DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

J. R. McKinney, Jack McKinney,
Lee McKinney and D. S. Buchanan
d/b/a Hawkins Mining Company
Bakersville, North Carolina

pertaining to Exploration Project Contract No. Idm-5511, Docket No. DMEA-2824, for the months of May, 1953 to July, 1953, inclusive, covering a project for the exploration of mica.

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.

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

the contract provides 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 | | $2,745.00 |
| Exceptions: | | |
| By DMEA Finance Officer | $ - 0 - | |
| Herewith | - 0 - | - 0 - |
| Total Accepted Cost | | $2,745.00 |

The contract calls for a 90 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Two thousand four hundred seventy and 50/100 Dollars,

**$2,470.50**

is considered valid and proper.

E. D. Talbert, Auditor

September 11, 1953

Form MF-101 (Rev.)
(April 1952)

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

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

PAID ON VOUCHER AND SCHEDULE OF PAYMENTS ~~NOR~~ K-3

Month of [illegible], 195[illegible] Docket No. DMEA [illegible] Contract No. Idm-E511
Operator's Name [illegible] Minerals Mica
Address [illegible]
Contract Amount, $[illegible] Government Participation [illegible] % Amount, $ 6120.00

| ITEMS OF COSTS | FOR OPERATOR'S USE | | | FOR GOVERNMENT USE ONLY | | |
|---|---|---|---|---|---|---|
| | Monthly Total | Totals Previously Reported | Totals To Date | Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
| (1) Independent / Short Form Contracts: | | | | | | |
| Drilling | | | | | | |
| Bulldozing | [illegible] | [illegible] | [illegible] | | | |
| Crosscutting | | | | | | |
| Drifting | | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | | | |
| (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 | [illegible] | [illegible] | [illegible] | 1,125.00 | 1,620.00 | 2,745.00 |

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

Date July 6, 1953 *Payee [illegible]

Per Lee McKinney Title [illegible]

*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:

$1,012.50

Signature Cora A. Piper
(Authorized Certifying Officer)

Date JUL 15 1953 Vou. No. 16

**(See other side)**

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112.50

(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-E511 in accordance with the terms of the contract.

Signature Lawrence E. Shirley Title Mining Engr. U.S.B.M. Date July 8, 1953

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title DMEA EXECUTIVE OFFICER REGION VII Date JUL 10 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 June & July 1953 Docket No. DMEA 2024 Contract No. Idm-E 511
Operator's Name Hawkins Mining Company Minerals Mica
Address Bakersville, North Carolina

| OPERATION | UNIT | COSTS THIS MONTH | UNITS THIS MONTH | COSTS TO DATE | UNITS TO DATE | UNIT COSTS TO DATE | AUTHORIZED BY CONTRACT Units | AUTHORIZED BY CONTRACT Unit Costs |
|---|---|---|---|---|---|---|---|---|
| Drifting | | | | | | | | |
| Crosscutting | | | | | | | | |
| Raising | | | | | | | | |
| Shafts | Ft. | 1125.00 | 25 | 2025.00 | 45 | 45.00 | | |
| Winzes | | | | | | | | |
| Drilling: Core | | | | | | | | |
| Churn | | | | | | | | |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching Bulldozing | Hr. | None | None | 720.00 | 72 | 10.00 | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| TOTAL DISTRIBUTED COSTS | | 1125.00 | | 2745.00 | | | | TOTAL COSTS AUTHORIZED BY CONTRACT |
| Operating Equipment Purchased | | | | | | | | |
| Initial Rehabilitation and Repairs | | | | | | | | |
| New Buildings, Improvements, etc. | | | | | | | | |
| TOTAL COSTS | | 1125.00 | | 2745.00 | | | | |

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

Date July 6, 1953 Operator Hawkins Mining Co.

Per Lee McKinney Title Partner

REMARKS:

THIS IS A FINAL REPORT

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

(Instructions on reverse)

(For Government use only)

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## 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

HAWAIIAN MINING COMPANY
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-2624

DESCRIPTION OF WORK DONE
June 1-July 2, 1953.

June 1, 1953- Mucked. Drilled 36 feet. Blasted.
June 2, 1953- Mucked Out.
June 3, 1953- Drilled 48 feet. Blasted, Put in track-Mucked.
June 4, 1953- Mucked. Drilled 12 feet, Blasted.
June 8, 1953- Pumped water. Worked on Hoist, worked on track-mucked.
June 9, 1953- Drilled 40 feet. Blasted, Mucked.
June 10, 1953- Mucked. Drilled 36 feet, blasted.
June 11, 1953- Mucked.
June 15, 1953- Pumped water. Drilled 40 feet, Blasted.
June 16, 1953- Mucked.
June 17, 1953- Put on discharge line and air line. Put in track, drilled 48 feet and blasted
June 18, 1953- Mucked.
June 22, 1953- Pumped water. Cleaned track where rain had washed mud in mine. Drilled 60 feet. Blasted.
June 23, 1953- Mucked. Put in track, Drilled 60 feet, Blasted.
June 24, 1953- Drilled 40 feet. Blasted.
June 25, 1953- Mucked.
June 29, 1953- Pumped water. Cleaned out mud.
June 30, 1953- Mucked. Drilled 48 feet, Blasted.
July 1, 1953- Worked on Hoist. Mucked. Drilled 48 feet, Blasted.
July 2, 1953- Mucked.

Form [illegible]-104 (Rev.)
(April 1952)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL - 8 1953

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

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

PAID ON VOUCHER AND SCHEDULE OF PAYMENTS NOR - 68

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# OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of May 3 Docket No. DMEA 2824 Contract No. E 511

Operator's Name Hawkins Mining Company

Address Bakersville, North Carolina

Minerals Mica

Contract Amount, $ 6,120.00 Government Participation: 90 % Amount, $

| 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 Trenching | 720.00 | None | 720.00 | | | |
| Bulldozing | | | | | | |
| Crosscutting | | | | | | |
| Dri Shafting | 900.00 | None | 900.00 | | | |
| (2) Labor and Supervision: | | | | | | |
| Labor | | | | | | |
| Supervision | | | | | | |
| Technical Services | | | | | | |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | | | | | | |
| Pipe | | | | | | |
| Track | | | | | | |
| (4) Operating Equipment: | | | | | | |
| Rental | | | | | | |
| Purchase | | | | | | |
| Depreciation | | | | | | |
| (5) Initial Rehabilitation and Repairs | | | | | | |
| (6) New Bldgs., Improvements, etc. | | | | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | | | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | | | | | | |
| Liability Insurance | | | | | | |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | $1620.00 | None | $1620.00 | 1,620.00 | | 1,620.00 |

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

Date June 6, 1953 Payee Hawkins Mining Co.

Per Lee McKinney 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.**

J. 5/15/53 **(Instructions on reverse)**

162.00

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

$1,458.00

Signature Cora A. Piper
(Authorized Certifying Officer)

Date JUN 24 1953 Vou. No. 182.

**(See other side)**

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Edm-E511 in accordance with the terms of the contract.

Signature Kipton H. Teague Title Geologist USGS Date 6-22-53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION VII Date JUN 22 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 May 1953 Docket No. DMEA 2824 Contract No. E 511
Operator's Name Hawkins Mining Company Minerals
Address Bakersville, North Carolina

| OPERATION | Unit | Costs This Month | Units This Month | Costs to Date | Units to Date | Unit Costs to Date | Authorized by Contract: Units | Authorized by Contract: Unit Costs |
|---|---|---|---|---|---|---|---|---|
| Drifting | | | | | | | | |
| Crosscutting | | | | | | | | |
| Raising | | | | | | | | |
| Shafts | Ft. | 900.00 | 20 | 900.00 | 20 | 45.00 | 45 | 45.00 |
| Winzes | | | | | | | | |
| Drilling: Core | | | | | | | | |
| Churn | | | | | | | | |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching Bulldozing | Hr. | 720.00 | 72 | 720.00 | 72 | 10.00 | 80 | 10.00 |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| Total Distributed Costs | | $1620.00 | | | | | | Total Costs Authorized by Contract |
| Operating Equipment Purchased | | | | | | | | |
| Initial Rehabilitation and Repairs | | | | | | | | |
| New Buildings, Improvements, etc. | | | | | | | | |
| Total Costs | | | | | | | | |

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

Date June 6, 1953 Operator Hawkins Mining Co.

Per Lee McKinney Title Partner

Remarks:

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

**(Instructions on reverse)**

**(For Government use only)**

## INSTRUCTIONS

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

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

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

GPO 83-38475

OPERATOR'S MONTHLY
PROGRESS REPORT
May 5-28, 1953.

DMEA-2824, Idm-E511(mica)

Daily Notes

May 5-Hired two men, foreman and muck hand. Started work on track.
May 6-Worked on car track.
May 7-Worked on track and graded for track.
May 8-Worked on muck at entrance.
May 11-Worked on track. Hired Muck Hand.
May 12-Contracted bulldozer for work. Tuned up motors and pumped water out.
May 13-Removed muck from incline.
May 14-Bulldozer started on trenching job. Worked 10 hours. Set up hoist.
May 18-Pumped water out, laid track. Hoisted out muck. Bulldozer worked 10 hours.
May 19-Drilled 40 feet. Shot out. Bulldozer worked 7½ hours. Mucked out.
May 20-Drilled 36 feet. Shot out. Bulldozer worked 10½ hours.
May 21-Worked on hoist, scaling bank. Cutting timber. Bulldozer worked 10 hours.
May 22-Bulldozer worked 9 hours. Work on muck.
May 25-Bulldozer worked 5 hours. Timbering work.
May 26-Bulldozer worked 10 hours. Work on timber and muck.
May 27-Hauled muck out. Worked on car and hoist.
May 28-Drilled. Shot out. Mucked in afternoon.

C
O
P
Y

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

December 8, 1953

Mr. J. R. McKinney
Hawkins Mining Company
Bakersville, North Carolina

Re: Docket No. DMEA-2824 - Mica
Hawkins Mining Company
Hawkins Mine
Stokes County, North Carolina
Contract No. Idm-E511

Dear Mr. McKinney:

This is with reference to the subject exploration contract between your company and the Government.

The final audit of the contract expenditures and the final reports of the Operator and the Field Team have been received and accepted by this Administration. A contract for the total amount of $6,800.00 was approved and the sum of $2,745.00 was expended, 90 percent of which, or $2,470.50, represented the Government's share. There were no unused materials, supplies or equipment to be disposed of for the joint account of the Operator and the Government.

Because the results of the exploration were unfavorable, it is not our intention to make a certification of discovery or development which would create a lien against the subject property. We are, therefore, closing our books and records with respect to this project. Your attention is called, however, to Article 5 (d) of the Contract which requires the Operator to "keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract".

Your interest in the Exploration Program of the Defense Minerals Exploration Administration and your willingness to participate therein are appreciated.

Sincerely yours,

/s/ C. O. Mittendorf

WCANderson:ag 12/4/53
Copy to: Admr. R. File
Docket File
Field Team, Region VII
Mr. Dietrich, 3526
Mr. Larrabee, G-232, GSA Bldg.
Mr. Houk

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 13 1953

Government copy

TERMINATION OF EXPLORATION PROJECT CONTRACT BY AGREEMENT
AFTER COMMENCEMENT BUT BEFORE COMPLETION OF THE WORK

It is agreed this July day of 21, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and J. R. McKinney, Jack McKinney, Lee McKinney, and D. S. Buchanan, all of Bakersville, North Carolina, partners, doing business as Hawkins Mining Company, Bakersville, North Carolina, hereinafter called the "Operator," parties to that certain Exploration Project Contract I-dm-E 511, Docket No. DMEA-2824, dated April 23, 1953, that the said contract shall be and is hereby terminated as of the first date above written.

Any work prosecuted or costs incurred by the Operator after the date first above written shall be for the sole account of the Operator, except for (a) such necessary and reasonable costs and expenses as may be incurred in preserving and disposing of any facilities, buildings, fixtures, equipment, or other items, to the cost of which the Government has contributed and in which the Government has an equity, and (b) the costs of any reports, accounts, and winding-up and settlement actions provided for in the contract.

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

Witness the following signatures as of the day and year first above written.

UNITED STATES OF AMERICA

By Robert A. Lawrence
Executive Officer, DMEA Field Team, Reg. VII

Hawkins Mining Company
(Operator)

By J R McKinney (Partner)

By Jack McKinney (Partner)

By Lee McKinney (Partner)

By D. S. Buchanan (Partner)

AB

18262-1

Do[illegible]t No. ~~DMEA 2624~~

Commodity ~~Mica~~

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

TERMINATED

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 ~~511~~

Date of Contract or Amendment: April 23, 1953

Name and Address of Operator:

Hawkins Mining Co.
Dekersville, N. C.

Amount of Government participation ____ $ 6,120.00

Percent of Government participation 90 %

Region: VII State: N. C.

NOTE: Please release $3,640.50; Advise Contract Administration and Audit Division

Jay L Chambers
(Name)

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

Date Delivered to Bureau of Mines, Washington: Sept. 23, 1953 13908

Docket No. DMEA 2824

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 511

Date of Contract ~~Amendment~~: April 23, 1953

Name and Address of Operator: Hawkins Mining Company
Bakersville, North Carolina

Amount of Government participation $ 6,120.00

Percent of Government participation 90 %

Region: VII State: North Carolina

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

(Title)
April 23, 1953

Date Delivered to Bureau of Mines, Washington. 13908

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 2824

COMMODITY Mica

Government's Copy

Idm-E511

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 11 1953

# EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 23rd day of April, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] J. R. McKinney, Jack McKinney, Lee McKinney, and D. S. Buchanan, all of Bakersville, North Carolina, partners, doing business as Hawkins Mining Company, Bakersville, 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 Stokes, described ~~as follows~~:[3] in Annex I, attached hereto and made a part hereof

the Operator represents and undertakes:[4]

(*a*) That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached:

None

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

ARTICLE 3. *Exploration project.*—The Operator, within 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 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. 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 $6,120.00, which is 90 percent of $6,800.00, 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.

HAWKINS MINING COMPANY

By J. R. McKinney
President

By Lee McKinney

By Jack J. McKinney

By D. S. Buchanan

THE UNITED STATES OF AMERICA

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

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

_____ [CORPORATE SEAL]

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

HAWKINS MINING COMPANY
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-2824

ANNEX I

The land consists of approximately 13 acres in two tracts, known as the Old Hawkins Mine, located approximately 2.5 miles west of Sandy Ridge, Stokes County, North Carolina. The tracts are described as follows:

Tract 1 - Being 5.8 acres, more or less, described in deeds from Sandy Ridge Mica and Mining Co., and from Commercial Consulting Corporation to J. R. McKinney, Lee McKinney, Jack McKinney, and D. S. Buchanan, dated March 27, 1946, and recorded in Deeds Book 104 at pages 248 and 291, in the office of the Register of Deeds, Stokes County, North Carolina.

Tract 2 - Being 7.25 acres more or less, in Stokes County, North Carolina, contiguous to Tract 1, above, and described as follows:

Beginning at a point, common to the center of Raccoon Creek, the line of the Thomas Spencer farm, and the northwest corner of Tract 1, above; thence, with the center line of Raccoon Creek, 9 courses as follows: (1) S.66°E. 122 ft. (2) N.40°E. 82 ft. (3) N.10°E. 61 ft. (4) N.49°E. 127 ft. (5) N.71°E. 65 ft. (6) N.37°E. 48 ft. (7) N.78°E. 85 ft. (8) S.85°E. 50 ft. (9) N.54½°E. 64 ft. to the point where Spring Branch enters Raccoon Creek; thence, with the line of Everett M. Hawkins, N.26½°W. 967 ft. to an iron in the road in Spencer's line; thence, S.6°W, with Spencer's line, 784 ft. to an iron, a corner in Spencer's line; thence, following Spencer's line four courses as follows: (1) N.84°W. 210 ft. to an iron (2) S.6°W. 210 ft. to an iron (3) S.84°E. 210 ft. to an iron (4) S.6°W. 148 ft. to the point of beginning.

HAWKINS MINING COMPANY
EXPLORATION PROJECT CONTRACT
DOCKET NO. DMEA-2824

EXHIBIT "A"

## Description of the Work

Exploration for mica concentrations shall be accomplished by work in two stages, at sites east and west of the old workings near the south end of the mine, approximately as shown on the map entitled "Hawkins Mine, Stokes County, N.C., DMEA-2824 (Mica)," attached hereto.

The location, direction, and extent of all work shall be specified in advance by the Government. The work is described as follows:

### Stage I

East of the old workings, excavate a trench approximately 100 feet long, 25 feet wide, and 20 feet deep.

West of the old workings, sink a shaft, not more than 45 feet deep, on the pegmatite dike exposed in the west wall of the "New Cut."

From the bottom of the shaft, drift not more than 30 feet along the pegmatite.

### Stage II

If, in the opinion of the Government, the results of the trenching in Stage I warrant further work, and the Government approves it in writing, in advance, sink a shaft, not more than 45 feet deep.

From the bottom of the shaft, drift not more than 30 feet along the pegmatite.

All shafts and drifts shall be not less than 5 feet by 7 feet in cross section, and shall be timbered as necessary.

## Agreed Unit Costs

### Stage I

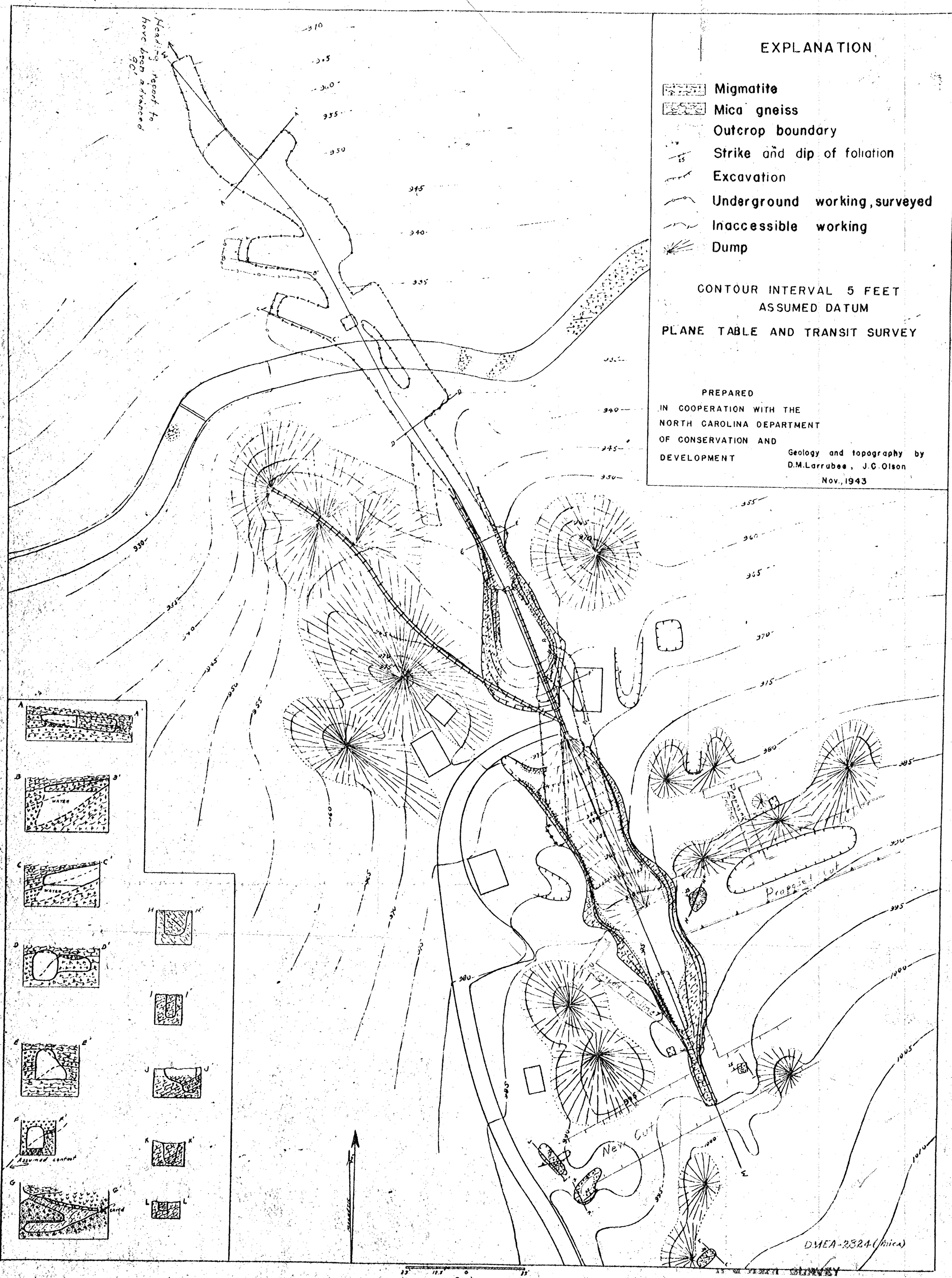
| | | | |
|---|---|---|---|
| 80 hours of Trenching with bulldozer @ $10.00/hr. | $ 800.00 | | |
| 45 feet of shaft sinking @ $45.00/ft. | 2,025.00 | | |
| 30 feet of drifting @ $32.50/ft. | 975.00 | | |
| Total Stage I | | $3,800.00 | |

### Stage II

| | | | |
|---|---|---|---|
| 45 feet of shaft sinking @ $45.00/ft. | 2,025.00 | | |
| 30 feet of drifting @ $32.50/ft. | 975.00 | | |
| Total Stage II | | $3,000.00 | |
| Estimated Total Cost of Project | | | $6,800.00 |
| Government Participation @ 90% | | | $6,120.00 |

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

STRATEGIC MINERALS INVESTIGATIONS
PRELIMINARY MAP




HAWKINS MINE
STOKES COUNTY, N.C.