DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Balsam Mica Miners
Spruce Pine, North Carolina

pertaining to Exploration Project Contract No. Idm-E526, Docket No. DMEA-2733, including Amendment No. 1, for the months of July, 1953 to August, 1953, inclusive, covering a project for the exploration of mica on property known as the Balsam Mica Mine, located in Yancey County, North Carolina.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, consultation with the Executive Officer of the Regional Field Team, and a determination of the reasonableness and propriety of the costs.

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

(a) the administrative cost to the Government of an audit would be excessive in relation to value of the contract or the estimated amount of possible disallowances thereunder;
(b) the Monthly Reports were supported by documentary proof of the costs incurred on an actual cost basis under the contract; and
(c) a large portion ($833.33) of the costs were under a contract provision for payment by the Government on the basis of agreed estimated costs of units of work actually performed.

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

Total cost as billed by Contractor		$2,033.33
Exceptions:		
By DMEA Finance Officer	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$2,033.33

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

$1,830.00

is considered valid and proper.

E. P. Talbert

January 20, 1954

E. P. Talbert, Auditor

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHED. OF PAYMENTS K-42

GEOLOGICAL SURVEY
Minerals Administration
RECEIVED
JAN 21 1954

192

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of ~~December~~ August, 1953 Docket No. DMEA 2733 Contract No. Idm- E 526

Operator's Name Balsam Mica Miners Minerals Mica

Address Spruce Pine, N. C.

Contract Amount, $ 3,740.00 Government Participation: 90 % Amount, $ 3,366.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing		1200.00	1200.00			
Crosscutting						
Drifting						
Test pits and/or benches	833.33	None	833.33			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$833.33	$1200.00	$2033.33	833.33	1200.00	2033.33

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

Date 1-8-54 *Payee Balsam Mica Miners

Per Sam L. Phillips Title Partner

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

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

(Instructions on reverse)

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

$ 750.00

Signature Cora A. Piper
(Authorized Certifying Officer)

Date JAN 19 1954 Vou. No. 192

(See other side)

247 C-8/31/53

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Tdm-E506 in accordance with the terms of the contract.

Signature Lawrence E. Shirley Title Mining Engr. U.S.B.M. Date Jan. 13, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Berk ACTING Title EXECUTIVE OFFICER DMEA REGION VII Date JAN 18 1954

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 21 1954

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of ~~Dec~~ Aug. 1953 Docket No. DMEA 2733 Contract No. Idm- E 526

Operator's Name Balsam Mica Miners Minerals Mica

Address Spruce Pine, N. C.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
~~Dozing~~ Bulldozing	Hr.			1200.00	120	10.00	150	10.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits and/or benches	cu.ft.	833.33	1000	833.33	1000	.83 1/3	1200	.83 1/3
Roads and Trails								
TOTAL DISTRIBUTED COSTS		833.33		2033.33				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$833.33		$2033.33				

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

Date 1-8-54 Operator Balsam Mica Miners

Per Sam L. Phillips Title Parnter

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 21 1954

OPERATORS
MONTHLY PROGRESS REPORT
for the
Month of August 1953

DMEA No. 2733

Idm- E 526

Work Accomplished

We have benched and did test pits for a total of 1000 cu. ft. for the month of August.

Daily Notes

August	3 - 5	Benched and drilled.
August	6 - 7	Did some shooting and drilling.
August	10 - 12	Benched and did test piting.
August	13 - 14	Drilled and did some shooting.
August	17 - 18	Found some mica but quality no good.
August	19 - 21	Benched and did more test piting.
August	24 - 26	Drilled and did more shooting.
August	27 - 28	Benched and did more test piting.
August	31	Drilled and did more shooting.

RECEIVED
JAN 13 1954
U. S. BUREAU OF MINES
DEF. MIN. ADM.
Knoxville, Tennessee

RECEIVED
JAN 15 1954
U. S. BUREAU OF MINES
DEF. MIN. ADM.
Knoxville, Tennessee

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

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

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

Month of July, 1953 Docket No. DMEA 2733 Contract No. Idm-E 526
Operator's Name Balsam Mica Miners Minerals Mica
Address Spruce Pine, N. C.
Contract Amount, $ Government Participation: 90 % Amount, $

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing	1200.00	None	1200.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1200.00		1200.00	1200.00		1200.00

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-14

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

Date 8-18-53 *Payee Balsam Mica Miners

Per Sam L. Phillips Title Partner

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

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

(Instructions on reverse)

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

$1080.00

Signature Cora A. Piper
(Authorized Certifying Officer)

Date SEP 11 1953 Vou. No. 73

(See other side)

1st 7/6 120.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E526 in accordance with the terms of the contract.

Signature Laurence E. Shirley Title Mining Engr. U.S.B.M. Date Aug. 31, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. M. Beck ACTING Title EXECUTIVE OFFICER DMEA REGION VII Date SEP 3 1953

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1953 Docket No. DMEA 2733 Contract No. Idm-E 526

Operator's Name Balsam Mica Miners Minerals Mica

Address Spruce Pine, N. C.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Bulldozing	Hrs.	1200.00	120	1200.00	120	10.00		
TOTAL DISTRIBUTED COSTS		1200.00		1200.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		1200.00		1200.00				

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

Date 8-18-53 Operator Balsam Mica Miners

Per Sam L. Phillips Title Partner

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

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

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

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

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

GPO 83-38475

OPERATORS
MONTHLY PROGRESS REPORT
for the
Month of July, 1953

DMEA 2733

DM-E 526

Work Accomplished

We have bulldozed 120 hrs. for the month. We have finished trenches 1, 2 and 3, and worked as much as could be done on trench 4. We have encountered mica in two trenches 1 and 3.

Daily Notes

July 6 - 10	Bulldozed 40 hrs. in trench 3 and uncovered mica.
July 13 - 17	Bulldozed 40 hrs. in trench 2 but did not contact any mica.
July 20 - 24	Bulldozed 40 hrs. in trench 1 and 4, uncovered mica in trench 1 but encountered big rock in trench 4 and couldn't go any farther.

C
O
P
Y

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

March 10, 1954

Mr. Lewis Aldridge, Manager
Balsam Mica Miners
Spruce Pine, North Carolina

Re: Docket No. DMEA-2733 - Mica
Balsam Mine
Yancey County, North Carolina
Contract No. Idm-E526

Dear Mr. Aldridge:

We are pleased to advise you that your performance of exploration work under the subject contract has been satisfactory to the Government, and the account relating thereto has been closed. The final audited and settled account shows:

Total allowable costs incurred	$2,033.33
Total Government contribution at 90 percent	$1,830.00

Your attention is called to the provision of the contract which requires you to keep and preserve your records and accounts of this transaction for a period of three years for possible future reference.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the exploration contract. In the absence of such certification, the Government retains no claim or lien against the property or any production therefrom.

The Government is grateful for your participation in the exploration program of the Defense Minerals Exploration Administration.

Sincerely yours,

/s/ C. O. Mittenfiorf

Administrator

WCAnderson:gad 3/4/54
Copy to: Admr. R. File
Docket File
Field Team, Reg. 7
Mr. Dietrich, 3526
Mr. Larrabee, G-232, GSA Bldg.
Mr. Houk
Property owners as follows: Alice S. Byrd, Mrs. Pansy Ray, J. A. Higgins, Nu-Wray, Inc., J. Frank Ray and wife, Ruby Ray

C
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
Room 13, Post Office Bldg.
Knoxville 2, Tenn.

December 11, 1953

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region 7

Subject: Completion Dates: DMEA-2733 and DMEA-2790

Reference is made to your letter of December 4.

DMEA-2733, Idm-E 526 (Balsam Mica Miners) was completed long before the expiration date, but we have been unable to get a final voucher and final report from the Operator.

DMEA-2790, Idm-E 512 (Presnell Mica Miners). Amendment sent to Operator on November 23 for signature; has not yet returned. Letter is being written to Operator today asking for return of signed copies.

/s/ Robert A. Laurence

Government's Copy

EXPLORATION PROJECT CONTRACT
BALSAM MICA MINERS
DOCKET NO. DMEA-2733

AMENDMENT NO. 1

It is agreed this 16th day of October, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Lewie Aldridge, C. W. Greene, J. R. Beam, John L. Phillips, Sam L. Phillips, and Phillip Ray, partners, doing business as Balsam Mica Miners, each acting in consideration of the other to the terms hereinafter set forth, that Exploration Project Contract Idm-E526, Docket No. DMEA-2733, dated May 21, 1953, be modified and amended as of July 3, 1953, as follows:

1. In Exhibit "A" under "Description of the Work," the third paragraph is changed to read as follows:

To supplement the above trenching, excavate not more than 1200 cubic feet of test pits and/or benches.

2. Under "Estimated Costs of the Project," under the heading "Agreed Unit Costs," on page 3, the first line is changed to read:

1200 cubic feet of test pits and/or benches @ $0.83-1/3/cu. ft. $1,000.00

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, nor the amount of any item designated as "allowable maximum."

Executed in sextuplicate the day and year first above written.

BALSAM MICA MINERS

Lewie Aldridge
C. W. Greene
J. R. Beam
John L. Phillips
Sam L. Phillips
Phillip Ray

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Administrator, Defense Minerals Exploration Administration

Docket No. 2733

Commodity Mica

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please enter on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 526

Date of Contract or Amendment: January 28, 1954

Name and Address of Operator:
Balsam Mica Mines, Partnership
Lewis Aldridge, C.W. Greene, J.R.Bean,
John L. Phillips, Sam L. Phillips and Phillip Ray,
Spruce Pine, N.C.

Amount of Government participation $ 2,4[illegible]6.00

Percent of Government participation 90 %

Region: VII State: N.C.

Note: Please release 636.00; Advice Contract Administration and Audit Division

J. [illegible] Chamberlin, (Name)
Chief Contract Administration and Audit Division
(Title)

Date Delivered to Bureau of Mines, Washington. January 28, 1954

54458

Docket No. DMEA 2733

Commodity Mica

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 526

Date of Contract ~~or Amendment~~: May 21, 1953

Name and Address of Operator:

Balsam Mica Miners, partnership
Lewis Aldridge, C. U. Greene, J. R. Bean,
John L. Phillips, Sam L. Phillips & Phillip Ray,
Spruce Pine, N. C.

Amount of Government participation $ 2,466.00

Percent of Government participation 90 %

Region: VII State: N. C.

(Name)

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

(Title)

Date Delivered to Bureau of Mines, Washington: May 21, 1953

13908

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

DOCKET NO. DMEA 2733

COMMODITY Mica

UNITED STATES OF AMERICA Government's Copy
DEPARTMENT OF THE INTERIOR IDM-E 526
DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

IT IS AGREED this 21st day of May, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Balsam Mica Miners, a partnership composed of Lewie Aldridge, C. W. Greene, J. R. Beam, John L. Phillips, Sam L. Phillips, and Phillip Ray, Spruce Pine, North Carolina.

and as set forth in Annex 1 attached hereto and made a part hereof

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 Yancey, described as follows:[3] A part of the tract of land known as the Ray Boundary on Bolens Creek consisting of an area 800 feet in radius from the center of the Balsam Mine marked "S.P." on the map attached hereto and made a part hereof and entitled "Balsam Mica Mine, Yancey County, North Carolina, DMEA-2733."

the Operator represents and undertakes:[4]

(*a*) ~~That the Operator is in possession and entitled to possession, and the owner consents to the use of the land described~~

Guaranty of 6 partners is attached.

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the ~~owner consents to the use of the land described~~

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

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

in or upon the described land; and shall bring the project to completion within a period of six (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.

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

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

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

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

ARTICLE 6. *Allowable costs of the project.*—(*a*) The costs of the project in which the Government will participate are limited to the following: and as set forth in Article 14.

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

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

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

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

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

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

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

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

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

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

(*c*) No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes) or any other indirect costs, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

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

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

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

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account as provided in Article 12.

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 90 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $2,466.00, which is 90 percent of $2,740.00, the agreed, estimated total cost of the project in which the Government will participate; *Provided,* that until the Operator's final report and final accounting have been rendered to the Government, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 13. *Changes and added provisions.* The Operator's obligation to bring the project to completion continues only as long as the accumulated allowable costs of the project in which the Government will participate do not exceed the agreed, total estimated cost of the project set forth in Article 8.
**

Executed in sextuplicate the day and year first above written.

BALSAM MICA MINERS
(Operator)

By John Phillips   By Lee Green

By Sam F. Phillips   By Louis Aldridge

By J. R. Deane   By Philip Ray

THE UNITED STATES OF AMERICA

By C. O. 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.

**ARTICLE 14. To the extent that costs are set forth in Exhibit "A" as "agreed unit costs," they are in lieu of the actual costs that would otherwise be allowable costs of the project as provided in Article 6(a) of the contract form.

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
BALSAM MICA MINERS
DOCKET NO. DMEA-2733

EXHIBIT "A"

Description of the Work

The exploration of the Balsam Mine will begin with surface excavation as shown on the map attached hereto. Four crosscutting trenches, deep enough to remove the overburden and expose pegmatite in place, will be excavated, as set forth below, to disclose mica shoots laterally along the strike of the ore body previously mined, or pegmatite dikes in the foot or hanging walls.

Trench No.	Approximate dimensions - Feet		
	Length	Width at Bottom	Nominal Depth
1	180	12	10
2	80	12	10
3	180	12	10
4	60	12	6

A shallow, water-diversion ditch on proper grade is also to be excavated approximately as indicated on the aforesaid map.

To supplement the above trenching, excavate not more than fifty (50) feet of test pits 4' x 6' in cross section. 1/

The location, direction and extent of all work shall have prior approval of the Government. 2/

1/ If in the opinion of the Government, additional trenching should be performed in lieu of any or all of the test pits, this may be done on the basis indicated in footnote 2.

2/ If more than the above specified four (4) trenches and diversionary ditch are approved by the Government, additional such work at the same rate per hour may be allowed provided the total estimated cost of the project is not exceeded.

If the results of the above work are satisfactory to it, the Government, in its discretion, may by amendment of this contract consent to further additional exploration work at an additional cost.

Estimated Costs of the Project
(*Indicates allowable maximum)

(1) Independent Contracts

Operation of 1 bulldozer, including operator, transportation to and from site, repairs, gasoline and all other costs - 150 hrs. @ $10.00/hr. 3/	$1,500.00*

(2) Labor, Supervision, Consultants

1 working supervisor - 150 hrs. @ $1.60/hr.* for time actually spent at work	240.00*

(3) Operating Materials and Supplies

None

(4) Operating Equipment

None

(5) Rehabilitation and Repairs

None

(6) New Buildings, Improvements, Installations

None

(7) Miscellaneous

None

(8) Contingencies

None

Total Estimated Actual Costs	$1,740.00*

3/ See footnote 2.

Agreed Unit Costs

50' Test pits @ $20.00/ft.	$1,000.00

The Government will contribute to the cost of excavating the needed test pits on the basis of the above agreed unit costs as they accrue for units of work in lieu of actual costs. This unit cost includes all costs of this work, which may be performed by independent contractor without reference to the provisions relating to independent contracts and contractors in Articles 4(a) and (b) and 6(a) of the contract form.

S U M M A R Y

Total Estimated Actual Costs	$1,740.00*	
Total Agreed Unit Costs	1,000.00	
Total Estimated Cost of Project		$2,740.00*
Government Participation @ 90%		$2,466.00*

G U A R A N T Y

In consideration of the waiver by the United States of America of the requirement of the Owner's Consent to Lien, as set forth in paragraph 2 (b) of the attached Exploration Project Contract, the undersigned jointly and severally hereby guarantee payment to the United States of America of any royalties, as specified in said Contract and any future amendment thereof, upon any and all ore which is mined within ten years of the date of said Contract from the land described in Article 2 thereof, regardless of whether the undersigned have any interest in the property covered by the said Contract, or any part in the mining operations at the time said ore is mined. If for any reason the net smelter returns or other net amounts, from operations that would be subject, under the said Contract and any amendment thereof, to such payments to the United States of America, are not available as a means of measuring the amount of such payment, then the undersigned agree and undertake jointly and severally to make such payment according to the best estimates of the amount that can reasonably be made, and in the event of dispute as to such estimate, the undersigned agree jointly and severally that the determination thereof by either the Administrator of Defense Minerals Exploration Administration, or his designee, shall be final and binding upon the undersigned.

Dated May 21, 1953.

Lewie Aldridge (Seal)

C. W. Greene (Seal)

J. R. Beam (Seal)

John L. Phillips (Seal)

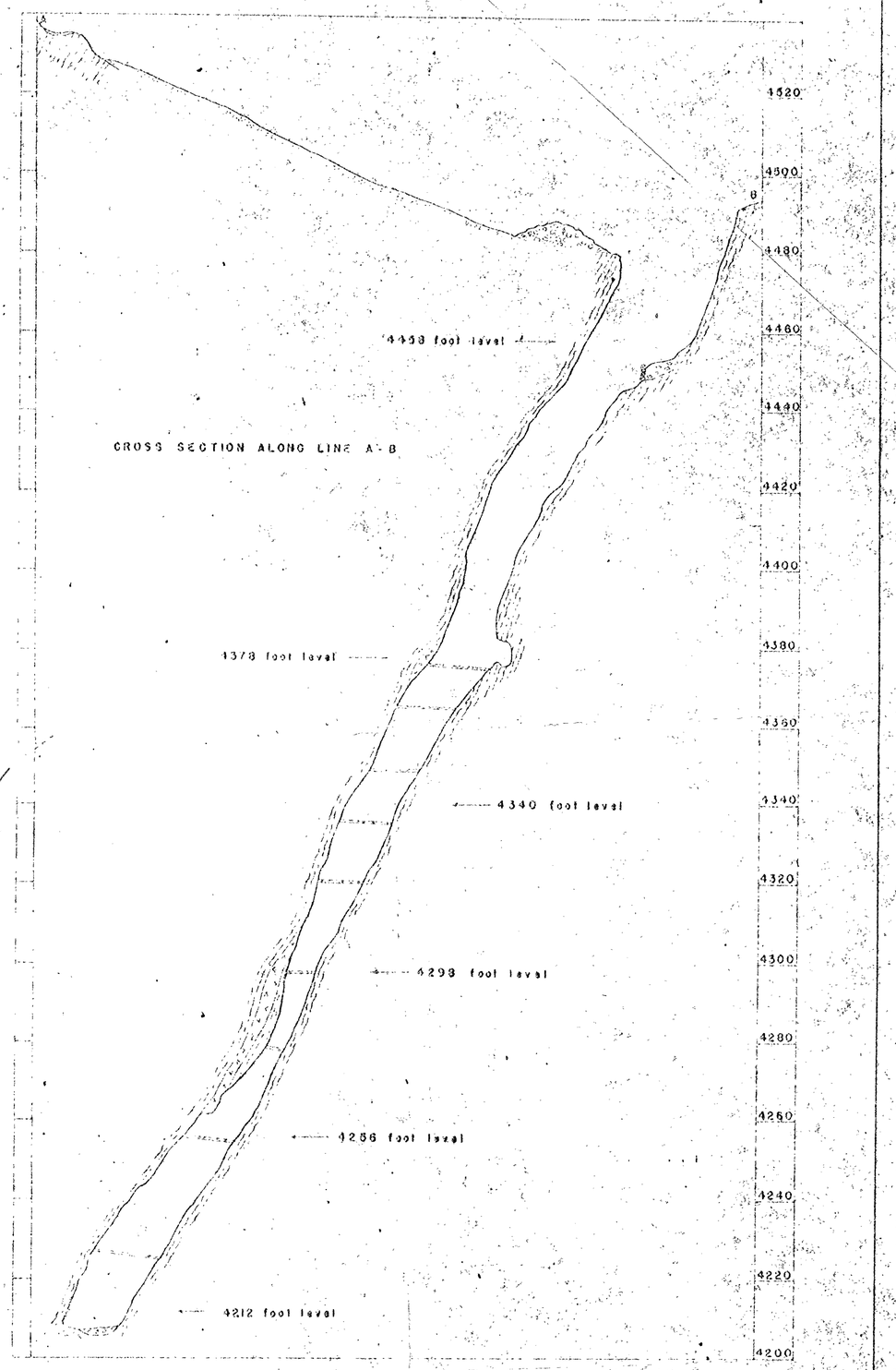
Sam L. Phillips (Seal)

Phillip Ray (Seal)

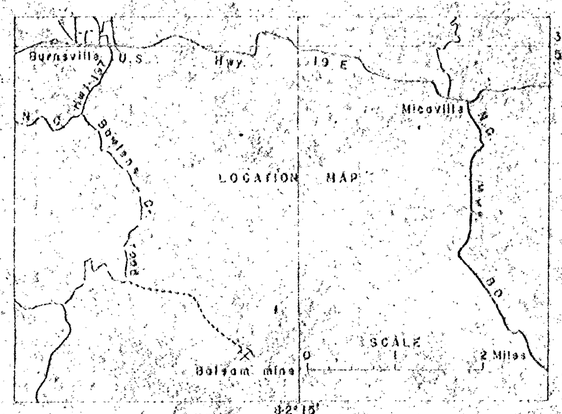
UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

STRATEGIC MINERALS INVESTIGATIONS
PRELIMINARY MAP

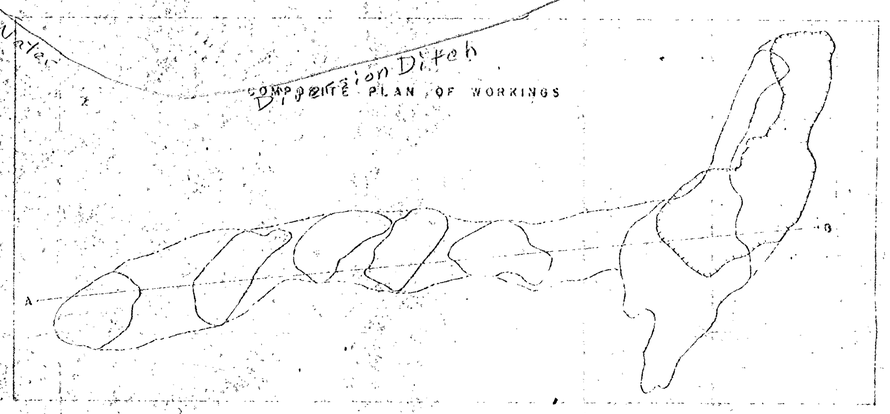
SURFACE MAP



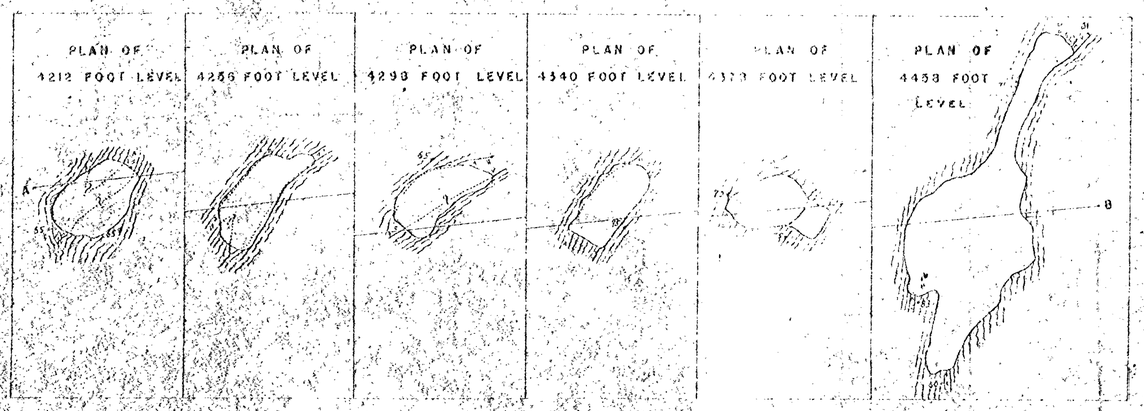
CROSS SECTION ALONG LINE A-B



LOCATION MAP



COMPOSITE PLAN OF WORKINGS



EXPLANATION

- Muck
- Soil
- Medium-grained, plagioclase-quartz pegmatite
- Gneiss with injected pegmatitic material.
- Mica gneiss
- Sheet mica zone
- Scrap mica zone
- Strike and dip of foliation
- Contact, location accurate, showing dip
- Contact, location approximate
- Limit of outcrop
- Edge of open cut
- Outlines of underground workings at mapped levels
- Outlines of underground workings at intermediate levels
- Outlines of underground workings projected on surface map
- Dump

SCALE

20 0 20 40 60 80 100 Feet

Contour interval 10 feet. Datum assumed

True North
Magnetic North

Prepared in cooperation with the North Carolina Department of Conservation and Development

Mapped by J.M.Parker III, L.Goldthwait, J.R.Watts Jr. and E.Ellingwood III August 4 and 10, 1944.

D.H.E.D.-2733

BALSAM MICA MINE, YANCEY COUNTY, NORTH CAROLINA