.
Location of property: 14 miles SW of Sylva, Jackson County, North Carolina.
Applicant's requests: 90 percent of $12,980.
Summary of applicant's proposal: Explore the pegmatite in the upper levels.

Sources of information on applicant's property: Brief report in files of R. H. Jahns.

Brief description of deposit: Three cuts about 80 feet X 80 feet or larger with two shafts in the middle cut. Strike, dip, width, and zoning of pegmatite unknown. The mica is generally ruby-colored, but some is green. Most of the mica is scrap grade as the books are not free splitting. The property produced 1,226 pounds of sheet and punch mica in World War II valued at $2,323.

Additional information needed from field team: Applicant's proposal is incomplete, and may be unworkable. The deposit may be mined out. Working conditions may be unsafe. The mica may be green.

RECOMMENDATION: Send to field team.

Reasons for recommendation: (1) Applicant's data is incomplete.
(2) The property has produced a moderate amount of good mica in the past.

Donald H. Kupfer

Donald H. Kupfer

EXPLORATION

Subject: DMEA-2295
Re: Exploration Loan
Shell Ridge Mine

Mr. H. L. Liner, Sr.
Dixie Minerals, Inc.
131 Main Street
Waynesville, North Carolina

My dear Mr. Liner:

This will acknowledge receipt of your application dated December 13, 1951 for a loan under the Defense Production Act of 1950.

Your application was assigned Docket Number DMEA-2295 and referred to the Non-Metallics Division.

Kindly refer to DMEA-2295 in any future correspondence relating to your application.

Sincerely yours,

ROBERT E. ADAMS

Robert E. Adams
Acting Administrative Officer

7862

DMEA - 2295

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 17 1951

JAMES H. HOWELL, JR.
ATTORNEY-AT-LAW
WAYNESVILLE, N. C.

December 14th, 1951

Defense Minerals Administration
Department of the Interior
Washington, D. C.

Re: Application of Dixie Minerals, Inc., for Exploratory Aid in connection with "Shell Ridge Mine"

Gentlemen:

I am submitting to you herewith attached, on behalf of Mr. H. A. Lawhead, of Sylva, N. C. and president of Dixie Minerals, Inc., the application of that company for exploratory aid in connection with a mica mining prospect located in Jackson County, North Carolina.

With regard to submission of MF-100, I did not have sufficient number of forms to submit same with this application. However, I have but recently submitted in connection with another project designated the "D. H. Stephens Mine Project" Form MF-100 and MF-103 giving the details of information about the corporation, its officers, directors, and stock, which would be the same for this application, and I hope that reference to that application will be sufficient. Further, the Form MF 103 submitted herewith gives practically the same information. However, if it be necessary that MF-100 be filed for each of these projects, please send me sufficient number of forms upon which to do so. (For ready reference, the "D. H. Stephens Mine Project" Application consisting of in behalf of Dixie Minerals, under date of December 13, 1951.)

It has been indicated to us that by sending this application direct to your office, the matter of obtaining a mineralogical survey of the prospect for which exploratory aid is requested, will be expedited. We are most anxious that such a survey be accomplished as quickly as possible with reference to this prospect, and in particular with reference to re-location of the vein at points above the existance of certain water conditions, which is best reported to you on the basis of a mineralogical survey.

Your prompt attention in the handling of the application will be greatly appreciated as Dixie Minerals, Inc., is anxious to get beyond the exploratory stage as rapidly as possible and into production upon those projects which may prove worthwhile as will be determined by exploration. Your assistance in any way possible will be appreciated.

Very truly yours,

James H. Howell, Jr.

James H. Howell, Jr.

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. DMEA-2610

Date received 12-17-51

Participation

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 17 1951

DIXIE MINERALS, INC.
131 Main Street,
Waynesville, N.C.

Name and address of applicant

Date December 13th, 1951.

FILL IN THIS BLOCK

Date of application December 13th, 1951.

Estimated cost $12,930.00

Mineral or metal Sheet Mica

Percentage of Government participation 90%

Location of mine 14 Miles Southwest of town of Sylva, in Jackson County, North Carolina.

(Shell Ridge Mine)

Date of filing MF-100

DMA Docket Number, if available

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation?
*2. If a partnership, state names and addresses of partners.
*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.
*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project.
*5. Are you the owner or the lessee of the property?
6. If owner, state what claims, liens, or encumbrances, if any, are against the property.
7. If lessee, attach a copy of the lease and state if it is in good standing.

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract.

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement.
9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)?

*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

16—64067-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.
    (*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

    NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*b*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

*11. State the present and former names of the property, if any.

*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads.

*13. State source and quantity of water available for operations and its sufficiency at all seasons.
State amount of power to be used, rate per hour or other cost, and source.

*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work.

15. State in detail how the ore could be shipped and how and where milled.

*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.
    (*b*) State briefly the known history and production of adjoining and neighboring properties.
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

*17. Production:
    (*a*) If mine is in production, furnish the following information:

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.

19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted?

21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it.

    NOTE.—The Government will not participate in a project that will require more than 2 years to complete.

22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data.

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:
    (*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each.
    (*b*) Supervisors, by numbers and positions, with salaries of each.
    (*c*) Cost of necessary repairs to existing facilities, structures, and buildings.
    (*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings.
    (*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each.
    (*f*) Cost of rental for equipment which the operator proposes to rent.
    (*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work.
    (*h*) Cost of materials and supplies, including items of equipment costing less than $50 each.
    (*i*) Cost of power, water, utilities, and any other items not provided for above.

24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent.

CERTIFICATION

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

DIXIE MINERAL, INC.
(Name of company)

By [illegible signature]
(Signature of authorized official)

DEC 14, 1951
(Date)

Sec & Treas.
(Title)

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.

*Same as footnote on page 1.

16—64067-1 U. S. GOVERNMENT PRINTING OFFICE

Supplementary sheets attached to MF-105)

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO

MINERAL ORDER 5, UNDER THE DEFENSE PRODUCTION ACT OF 1950.

Application of: DIXIE MINERALS, Inc.
131 Main Street,
Waynesville, N.C.

Date: December 13th, 1951.

For: Mine known as "Shell Ridge"

THE APPLICANT:

1. Applicant is a corporation.

2. Not applicable.

3. Names and Addresses of officers and directors and stockholders:
(Only three stockholders, all of which are named below.)

H.A.Lawhead, Sylva, N.C.	President (a director)
H.L.Liner, Sr. Waynesville, N.C.	Secretary-Treasurer (a director)
J.H.Howell, Jr., Waynesville, N.C.	Vice-President (a director)

4. Mining and business experience of applicant; none, newly organized corporation.

Mining and business experience of persons who will manage operations of applicant corporation:

a. H.A.Lawhead, Sylva, N.C. has had the following experience:in th for the last 11 years has engaged in the business of mining mica, feldspar, and vermiculite; prior to that he has had 10 years of experience in the mining of coal; he has also had 14 years experience in the business of operating a trucking line in interstate commerce, both as manager and as owner-manager. Experience in mining has been as manager and as part-owner manager.

b. H.L.Liner Sr., Waynesville, N.C. has been in business for himself for 30 years during which time he has and is now engaged in various and sundry enterprises consisting of logging, lumbering, building supplies, real estate and insurance, all of which are going enterprises. Also 1½ years of mining experience.

5. Applicant will operate project as lessee.

6. Not applicable.

7. Copy of lease attached. Lease is in good standing.

8. Statement of current financial status:

No profit and loss statement can be submitted inasmuch as corporation is newly organized with no past operating history.

Supplemental sheets attached to MF 103, "Shell Ridge" mine project.

8. (continued)

ASSETS		LIABILITIES	
Paid on Capital Stock - - -	$300.00	Capital Stock Outstanding - -	$300.00
TOTAL	$300.00		$300.00

A Approximately five thousand dollars ($5,000.00) worth of equipment and machinery will be transferred to corporation in exchange for capital stock, which will shortly give corporation that much additional assets.

9. How much money is applicant prepared to invest in the proposed project?

Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation? - - -YES.

10. a. The property involved is that property located 14 miles Southwest of the Town of Sylva, in Jackson County, North Carolina, on the lands of Dennis Higdon, three miles off of Route 23, on what is known as the Pumpkin Town Road.

b. See attached lease.

11. Mine is known as "Shell Ridge Mine", upon the Dennis Higdon property.

12. Reference is to Items 10 and 11 above. Pumpkin Town Road is a gravel road (and the mine is ½ mile off the road) from the intersection of Pumpkin Town Road to Sylva, North Carolina, which is a shipping point, - a good paved road exists. Sylva, North Carolina has connections East, South, West and North by main highways, all paved, and in addition is serviced by the Southern Railway System.

13. Water: There is good local supply of water close to mine, ample at all seasons.

Power: Area is serviced by REA within convenient connecting distance. It is contemplated that gasoline power will be used at this project at a cost of approximately $6.00 per day. Electricity, if used, will be at the regular REA industrial rate, applicable to area.

14. No useable facilities exist at location.

15. Mica will be trucked to Sylva, North Carolina, which is a shipping point.

16. a. Original mine was a big producer until a water condition was encountered, causing numerous slides, and now lessee believes to have discovered, with limited prospecting, a vein above the point where these conditions exist. Development previously was as open pit and tunnel type of mine.

b. This mine lies in a direct Mica lead between what is known as the Rocky Face mine, which lies to the Southwest and which was one of the heaviest producers of Mica during World War II, and what is known as "Stillwell Mine"

Supplemental sheets attached to MF 103 "Shell Ridge" mine project.

16. (cont).
which lies Northeast. This prospect is approximately 41° N.E. and S.W. of the mentioned mines and in direct line between them.

c. Mr. Fred Shaeffer who was Government Engineer in this district; during World War II approved several mines in the near vicinity of this prospect for Government aid. While his reports are not available to us, it is felt that they are available to the Bureau of Mines. It is believed that Mr. Shaeffer made a report on this matter.

17. Not applicable, as mine is not in production.

18. Unknown, but believed to be extensive.

19. Mr. H.A.Lawhead, president of the corporation making this application is firmly convinced that prospective site of new operations will eliminate past hazards of this mine.

20. Exploration shall be for mica, principally sheet, with punch and scrap mica and feldspar as by-products.

21. Proposed work is to explore and probe for vein of sheet mica and for the positive relocation of the same at points above conditions producing water hazards, heretofore existing.

22. Reference is to Item 16 above.

23. THE REQUIREMENTS AND COSTS: Shell Ridge Mine

(a) Labor required (Estimated)

2 miners at $1.50 per hr. 8 hrs.per day,90 working days - - -	$2160.00
4 muckers at $1.00 " " " " " " " " "	2880.00
1 powder & General utility man, $3.00 per day 90 " "	[illegible]
(b) 1 foreman @ $12.00 per day - - - - - - - - - - - - - - -	[illegible]
	$6840.00

(c) None

(d) Necessary installation, structures, buildings, will consist of Compressor house and tool shed, powder magazine, mica house, at an estimated cost of - - - - - - - - - - - - - 1000.00

(e) Items which must be purchased:

3 jack hammers - - - - - - - -	$250.00	
Jack hammer Steel - - - - - -	200.00	
Blacksmith Shop Equip.- - - -	200.00	
Mine Car and rails - - - -	500.00	
Sump Pump - - - - - - - - - -	200.00	
	$1350.00 - - - - - - - - - -	1350.00

Sub-Total Carried Forward $9190.00

Supplemental sheets attached to MF 103 "Shell Ridge" mine project.

23 (cont.

Sub-Total Forward	$9190.00
(f) Cost of rental of compressor - - - - - - - - - - - - - - - -	450.00
(g) Rental value of items to be devoted to work: Truck -	750.00
(h) Materials and supplies costing less than $50 each, consisting of hand tools, explosives, wheel barrows, etc.	1250.00
(i) Power, Gas oil, grease, electricity @ $6.00 per day - - - - - -	540.00
(j) Bulldozer work at mine	800.00
Total	$12980.00

24. Time Schedule:

Between sixty and ninety days will be required to assemble and prepare equipment to prepare land for actual work and set up necessary installations for commencing exploratory work. Ninty working days will be required to properly open, explore and locate vein of mica. It is expected that in the first phase of operations indicated, at least one-third of the cost estimated, and in particular with reference to those items which must be purchased, and the installation of structures and buildings necessary, will be expended. Approximately four calendar months will be required for the remaining phase of work in connection with actual exploration, at the end of which time the remainder of sum requested will be expended.

* * * * * * * * * *

(COPY)

NORTH CAROLINA
JACKSON COUNTY

THIS MINING LEASE, made and entered into this the 8th day of December, 1951, by and between D.C.Higdon and wife, Ethel Higdon, of Jackson County, State of North Carolina, hereinafter called the Lessors, and Dixie Minerals Incorporated of Haywood County, State of North Carolina, hereinafter called the Lessee.

W I T N E S S E T H:

That subject to the terms and conditions hereinafter set forth, said Lessors have let and leased unto said Lessee the exclusive right and privilete to mine, dig, mill, process and remove all mica and feldspar now in, under or upon the northern half of a certain tract or parcel of land lying and being in Savannah Township, Jackson County, North Carolina and more particularly described and bounded as follows:

> BEGINNING on a dogwood near a small branch (Shell Branch) and runs thence S. 45° E. 90 poles to a chestnut, witnessed by twin--chestnuts on a ridge; thence S. 45° W. 177-3/4 poles to a hickory; thence N. 45° West 90 poles to a stake; thence N. 45° E. 177-3/4 poles to the BEGINNING.

The terms and conditions of this lease are as follows:

Unless sooner terminated as herein provided, this lease shall exist and continue until the 8th day of December, 1956.

As rental, Lessee shall pay or caused to be paid to the said Lessors or their assigns ten per cent of the gross sales of all mica or feldspar mined and removed from the premises hereby leased for for the first six months of the term hereby leased and 12½ per cent of the gross sales of all mica and feldspar mined and removed for the remainder of the term of this lease.

The Lessee shall keep a correct and itemized record of all operations and transactions under this lease and such records may be at any time inspected by the Lessors.

It is further agreed and understood by all parties to this lease agreement, that if the payments on the percentage basis as aforesaid be less than the sum of $200.00 per annum, then and in that event the said Lessee shall either pay the deficit or surrender and terminate this lease.

So long as this lease remains in full force, Lessee shall in connection therewith have and enjoy the following rights and privileges:

(a) The right to use the surface of the northern portion of the said land above described to the full extent that such use is reasonably convenient or necessary in mining, digging, milling, processing and removing mica and feldspar from said premises;

(b) The right to construct and place upon said lands buildings and machinery and to remove the same.

(c) The right to cut and use upon said lands for mining purposes only as herein set out any timber standing thereon, except timber valuable for sawlogs, when the need of such timber may be necessary;

(d) The right to dam, divert and use the water in any stream upon said premises hereby leased;

(e) The right to construct and maintain roads in such locations as the Lessee may deem necessary or convenient for mining purposes.

It is also hereby agreed and understood by all parties to this lease agreement that the said Lessee, at its option, may renew this lease at the expiration of same, for another period of five years.

IN TESTIMONY WHEREOF, said Lessors and the Lessee have hereunto set their hands and seals, on this the day and year first above written.

(SGD) D.G.HIGDON (SEAL)

Lessors - -- - - - - - - - -

ETHEL HIGDON (SGD(SEAL)

Lessee - --- - - - - - - - - ______________(SEAL)

NORTH CAROLINA
JACKSON COUNTY

I, Hugh E. Monteith, a Notary Public, in and for Jackson County, North Carolina, do hereby certify that D.G.Higdon and wife, Ethel Higdon, each personally appeared before me this day and acknowledged the due execution by them of the foregoing and annexed mining lease for the purposes therein expressed.

Witness my hand and Notarial Seal, this the 8th day of December, 1951.

(Notary Seal)

(SGD) HUGH E. MONTEITH
Notary Public

My Commission Expires:

June 11, 1952.

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. DMEA-~~2295~~ 2610

Date received 12-17-51

Participation

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 17 1951

DIXIE MINERALS, INC.
131 Main Street,
Waynesville, N.C.

Name and address of applicant

Date December 13th, 1951.

FILL IN THIS BLOCK

Date of application December 13th, 1951.

Estimated cost $12,980.00

Mineral or metal Sheet Mica

Percentage of Government participation 90%

Location of mine 14 Miles Southwest of town of Sylva, in Jackson County, North Carolina.

(Shell Ridge Mine)

Date of filing MF-100

DMA Docket Number, if available

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation?
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*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.
*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project.
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7. If lessee, attach a copy of the lease and state if it is in good standing.

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract.

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement.
9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)?

*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

16—64067-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.
    (*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

    NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*b*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

*11. State the present and former names of the property, if any.
*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads.
*13. State source and quantity of water available for operations and its sufficiency at all seasons.
State amount of power to be used, rate per hour or other cost, and source.
*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work.
15. State in detail how the ore could be shipped and how and where milled.
*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.
    (*b*) State briefly the known history and production of adjoining and neighboring properties.
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.
*17. Production:
    (*a*) If mine is in production, furnish the following information:

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.
19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted?
21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it.

    NOTE.—The Government will not participate in a project that will require more than 2 years to complete.
22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data.

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:
    (*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each.
    (*b*) Supervisors, by numbers and positions, with salaries of each.
    (*c*) Cost of necessary repairs to existing facilities, structures, and buildings.
    (*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings.
    (*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each.
    (*f*) Cost of rental for equipment which the operator proposes to rent.
    (*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work.
    (*h*) Cost of materials and supplies, including items of equipment costing less than $50 each.
    (*i*) Cost of power, water, utilities, and any other items not provided for above.
24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent.

CERTIFICATION

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

DIXIE MINERALS, INC. (Name of company) By [signature] (Signature of authorized official)

DEC. 14TH, 1951 (Date) SEC. + TREAS. (Title)

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.

*Same as footnote on page 1.

16—64067-1 U. S. GOVERNMENT PRINTING OFFICE

Supplementary sheets attached to MF-103)

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO

MINERAL ORDER 5, UNDER THE DEFENSE PRODUCTION ACT OF 1950.

Application of: DIXIE MINERALS, Inc.
131 Main Street,
Waynesville, N.C.

Date: December 13th, 1951.

For: Mine known as "Shell Ridge"

THE APPLICANT:

1. Applicant is a corporation.

2. Not applicable.

3. Names and Addresses of officers and directors and stockholders: (Only three stockholders, all of which are named below.)

H.A.Lawhead, Sylva, N.C.	President (a director)
H.L.Liner, Sr. Waynesville, N.C.	Secretary-Treasurer (a director)
J.H.Howell, Jr., Waynesville, N.C.	Vice-President (a director)

4. Mining and business experience of applicant: none, newly organized corporation.

Mining and business experience of persons who will manage operations of applicant corporation:

a. H.A.Lawhead, Sylva, N.C. has had the following experience:in th for the last 11 years has engaged in the business of mining mica, feldspar, and vermiculite; prior to that he has had 10 years of experience in the mining of coal; he has also had 14 years experience in the business of operating a trucking line in interstate commerce, both as manager and as owner-manager. Experience in mining has been as manager and as part-owner manager.

b. H.L.Liner Sr., Waynesville, N.C. has been in business for himself for 30 years during which time he has and is now engaged in various and sundry enterprises consisting of logging, lumbering, building supplies, real estate and insurance, all of which are going enterprises. Also 1½ years of mining experience.

5. Applicant will operate project as lessee.

6. Not applicable.

7. Copy of lease attached. Lease is in good standing.

8. Statement of current financial status:

No profit and loss statement can be submitted inasmuch as corporation is newly organized with no past operating history.

Supplemental sheets attached to MF 103, "Shell Ridge" mine project.

8. (continued)

ASSETS		LIABILITIES	
Paid on Capital Stock - - -	$300.00	Capital Stock Outstanding - -	$300.00
TOTAL	$300.00		$300.00

A Approximately five thousand dollars ($5,000.00) worth of equipment and machinery will be transferred to corporation in exchange for capital stock, which will shortly give corporation that much additional assets.

9. How much money is applicant prepared to invest in the proposed project?

Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation? - - -YES.

10. a. The property involved is that property located 14 miles Southwest of the Town of Sylva, in Jackson County, North Carolina, on the lands of Dennis Higdon, three miles off of Route 23, on what is known as the Pumpkin Town Road.

b. See attached lease.

11. Mine is known as "Shell Ridge Mine", upon the Dennis Higdon property.

12. Reference is to Items 10 and 11 above. Pumpkin Town Road is a gravel road, (and the mine is ½ mile off the road); from the intersection of Pumpkin Town Road to Sylva, North Carolina, which is a shipping point, - a good paved road exists. Sylva, North Carolina, has connections East, South, West and North by main highways, all paved, and in addition is serviced by the Southern Railway System.

13. Water: There is good local supply of water close to mine, ample at all seasons.

Power: Area is serviced by REA within convenient connecting distance. It is contemplated that gasoline power will be used at this project at a cost of approximately $6.00 per day. Electricity, if used, will be at the regular REA industrial rate, applicable to area.

14. No useable facilities exist at location.

15. Mica will be trucked to Sylva, North Carolina, which is a shipping point.

16. a. Original mine was a big producer until a water condition was encountered, causing numerous slides, and now lessee believes to have discovered, with limited prospecting, a vein above the point where these conditions exist. Development previously was as open pit and tunnel type of mine.

b. This mine lies in a direct Mica lead between what is known as the "Rocky Face" mine, which lies to the Southwest and which was one of the heaviest producers of Mica during World War II, and what is known as "Stillwell Mine"

Supplemental sheets attached to MF 103 "Shell Ridge" mine project.

16. (cont).
which lies Northeast. This prospect is approximately 41° N.E. and S.W. of the mentioned mines and in direct line between them.

c. Mr. Fred Shaeffer, who was Government Engineer in this district during World War II approved several mines in the near vicinity of this prospect for Government aid. While his reports are not available to us, it is felt that they are available to the Bureau of Mines. It is believed that Mr. Shaeffer made a report on this matter.

17. Not applicable, as mine is not in production.

18. Unknown, but believed to be extensive.

19. Mr. H.A.Lawhead, president of the corporation making this application is firmly convinced that prospective site of new operations will eliminate past hazards of this mine.

20. Exploration shall be for mica, principally sheet, with punch and scrap mica and feldspar as by-products.

21. Proposed work is to explore and probe for vein of sheet mica and for the positive relocation of the same at points above conditions producing water hazards, heretofore existing.

22. Reference is to Item 16 above.

23. THE REQUIREMENTS AND COSTS: Shell Ridge Mine

(a) Labor required (Estimated)

2 miners at $1.50 per hr. 8 hrs.per day,90 working days - - -	$2160.00
4 muckers at $1.00 " " " " " " " " "	2880.00
1 powder & General utility man, $8.00 per day 90 " "	720.00
(b) 1 foreman @ $12.00 per day - - - - - - - - - - - - - - - -	1080.00
	$6840.00

(c) None

(d) Necessary installation, structures, buildings, will consist of Compressor house and tool shed, powder magazine, mica house, at an estimated cost of - - - - - - - - - - - - - 1000.00

(e) Items which must be purchased:

2 jack hammers - - - - - - - -	$250.00	
Jack hammer Steel - - - - - -	200.00	
Blacksmith Shop Equip.- - - -	200.00	
Mine Car and rails - - - -	500.00	
Sump Pump - - - - - - - - - -	200.00	
	$1350.00 - - - - - - - - - -	1350.00

Sub-Total Carried Forward $9190.00

Supplemental sheets attached to MF 103 "Shell Ridge" mine project.

23 (cont.

	Sub-Total Forward	$9190.00
(f)	Cost of rental of compressor - - - - - - - - - - - - - - - -	450.00
(g)	Rental value of items to be devoted to work: Truck -	750.00
(h)	Materials and supplies costing less than $50 each, consisting of hand tools, explosives, wheel barrows, etc.	1250.00
(i)	Power, Gas oil, grease, electricity @ $6.00 per day - - - - - -	540.00
(j)	Bulldozer work at mine	800.00
	Total	$12980.00

24. Time Schedule:

Between sixty and ninety days will be required to assemble and prepare equipment to prepare land for actual work and set up necessary installations for commencing exploratory work. Ninty working days will be required to properly open, explore and locate vein of mica. It is expected that in the first phase of operations indicated, at least one-third of the cost estimated, and in particular with reference to those items which must be purchased, and the installation of structures and buildings necessary, will be expended. Approximately four calendar months will be required for the remaining phase of work in connection with actual exploration, at the end of which time the remainder of sum requested will be expended.

* * * * * * * * *

(COPY)

NORTH CAROLINA
JACKSON COUNTY

THIS MINING LEASE, made and entered into this the 8th day of December, 1951, by and between D.C.Higdon and wife, Ethel Higdon, of Jackson County, State of North Carolina, hereinafter called the Lessors, and Dixie Minerals Incorporated of Haywood County, State of North Carolina, hereinafter called the Lessee.

W I T N E S S E T H:

That subject to the terms and conditions hereinafter set forth, said Lessors have let and leased unto said Lessee the exclusive right and privilege to mine, dig, mill, process and remove all mica and feldspar now in, under or upon the northern half of a certain tract or parcel of land lying and being in Savannah Township, Jackson County, North Carolina and more particularly described and bounded as follows:

> BEGINNING on a dogwood near a small branch (Shell Branch) and runs thence S. 45° E. 90 poles to a chestnut, witnessed by twin chestnuts on a ridge; thence S. 45° W. 177-3/4 poles to a hickory; thence N. 45° West 90 poles to a stake; thence N. 45° E. 177-3/4 poles to the BEGINNING.

The terms and conditions of this lease are as follows:

Unless sooner terminated as herein provided, this lease shall exist and continue until the 8th day of December, 1956.

As rental, Lessee shall pay or caused to be paid to the said Lessors or their assigns ten per cent of the gross sales of all mica or feldspar mined and removed from the premises hereby leased for for the first six months of the term hereby leased and 12½ per cent of the gross sales of all mica and feldspar mined and removed for the remainder of the term of this lease.

The Lessee shall keep a correct and itemized record of all operations and transactions under this lease and such records may be at any time inspected by the Lessors.

It is further agreed and understood by all parties to this lease agreement, that if the payments on the percentage basis as aforesaid be less than the sum of $200.00 per annum, then and in that event the said Lessee shall either pay the deficit or surrender and terminate this lease.

So long as this lease remains in full force, Lessee shall in connection therewith have and enjoy the following rights and privileges:

(a) The right to use the surface of the northern portion of the said land above described to the full extent that such use is reasonably convenient or necessary in mining, digging, milling, processing and removing mica and feldspar from said premises;

(b) The right to construct and place upon said lands buildings and machinery and to remove the same.

(c) The right to cut and use upon said lands for mining purposes only as herein set out any timber standing thereon, except timber valuable for sawlogs, when the need of such timber may be necessary;

(d) The right to dam, divert and use the water in any stream upon said premises hereby leased;

(e) The right to construct and maintain roads in such locations as the Lessee may deem necessary or convenient for mining purposes.

It is also hereby agreed and understood by all parties to this lease agreement that the said Lessee, at its option, may renew this lease at the expiration of same, for another period of five years.

IN TESTIMONY WHEREOF, said Lessors and the Lessee have hereunto set their hands and seals, on this the day and year first above written.

(SGD) D.C.HIGDON (SEAL)

Lessors - -- - - - - - - - - -

ETHEL HIGDON (SGD(SEAL)

Lessee - --- - - - - - - - - _____(SEAL)

NORTH CAROLINA
JACKSON COUNTY

I, Hugh E. Monteith, a Notary Public, in and for Jackson County, North Carolina, do hereby certify that D.C.Higdon and wife, Ethel Higdon, each personally appeared before me this day and acknowledged the due execution by them of the foregoing and annexed mining lease for the purposes therein expressed.

Witness my hand and Notarial Seal, this the 8th day of December, 1951.

(Notary Seal)

(SGD) HUGH E. MONTEITH
Notary Public

My Commission Expires:

June 11, 1952.