JUL 27 1962

Mr. Dan Allen
Route 2
Burnsville, North Carolina

Re: DMEA-1216 (Mica)
Hector Mining Company
Hector Mine
Yancey County, North Carolina
Contract Idm-E665

Dear Mr. Allen:

Thanks for your recent letter explaining that the production, which was the subject of my July 3 letter to Mr. and Mrs. Ed Sparks, did not come from the property under the referenced DMEA contract.

The inconvenience to you and Mr. and Mrs. Sparks is regretted. For your information, however, both the settlements on the two September 1960 sales of mica and the records of the Mica Purchase Depot at Spruce Pine indicate the production as being from the "Hector Mine" rather than the "Old Hector Mine".

Sincerely yours,

George Fumich, Jr.

Director

EDTalbert/ams 7-27-62

cc:
Docket
Director's Reading File
CA & A Division
Region IV Files (w/2 cys of incoming ltr.)
Mr. and Mrs. Ed Sparks
Boonford, Mitchell County
Spruce Pine, North Carolina

E-665

Dear Sir

In regard to the letter you sent to Mr & Mrs Ed Sparks that I mined Mica on their property sold by the Hector Mining Co. Hector Mine.

I did not mine this mica on the Sparks property.

I mined on the Old Hector mine which is on the Asheville Mica Co. property. If you will check with the Government Mica Depot at Spruce Pine, you will find my contract No. as being sold. property owner

Asheville Mica Co
C/o Arthur Buchanan
Spruce Pine N.C.

This is the way it is at Spruce Pine Depot.

The property you refer to in this letter joins the Asheville Mica Co. and the Albert mine is on the Asheville Mica Co. property so I for anyone that says the Government any thing on this matter.

OFFICIAL FILE COPY

Mr Sparks came to see me about this matter so I am writing you to let you know some one is mistaken about this. If you want to check go to the Mica Depot at Spruce Pine. Or check with Arthur Buckhannan Agent for the Asheville Mica Co.

I think some one ought to check books a little closer before they accuse some one of mining on property they have not mined on.

Hoping some one will straighten this out

Yours Truly

Van Allen
R-2
Burnsville N.C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

EXTRA COPY
O. M. E.
RECEIVED JUL 11 1962
8 00

July 9, 1962

Memorandum

To: W. R. Griswold, Acting Chief
Division of Field Operations, OME, Washington, D. C.

From: Robert A. Laurence

Subject: DMEA-3216 (Mica)
Hector Mining Company
Hector Mine
Yancey County, North Carolina
Contract Idm-E665

Reference: Your memo of July 5, 1962

Boonford post office was discontinued some time in the middle 1950's. The Knoxville Post Office suggests that you address the correspondence to:

Mr. and Mrs. Ed Sparks
Boonford, Mitchell County
Spruce Pine, North Carolina

Newdale post office (address of Hector Mining Co.) also has been discontinued and its former patrons may be addressed through Spruce Pine.

Robert A. Laurence

RAL/mg
cc - Mr. George C. Selfridge
Bureau of Mines
Mr. Wm. L. Newman
OME - Knoxville files

JUL 5 1962

Memorandum

To: Robert A. Laurence, U. S. Geological Survey

From: Acting Chief, Division of Field Operations

From: DMRA-3216 (Mica)
Hector Mining Company
Hector Mine
Yancey County, North Carolina
Contract Idn.-L665

On July 3 a letter was addressed to Mr. and Mrs. Ed Sparks, who executed an Owner's Consent to Lien in connection with the subject contract. This letter, which was addressed to Booneford, North Carolina, the only address of record in the docket files, was returned by the Greensboro Post Office with the notation "No such office in state".

The docket indicates that copies of the certification of discovery were sent to the DMRA Field Team for forwarding to Ed and Mary Sparks. Accordingly, your advice as to their correct post office address will be appreciated.

W. R. Griswold

EDTalbert/ama 7-5-62

cc:
Docket
Director's Reading File
CA & A Division
Review Committee

JUL 3 1962

Mr. and Mrs. Ed Sparks
Spooneford, North Carolina

Re: DMEA-3216 (Mica)
Hector Mining Company
Hector Mine
Yancey County, North Carolina
Contract Idm-E665

Dear Mr. and Mrs. Sparks:

An Owner's Consent to Lien executed by you as an inducement to the Government to enter into the referenced exploration project contract granted to the Government a lien for its percentage royalty provided by the contract for a period of 10 years from the date of the contract, March 22, 1954, or until the entire amount of the Government's contribution to exploration costs have been repaid. The Government's contribution amounted to $3,993.75 of which $336.47 has been repaid to date.

Our files disclose that two purchases of trimmed mica have been made by the G.S.A. Mica Purchase Depot, Spruce Pine, North Carolina, of production from this property on which the Government is entitled to receive, but has not received, royalty amounting to $16.84. The sales were made by Dan Allen, Route 2, Burnsville, North Carolina, as listed below:

Lot No.	Pounds	Payments	Date approved by the Depot
SPAO-10 (a)	29.31	$195.70	Sept. 7, 1960
" -14 (a)	15.01	141.11	"
	Total Payments	$336.81	
	Royalty @ 5%	$ 16.84	

Please promptly remit the amount of this past due royalty, together with any additional amount which may be due for royalty on value of scrap or punch mica or other sales of minerals from the property. Your remittance should be made by check or money order payable to the Office of Minerals Exploration.

Sincerely yours,

George Fumich, Jr.

Director

CEFisher/ama 7-2-62

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

Returned by P.O. "No such office in State" 7/5/62

E665 3/22/54 DMSA-3216 Hector Mining Company

Yancey County, N.C. Hector, Hector No. 1, Sparks Mine

Last reported Depot sale 4/5/57 134(a) $206.33

Other known parties of possible interest:

Roy Sparks Partner	Ed + Mary Sparks ~~Lessee~~ Owner
Dave Parsley do	Edward Kraftsow } Leased 10/55 to 1956
Sam Parsley do	Robert Keifer }
D. G. Thomas, Jr. Lessee 1956-1957	K. + K. Corporation }
R. C. Thomas do	Howard Sparks Lessee 1956-1959
Jim Cox do	Fred Young Lessee 1959
Sam L. Phillips	Ola Mae Sparks

Sales

Sam L Phillips	6/2/54 - 7/29/54	$2,011.34	EPS 4-153A	Lost EPS 4-178
Robert Keifer	11/16/55 - 11/29/55	677.13	1714A	437 476
K + K Corp	12/6/55 - 4/26/56	2601.75	Auth 264A	Lost Lots 150-152
✓ Ola Mae Sparks	10/2/56 - 11/19/56	332.44	Auth 1912A	Lots 34 or 529 5 lots
Hector Mining Co.	3/6/57 - 4/5/57	1106.86	Auth 74-357B	Lost 134
		$6,729.52		

The only sales from this property noted in examination of S.P. Depot records subsequent to 4/5/57 were made by Fred Young during 1959/1960. A field team inspection on 11/12/59 established that none of the latter production was made from areas under the contract. Investigate 2 sales by Dan Allen.

Ab. 6.60 6/30/62. A ✓

E 665 Hector Mine

Purchases from Fred Young - Non Ruby "A"

Lot No.	Pounds	Preliminary Payment	Date	Final Settlement additional
205	44.50	$ 577.00	11/21/58	$ 440.12
236	49.75	601.76	12/11	440.83
273	31.69	275.35	12/30	221.53
339	101.50	1,085.74	2/5/59	1,203.63
387	80.68	710.11	3/3	448.21
453	79.13	818.72	4/3	594.10
507	49.13	363.47	5/12	251.72
531	39.32	370.24	5/14	281.17
610	14.69	91.31	6/26	84.42
16	40.75	424.57	7/30	326.78
32	39.18	376.00	8/7	204.03
47	26.56	310.82	8/18	123.74
61	44.62	505.63	9/2	397.62
82	45.38	303.93	9/29	202.24
107	27.06	234.02	11/9	130.87
122	29.44	308.11	11/27	201.16
140	73.74	773.03	12/23	471.27
143	14.36	156.56	12/30	105.82
180	12.75	84.41	3/22/60	51.13

FORM APPROVED BY COMP. GEN. U.S. MARCH 25, 1957

GENERAL S[illegible]/ICE[illegible]MINISTRATION

FINAL SETTLEMENT - MICA PURCHASE

Bynum Mine, N. C.

MICA PURCHASE DEPOT -

PRO[illegible]M: [X] A [ ] B

DATE PURCHASED: 7-25-60

ACCEPTANCE NUMBER: A03-14(a)

CERTIFICATE AUTHORIZATION NUMBER	LOT NUMBER	VOUCHER NUMBER	SCHEDULE NUMBER
[illegible]-4-1429A	SPAO-14(a)		

EVALUATION DATA

RUBY

QUALITY	HALF TRIM POUNDS	HALF TRIM PRICE PER LB.	HALF TRIM AMOUNT	FULL TRIM POUNDS	FULL TRIM PRICE PER LB.	FULL TRIM AMOUNT
GOOD STAINED AND BETTER						
GRADES NO. 3 AND LARGER		$	$		$ 70.00	$
GRADES NO. 4 AND 5					40.00	
GRADES NO. 5½ AND 6					17.70	
STAINED						
GRADES NO. 3 AND LARGER		12.00			31.90	
GRADES NO. 4 AND 5		5.00			18.25	
GRADES NO. 5½ AND 6		3.00			7.55	
HEAVY STAINED						
GRADES NO. 3 AND LARGER		8.00			14.80	
GRADES NO. 4 AND 5		4.00			6.85	
GRADES NO. 5½ AND 6		2.00			4.00	
TOTALS			$			$

NONRUBY

QUALITY	HALF TRIM POUNDS	HALF TRIM PRICE PER LB.	HALF TRIM AMOUNT	FULL TRIM POUNDS	FULL TRIM PRICE PER LB.	FULL TRIM AMOUNT
GOOD STAINED AND BETTER						
GRADES NO. 3 AND LARGER		$	$		$ 70.00	$
GRADES NO. 4 AND 5				.25	40.00	10.00
GRADES NO. 5½ AND 6				2.74	17.70	48.50
STAINED						
GRADES NO. 3 AND LARGER		9.60			25.55	
GRADES NO. 4 AND 5		4.00		1.38	14.60	20.15
GRADES NO. 5½ AND 6		2.40		7.40	6.55	48.47
HEAVY STAINED						
GRADES NO. 3 AND LARGER		6.40			11.85	
GRADES NO. 4 AND 5		3.20		.71	5.45	3.87
GRADES NO. 5½ AND 6		1.60		2.53	4.00	10.12
TOTALS			$			$

TOTAL YIELD AND VALUE [ ] RUBY [X] NONRUBY (Half trim plus full trim) 15.01 LBS.	$ 141.11
ADJUSTED VALUE WHEN LESS THAN 18% GS & B (ABOVE VALUE $ _____ X _____ ÷ 18)	$
FOR PROGRAM B, DEDUCT $4.00 PER POUND FOR RIFTING AND TRIMMING	
FINAL BASIS FOR PAYMENT	$ 141.11
LESS: INITIAL PAYMENT VOUCHER NUMBER SCHEDULE NUMBER	78.72
BALANCE DUE [X] SELLER [ ] GOVERNMENT	$ 62.39

NAME AND LOCATION OF MINE

Hector Mine, Yancey County, N. C.
T 08 6B 19.92

SELLER'S NAME AND ADDRESS (Type or print)

Dan Allen
Route 2
Burnsville, N. C.

PROCESSED FOR PAYMENT (LBS.)	15.01
PROCESSED - NO PAYMENT (LBS.) THINS	
BLACK (Dots, Spots, Stained)	
UNDERSIZED	
PROCESSING LOSS	.05
TOTAL POUNDS PURCHASED	15.06

APPROVED

DEPOT SUPERINTENDENT

DATE 9-7-60

GSA WASH D C 58-3277

GSA FORM 1013a SEPTEMBER 1957

FORM APPROVED BY [illegible] MARCH [illegible] 1957

GENERAL S[illegible]VICES [illegible]MINISTRATION

FINAL SETTLEMENT - MICA PURCHASE

MICA PURCHASE DEPOT: Spruce Pine, N. C.

PROG[illegible] [X] A [ ] B

DATE PURCHASED: 7-15-[illegible]

ACCEPTANCE NUMBER: AC3-10(a)

CERTIFICATE AUTHORIZATION NUMBER	LOT NUMBER	VOUCHER NUMBER	SCHEDULE NUMBER
[illegible]-4-1429A	SPAO-10(a)		

EVALUATION DATA

RUBY

QUALITY	HALF TRIM POUNDS	HALF TRIM PRICE PER LB.	HALF TRIM AMOUNT	FULL TRIM POUNDS	FULL TRIM PRICE PER LB.	FULL TRIM AMOUNT
GOOD STAINED AND BETTER						
GRADES NO. 3 AND LARGER		$	$		$ 70.00	$
GRADES NO. 4 AND 5					40.00	
GRADES NO. 5½ AND 6					17.70	
STAINED						
GRADES NO. 3 AND LARGER		12.00			31.90	
GRADES NO. 4 AND 5		5.00			18.25	
GRADES NO. 5½ AND 6		3.00			7.55	
HEAVY STAINED						
GRADES NO. 3 AND LARGER		8.00			14.80	
GRADES NO. 4 AND 5		4.00			6.85	
GRADES NO. 5½ AND 6		2.00			4.00	
TOTALS			$			$

NONRUBY

QUALITY	HALF TRIM POUNDS	HALF TRIM PRICE PER LB.	HALF TRIM AMOUNT	FULL TRIM POUNDS	FULL TRIM PRICE PER LB.	FULL TRIM AMOUNT
GOOD STAINED AND BETTER						
GRADES NO. 3 AND LARGER		$	$	.24	$ 70.00	$ 16.80
GRADES NO. 4 AND 5				.68	40.00	27.20
GRADES NO. 5½ AND 6				2.97	17.70	52.57
STAINED						
GRADES NO. 3 AND LARGER		9.60		.31	25.55	7.92
GRADES NO. 4 AND 5		4.00		2.34	14.60	34.16
GRADES NO. 5½ AND 6		2.40		13.23	6.55	86.79
HEAVY STAINED						
GRADES NO. 3 AND LARGER		6.40			11.85	
GRADES NO. 4 AND 5		3.20		1.33	5.45	7.25
GRADES NO. 5½ AND 6		1.60		8.19	4.00	32.76
TOTALS			$			$

TOTAL YIELD AND VALUE [ ] RUBY [X] NONRUBY (Half trim plus full trim)	29.31 LBS.	$ 265.45
ADJUSTED VALUE WHEN LESS THAN 18% GS & B (ABOVE VALUE $ 265.45 x 11.27 ÷ 18)		$ 195.70
FOR PROGRAM B, DEDUCT $4.00 PER POUND FOR RIFTING AND TRIMMING		
FINAL BASIS FOR PAYMENT		$ 195.70
LESS: INITIAL PAYMENT VOUCHER NUMBER SCHEDULE NUMBER		105.79
BALANCE DUE [X] SELLER [ ] GOVERNMENT		$ 89.91

NAME AND LOCATION OF MINE

Reuben Mine, Yancey County, N. C.
% GS & B 11.27

PROCESSED FOR PAYMENT (LBS.)	29.31
PROCESSED - NO PAYMENT (LBS.) THINS	
BLACK (Dots, Spots, Stained)	
UNDERSIZED	
PROCESSING LOSS	.06
TOTAL POUNDS PURCHASED	29.37

SELLER'S NAME AND ADDRESS (Type or print)

Bob Allen
Route 2
Burnsville, N. C.

665

APPROVED

DEPOT SUPERINTENDENT

DATE 9-7-60

GSA WASH D C 58-3177

GSA FORM 1013a SEPTEMBER 1957

OMB Form 7
(10-58)

OFFICIAL FILE COPY

Date	Bureau	Code
	[illegible]	500
		120
		110
		100
		220

Idm-E665

June 27, 1972

Memorandum

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

From: C. S. Fisher, OME Auditor

Subject: Auditing to Spruce Pine, North Carolina

I left Washington, D. C., via Southern Railway train No. 47 at 9:00 p.m., E.T., June 17, 1972. Arrival in Asheville, N. C., was about 10:00 a.m., June 18. There I rented an automobile from Avis Rent-A-Car and drove to Spruce Pine, N. C. Left Spruce Pine at 10:00 a.m., June 23, and arrived back in Washington at 5:10 a.m., June 24, via Southern Railway train No. 15.

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

The last purchase by the Depot under the Mica Purchase Program was made on June [illegible], 1972. Mr. J. [illegible], Superintendent, stated that processing the mica in hand and final settlements with vendors will take another [illegible] months before the Depot is finally closed. Mr. McKinney also advised that [illegible],972 Participation Certificates were issued and 21,[illegible] lots of mica were purchased during the program. As of June 15 the yield of strategic mica amounted to 1,516,755.75 pounds. This will increase when all processing is completed. As of June 1 the total payments to vendors amounted to $20,5[illegible]6,000. This amount will be increased when final settlements have been completed.

My review of the Depot records disclosed [illegible] contracts under which the Government was entitled to royalty, as hereinafter discussed. The investigation failed to disclose any [illegible] of production from the properties covered by the remaining contracts. Memoranda for the files have been prepared for these latter group of contracts.

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

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

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

Second, nine of the mica exploration contracts had repaid their entire Government advance prior to 1953 and, of course, had no further royalty obligation. (For example, Lithole Miners, Idm-E364, DMEA-2379, operated right up to the day the Depot stopped buying.)

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

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

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

concentrat[illegible] strat[illegible] mica. [illegible] the local material that was [illegible] for [illegible] by the Depot. Mr. Conley stated that [illegible] the local [illegible] have [illegible] in to "talk" about the possibility of continuing [illegible] and are "considering" the matter. He indicated that he expected some land-owner farmers would probably bring in punch from time to time as they felt the need for cash, [illegible] other crop from the land.

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

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

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

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

Contract Idm-E311, DMRA-1377, Piedmont Minerals, Inc.

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

[illegible] was

[illegible] under

[illegible] alty [illegible]

[illegible] the

[illegible] est

[illegible] July 26,

[illegible] ville,

[illegible] as

[illegible] tract

[illegible] con-

[illegible] ville [illegible]

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[illegible] t

[illegible] v [illegible]

[illegible] ttle-

[illegible]

[illegible] and

[illegible] ating

$206.[illegible] and $865.29, respectively, for mica [illegible] Saint Cove Mining Company, Route 3, c/o Ralph Cunningham, [illegible], N. C. The name and location of the mine are shown as Saint Cove Mine, Macon County, N. C., which is in agreement with the description of the mine in which exploration was performed.

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

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

Contract Idm-3548, DMEA-2921, Fred Taylor, Julian Greene & Johnnie Greene

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

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

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

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

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

Contract [illegible] 132, [illegible] Mines, Inc.

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

Lot No.	Date Approved	Seller	Amount
SPAB-257(a)	11/5/58	S. P. Lett, Rt. 3, [illegible]ville, Ala.	$2,019.20
" -[illegible](a)	12-[illegible]/58	" " " "	455.57
" -333(a)	12/[illegible]/58	" " " "	861.37
" -414(a)	3/[illegible]/59	L. T. [illegible], Rt. 2, Columbiana, Ala.	157.82
" -511(a)	3/29/59	" " "	649.37
" -780(a)	6/23/59	" " "	356.95

Contract I[illegible]-[illegible]4, D[illegible]-3247, [illegible] Buchanan, et al.

Final settlement sheet for lot [illegible], SPAR-163[illegible], approved August 24, 1960, covered payments aggregating $854.94 to [illegible]. Burleson & Frank [illegible]. Phillips [illegible], c/o Mitchell Lumber Co., Spruce Pine, N. C. The name and location of the mine are shown as [illegible]ngson Mine, Mitchell County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract I[illegible]-[illegible]14, D[illegible]-1740, Roy Grindstaff, et al.

Final settlement sheet for lot [illegible], SPAO-1[illegible](a), approved January 27, 1960, covered payments aggregating $[illegible] to Pereley & Grindstaff, [illegible], c/o Roy Grindstaff, Bakersville, N. C. The name and location of the mine are shown as Cooley, Mitchell County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract I[illegible]-[illegible], D[illegible]A-43[illegible]7, Hawk Mining Company

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

Lot No.	Date Approved	Seller	Amount
SPAO-475(a)	4/18/59	J. E. Wilson, c/o Mitchell Lumber Co., Spruce Pine, N.C.	$ 114.80
" - [illegible](a)	7/24/59	" " " "	594.62
" - 51(a)	8/24/59	" " " "	1,070.75*
" -[illegible]9(a)	1/9/62	" " " "	302.37*

* Includes production from various mines. Amounts applicable to [illegible] mine are $199.[illegible] and $9.4[illegible], respectively.

Contract [illegible] M[illegible]-1716, Hector Mining Company

Final settlement sheets for lots SPAO-13(a) and SPAO-14(a), approved September 7, 1960, covered payments aggregating $195.70 and $141.11, respectively, to Dan Allen, Route 2, Burnsville, N. C. The name and location of the mine are shown as Hector Mine, Yancey County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-1734, M&A-3452, Howard Boone & John Jarrett

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

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

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

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

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

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

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

CEFisher/amm 6-27-62

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

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E665, Docket DMEA-3216 (mica), dated March 22, 1954, with

Roy Sparks, Dave Parsley, and Sam Parsley
d/b/a Hector Mining Company
Newdale, North Carolina

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Hector Mine, Hector No. 1 Mine, and Sparks Mine located in Yancey County, North Carolina, during the period February 20, 1958, through June 15, 1960.

A certification of discovery or development was issued on September 15, 1954, and, in accordance with Annex I of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated August 11, 1954, indicated accepted costs under the exploration contract amounting to $5,325.00 with the Government's contribution on a 75 percent basis being $3,993.75.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which found the sales subject to the Government's royalty through February 19, 1958, to be $6,729.52. The royalty account as of February 19, 1958, was:

Total Royalty Payable	$336.47
Total Royalty Paid	336.47
Balance of Royalty Due	$ -0-

As of June 15, 1960, the royalty account of this project was found to be:

Total Royalty Payable	$336.47
Total Royalty Paid	336.47
Balance of Royalty Due	$ -0-

January 2, 1962

E. D. Talbert, OME Auditor

Idm-3665 Hector Mining Co. DMEA-3216

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

At the time the exploration project contract was executed, the Operators were in possession of the property under the contract by virtue of an October 20, 1953, lease from Ed Sparks and Mary Sparks, Booneford, North Carolina. Shortly after completion of the exploration work on June 30, 1954, the Operators abandoned the property, which remained idle until about October 1955 when it was leased to Edward Kraftsow and Robert Keifer, both of Philadelphia, Pennsylvania, and operated by K. & K. Corporation, 111 Lakeside Avenue, Philadelphia, Pennsylvania. This latter lease was breached and declared void during the early part of 1956. Thereafter, during the last part of 1956 and the first part of 1957, the property was operated by B. G. Thomas, Jr., R. C. Thomas, Jim Cox, and Howard Sparks, also doing business as Hector Mining Company, Spruce Pine, North Carolina. During 1959 the property was leased by Fred Young, but a field team inspection on November 12, 1959, established that none of the lessee's production was made from the area under the contract.

The files disclose sales of production in the following names during the indicated periods:

Sam L. Phillips	6/2/54 - 7/29/54	$2,011.34
Robert Keifer	11/16/55 - 11/29/55	677.13
K. & K. Corporation	12/6/55 - 4/26/56	2,601.75
Ola Mae Sparks	10/2/56 - 11/19/56	332.44
Hector Mining Co.	3/6/57 - 4/5/57	1,106.86
Total	6/2/54 - 4/5/57	$6,729.52

As stated in prior Reports of Royalty Review, all royalty due on these sales has been paid. Furthermore, inspections of the property and checks (the last during June 1960) of the records of the G.S.A. Mica Purchase Depot in Spruce Pine, North Carolina, have confirmed that all sales of production through June 15, 1960, have been accounted for.

This contract contains the so-called "abandonment" provision. Furthermore, the Owner's Consent to Lien, which was executed on the same day as the Operator's lease, merely secures payment of the royalty "provided for under the terms of said exploration project contract". The landowners, however, apparently have recognized the Government's lien by suitable provisions in the subsequent leases.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) No mineral production has been made since 1957 from the area under the contract;

(2) All sales of production through June 15, 1960, have been accounted for and proper royalty thereon paid; and

(3) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

800

1962

Memorandum

To: Chief, Fiscal Section, Division of Administrative Services, Office of the Secretary

From: Chief, Division of Field Operations, OME

Subject: DMEA-3216 (Mica)
Hector Mining Company
Hector Mine
Yancey County, North Carolina
Contract Idm-2665

Enclosed for your files is the original of a Report of Royalty Review on the subject contract.

George C. Selfridge

Enclosure

GCSelfridge/hb (1/17/62)
cc: Docket DMEA-3216
Director's Reading File
CA & A Division
G. C. Selfridge
R. A. Laurence, Region IV, w/cy of Report of Royalty Review dtd 1/2/62 and copy of memo dtd 1/16/62 by CA& A Division to Division of Field Operations.
V. J. Lynch, Region IV, w/cy of ea. item sent to Mr. Laurence

JAN 16 1962

Memorandum

To: Chief, Division of Field Operations

From: E. D. Talbert, Acting Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: DMEA-3216 (Mica)
Hector Mining Company
Hector Mine
Yancey County, North Carolina
Contract Idm-8665

Enclosed are the original and two copies of a Report of Royalty Review covering the subject Region IV contract. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary; and

(b) Two copies to Region IV files.

This report is for OME record purposes only; therefore, no copy has been provided for the Operator.

As evidence of your concurrence, a copy of your memorandum transmitting the original of the report to the Department's Fiscal Section should be furnished this Division. If for any reason you do not concur, the original and both copies should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 1-16-62

cc:
Docket
Director's Reading File
CA & A Division
Mr. Rothrock

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the records of the Executive Officer, DMEA Field Team, Region V, Knoxville, Tennessee, pertaining to Contract Idm-2665, Docket No. DMEA-3216 (Mica), dated March 22, 1954, with

Roy Sparks, Dave Parsley and Sam Parsley
d/b/a The Hector Mining Co.
Newdale, North Carolina

for the purpose of determining the amount of royalty due the U. S. Government on sales of mica from property referred to as Hector Mine, located in Yancey County, North Carolina, during the period March 10, 1955, to February 19, 1958.

A certificate of discovery or development was issued on September 15, 1954, and, in accordance with the contract, royalty is payable on the net proceeds realized from production as a result of such discovery or development during a period of 10 years from the date of the contract or until the amount of the Government's contribution to exploration costs has been repaid, without interest, whichever occurs first. A report of review in lieu of final audit dated August 11, 1954, indicated accepted costs under the exploration contract amounting to $5,325.00 with the Government's contribution, on a 75 percent basis, being $3,993.75. The scope of the present royalty review and the reasons therefor are stated on Schedule "A" attached.

My review established the total sales of mica for this period to be $4,718.18. Royalty due the Government at the contract rate of 5 percent is $235.91. A prior royalty review for the period March 22, 1954, to March 9, 1955, stated the sales to be $2,011.34 for that period and the status of the royalty account to be:

Total Royalty Due	$100.56
Total Royalty Paid	100.56
Balance of Royalty Due	$ -0-

As of February 19, 1958, the royalty account of this project was found to be:

Total Royalty Due	$336.47
Total Royalty Paid	336.47
Balance of Royalty Due	$ -0-

March 19, 1958

C. E. Fisher, Auditor

Schedule "A"

Contract Idm-1665, Docket No. DMEA-3216 (Mica)

Report of Royalty Review

This review was limited to the listing of sales of sheet and hand-cobbed mica to the Mica Purchase Depot, Spruce Pine, North Carolina, shown by the records of the DMEA Region V office in connection with production from Hector Mine on which royalty was received during the period under review. This list, which is filed with my audit work papers, was also checked with the purchase records of the Depot. A summary of the indicated production, sales, and royalty paid to the Government follows:

Item	Production (Pounds)	Sales	Royalty Paid
March 22, 1954, to March 9, 1955			
Sheet mica	215.66	$1,661.66	
Scrap mica	4,350.00	48.93	
Punch mica	1,485.00	100.75	
Totals - Prior Review		$2,011.34	$100.56
March 10, 1955, to February 19, 1956			
Sheet mica	313.05	$3,206.03	
Hand-cobbed mica	18,745.00	$1,512.15	
Totals - Present Review		$4,718.18	$235.91
Grand Totals	25,108.71	$6,729.52	$336.47

It is recommended that the DMEA Region V office ascertain what sales of scrap or punch mica were made during the period covered by this review and the amount of any royalty that may be due to the Government on such sales.

An on-site royalty audit was not made at this time because the administrative cost to the Government would be excessive in relation to the amount of possible additional royalty which might be disclosed.

Check Sheet of Examining Engineer

Operator's Name Roy Sparks, Dave Sparks and Sam Parsley, d/b/a

Address Hector Mining Company, Newdale, North Carolina

Exploration Contract No. Idm-E665 DMEA Docket No. 3216

	Check One Yes	No
1. (a) Does the Operator stockpile ore subject to royalty repayment?		X
(b) If so, is segregation and identification procedure adequate?		
2. (a) Does Operator commingle production subject to DMEA royalties with exempt production?		X
(b) If so, do you consider the allocation of the commingled production equitable?		
3. (a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?	X	
(b) If so, are adequate records maintained on such material to protect the Government's interest?	X	
4. Do you consider the assay controls in effect are adequate?	X	
5. Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	X	
6. Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA royalties?	X	
7. Does the Operator buy from or sell to other Operators?		X

8. Comment on any item 2 (b) to 6 if answer is No.

3.(a) Operator stockpiles mica scrap until a sufficient amount is obtained to make a sale.

Lora Beck
Mining Engineer

Date 2-20-58

82448

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

Re: Docket No. DMEA-3216 (Mica)
The Nestor Mining Company
Nestor Mine
Yancey County, North Carolina
Contract No. Ion-1665

Dear Mr. Lawrence:

I am enclosing the original and two copies of Mr. Fisher's report of royalty review dated March 19, 1958, pertaining to the subject contract.

If you concur with the findings, the original should be forwarded to the Regional Finance Officer, a copy should be retained in your files, and a copy should be sent to the landowner.

Sincerely yours,

(Signed) ~~J. L. Chambers~~

for Jry L. Chambers, Director
Contract Administration
and Audit Division

Enclosures

CEFisher/sma
March 20, 1958

Copy to: Docket
Admr. Reading File
Helen R. Miller
Mr. Chambers

For Certificate of Deposit No. 38, dated October 29, 1957, giving royalty payment of $55.34, see E-98.

E-665

For Certificate of Deposit No. 64, dated January 15, 1957, giving royalty payment of $16.62, see E-392.

Oak Ridge, Tennessee

THIS DEPOSIT IS NOT SUBJECT TO CHECK

For credit of Br. Trsy. Regional Office, Oak Ridge, Tenn. 5/23/56
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

DEPOSIT NO. ~~14-23-070-108~~

deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

$ 13.14

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-E-665, Hector Mine (Royalty Payment)	$13.14

(Depositor will insert below his name, title, Department or Agency concerned, and his address)
Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen R. Miller, Adm. Asst.
P. O. Box 217
Norris, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

MAY 23 1956
(Date of credit in Treasurer's account)

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

16—59686b-1 GPO

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

For Certificate of Deposit No. 96, dated April 25, 1957, giving royalty payment of $7.12, see E-161.

OakRidge, Tennessee

THIS DEPOSIT IS NOT SUBJECT TO CHECK

DEPOSIT NO. 14-23-070-74

For credit of 428 Br. Trsy. Regional Office, Oak Ridge, Tennessee 2-10-56
(Name, title, and disbursing office identification symbol of accountable officer) (Date sent)

deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

$ 55.24

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-E-665 K & K Corporation (Royalty Payment)	55.24

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

Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
P. O. Box 217
Helen R. Miller, Adm. Asst.
Norris, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

FEB 10 1956

(Date of credit in Treasurer's account)

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

16—59686b-1 GPO

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Oak Ridge, Tennessee

DEPOSIT NO. 14-23-070-63

For credit of 428 BR.TRSY. Regional Office, Oak Ridge, Tenn. [redacted]8-56
(Name, title, and disbursing [redacted]er identification symbol of accountable officer) [redacted] (Date sent)

deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

$54.59

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-E-665 E. P. Greene, Hector Mine (Royalty Payment)	$54.59

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

Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen R. Miller, Adm. Asst.
P. O. Box 217
Norris, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

JAN 13 1959
(Date of credit in Treasurer's account)

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

16—59686b-1 GPO

E-665

For Certificate of Deposit No. 50, dated December 13, 1955, giving royalty repayment of $33.86, see E-646.

REPORT OF
ROYALTY REVIEW

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed all copies of settlement sheets on file with the Executive Officer, DMEA Field Team, Region V, applicable to royalties collected on the sales of mica for the period March 22, 1954, to March 9, 1955, by:

Roy Sparks, Dave Parsley and Sam Parsley
d/b/a The Hector Mining Company
Newdale, North Carolina

produced from property referred to as the Hector Mine located in Yancey County, North Carolina, under terms of Contract Idm-E665, Docket No. DMTA-3216.

My review included a conference with Mr. William A. Beck, Mining Engineer, U. S. Bureau of Mines, Knoxville, Tennessee, who is thoroughly familiar with the project.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) The production involved was incidental to the exploration operations;

(2) A review of the records of General Services Administration Mica Purchase Depot, Spruce Pine, North Carolina, did not disclose any other sales of mica from this mine since the effective date of the exploration contract; and

(3) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

The audit established the total sales of mica for this period to be $2,011.34. Royalty due the U. S. Government at the contract rate of 5 percent is $100.56. The royalty paid and balance due are as follows:

Total Royalties Due	$100.56
Total Royalties Paid	$100.56
Balance of Royalties Unpaid	$ -0-

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

March 21, 1955

For Certificate of Deposit No. 12, dated August 9, 1954, giving royalty repayment of $53.63, see E-613.

SEXTUPLICATE

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

CERTIFICATE OF DEPOSIT FOR CHECKING ACCOUNT

DEPOSIT NO. [illegible]

Deposited with Carlton National Bank, Farmville, Tenn. 7/16/52
(Name and location of depositary) (Date sent)

$ 2.00

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

SYMBOL NO. [illegible]

R. A. Ryan, Oak Ridge, Tenn.
(Name and address of officer to be credited)

On account of— [illegible] 2.00 Royalty payment [illegible] Lucas Mining Co.

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

Ford A. Ryan, Fiscal Officer
Bureau of Mines
Department of the Interior
Knoxville, Tenn.

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

(Authorized signature)

(Date of credit in Treasurer's account)

DEPOSITOR WILL RETAIN THIS COPY

E-665

For Certificate of Deposit No. 10, dated June 16, 1954, giving royalty repayment of $21.68, see E-613.

SEXTUPLICATE

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

CERTIFICATE OF DEPOSIT FOR CHECKING ACCOUNT

Deposited with Franklin National Bank, Franklin, Penn. (Name and location of depositary) 6/10/[illegible] (Date sent)

DEPOSIT NO. 14-23-973-2

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

$ 23.35

SYMBOL NO. 1420

E. A. Dixon, Cpl Pldco, Penn. (Name and address of officer to be credited)

On account of—

14X401 23.35

93 Regiby, Km-1-665
Theatre Ticket Co.

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

Conn A. Pigor, Fiscal Officer
Bureau of Mines
Department of the Interior
Uniontown, Penn.

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

R. C. Alee O.N.
(Authorized signature)

JUN 6 1953
(Date of credit in Treasurer's account)

DEPOSITOR WILL RETAIN THIS COPY

REPORT
OF REVIEW

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Roy Sparks, Dave Parsley, and Sam Parsley
d/b/a The Hector Mining Company
Newdale, North Carolina

pertaining to Exploration Project Contract No. Idm-E665, Docket No. DMEA-3216, for the months of April 1954, to June 1954, inclusive, covering a project for the exploration of mica on property, known as the Hector 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, verification of work performed by reference to Regional Field Team reports, and a determination of the reasonableness and propriety of the costs.

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

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

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

Total cost as billed by Contractor		$5,325.00
Exceptions:		
By DMEA Finance Officer	$ - 0 -	
Herewith	- 0 -	-0-
Total Accepted Cost		$5,325.00

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Three thousand nine hundred ninety-three and 75/100 Dollars,

$3,993.75

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

E. D. Talbert

E. D. Talbert, Auditor

August 11, 1954

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June, 1954 Docket No. DMEA 2226 Contract No. 24n-2665
Operator's Name Day Sparks & Dave Parsley Minerals 1400
Address Hector Mining Co., Hayfale, P. O.
Contract Amount, $ 5225.00 Government Participation: 75% Amount, $ 3919.75

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		50.00	50.00			
Crosscutting						
Drifting 60' @ 35.00 ft.	2100.00	700.00	2800.00			
Shafting		2250.00	2250.00			
(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.		225.00	225.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	2100.00	3225.00	5325.00	2,100.00	3,225.00	5,325.00

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-3

I certify that the above bill is correct and just and that payment therefor has not been received.
Date July 1, 1954 *Payee Day Sparks & Dave Parsley
Hector Mining Co.
Per Dave Parsley 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:

$ 1,575.00

Signature Cora A. Pigan
(Authorized Certifying Officer)

Date JUL 22 1954 Vou. No. 17
(See other side)

317
C 6/30

525.00

(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. Dm-E665 in accordance with the terms of the contract.

Signature Laurence E. Shirley Title Mining Engr. U.S.B.M. Date July 3, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Laurence Title EXECUTIVE OFFICER DMEA REGION VII Date JUL 19 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

17

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 195 4 Docket No. DMEA 3216 Contract No. [illegible]
Operator's Name Ray Sparks & Dave Parsley Minerals Mica
Address Hector Mining Co., Honolulu, 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
60 Drifting @ 35.00	ft.	2100.00	60	2100.00	60	35.00	60	35.00
Crosscutting								
Raising								
Shafts				2250.00	50	45.00	50	45.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Bulldozing				50.00				
Total Distributed Costs		2100.00	60	2100.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				225.00				
Total Costs		2100.00	60	2325.00				

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 2, 1956 Operator Ray Sparks & Dave Parsley, Hector Mining Co.

Per Dave Parsley 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 June, 1954

DMEA-3216

Contract No. IDm-E665 (Mica)

Work Accomplished:

We have completed 60 feet of drift, in vein material most of the time. No outstanding difficulty has been encountered, and we have been recovering approximately 150 lbs. of mica a day. A total of about two tons has been recovered to date.

June 1 - 4 - Pumped water, did some drilling and shooting.

June - 7- 11 - Pumped water, mucked. Drilled, recovered about 400 lbs. of mica.

June 14-18 - Pumped water. Drilled and shot in vein material, getting into richer vein material as we progressed. Continued to recover mica, averaging about 100-150 lbs. daily.

June 21 - 25 - Pumped water, mucked. Continued drilling in same direction, keeping in practically the same type material and continuing to recover mica.

June 28 - 30 - Pumped water. Mucked, and drilled further. It appears that the mica is higher than we are drilling and that more mica can be recovered by stoping. About two tons of mica has been recovered to date.

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

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

Colorado Minerals Administration
RECEIVED
JUN 1 1 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of May, 1954 Docket No. DMEA 3216 Contract No. Idm-E 665
Operator's Name Roy Sparks and Dave Parsley Minerals Mica
Address Hector Mining Co., Newdale, N. C.
Contract Amount, $ 5325.00 Government Participation: 75 % Amount, $ 3993.75

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:						m
Drilling						
Bulldozing		50.00	50.00			
Crosscutting						
20' Drifting @ 35.00 ft.	700.00	- 0 -	700.00			
Shafting		2250.00	2250.00			
(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.		225.00	225.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	700.00	2525.00	3225.00	700.00	2,525.00	3,225.00

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-71

I certify that the above bill is correct and just and that payment therefor has not been received.
Date June 1, 1954 *Payee Roy Sparks & Dave Parsley Hector Mining Co.
Per Dave Parsley 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:

$ 525.00

Signature Cora A. Pipes
(Authorized Certifying Officer)

Date JUN 9 1954 Vou. No. 310
(See other side)

175.00

(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-E665 in accordance with the terms of the contract.

Signature Lawrence E. Shirley Title Mining Engr. U.S.B.M. Date June 5, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. A. Beck ACTING Title EXECUTIVE OFFICER DMEA REGION VII Date JUN 7 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

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of May, 1954 Docket No. DMEA 3216 Contract No. Idm-E 665

Operator's Name Roy Sparks & Dave Parsley Minerals Mica

Address Hector Mining Co., Newdale, 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
20' Drifting @ 35.00	Ft.	700.00	20	700.00	20	700.00	80	35.00
Crosscutting								
Raising								
Shafts	Ft.			2250.00	50	2250.00	50	45.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Bulldozing				50.00				50.00
TOTAL DISTRIBUTED COSTS		700.00	20	3000.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				225.00				
TOTAL COSTS		700.00		3225.00				

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.

Roy Sparks & Dave Parsley

Date June 1, 1954 Operator Hector Mining Co.

Per Dave Parsley 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 May, 1954

EMEA-3216

Work Accomplished:

We are making steady progress and have extended the shaft down to a total of 62 feet. (The last 12 feet at our expense). We began drifting and have not encountered any serious problems so far. We floored an eight foot water hole, and have had to do some timbering. We have begun to hit some mica, and have recovered about 2500 pounds during the month.

Daily Notes:

May 3 - 5	Pumped water, timbered began sinking shaft.
May 6 - 7	Continued sinking shaft, reached a total of 62 feet.
May 10 - 12	Pumped water, began with the drifting.
May 13 - 14	Drilled, mucked. Now drifting in some vein material feldspar, etc.
May 17 - 19	Pumped water, drilled and mucked. Vein now showing some mica, small amounts recovered.
May 20 - 21	Floored water hole.
May 24 - 26	Drilled, mucked. Began reaching some deposits of mica and recovered several hundred pounds.
May 27 - 28	Still recovering mica, a total of some 2500 lbs. have been taken out to date.

COPY

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

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

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

Month of April 1954 Docket No. DMEA 3216 Contract No. IDM-665
Operator's Name Hector Mining Company Minerals Mica
Address Newdale, N. C.
Contract Amount, $ 5325.00 Government Participation: 75% Amount, $ 3993.75

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	50.00		50.00			
Crosscutting						
Drifting						
50' Shafting @ 45.00 ft.	2250.00		2250.00			
(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.	225.00*		225.00*			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
*(6.) Tool house, powder magazing & exploder mag.						
(8) Contingencies (specify):						
TOTALS	2525.00		2525.00	2525.00	—	2525.00

PAID ON VOUCHER & SCHEDULE 63 OF PAYMENTS K-

I certify that the above bill is correct and just and that payment therefor has not been received.
Date May 3, 1954 *Payee Hector Mining Co.
Per Roy Sparks 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:
$ 1893.75
Signature Cora W. Pipes (Authorized Certifying Officer)
Date MAY 6 1954 Vou. No. 277
(See other side)

631.25

1 S-413

(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. Idm665 in accordance with the terms of the contract.

Signature Kepton H. Teague Title Geologist, U.S.G.S. Date MAY 5 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. A. Beck Title ACTING EXECUTIVE OFFICER DMEA REGION VII Date MAY 5 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".

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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

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of April 1954 Docket No. DMEA 3216 Contract No. IDM-665
Operator's Name Hector Mining Co. Minerals Mica
Address Newdale, 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 50 ft.	Ft.	2250.00	50	2250.00	50	2250.00	50	2250.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Bulldozing		50.00		50.00				50.00
TOTAL DISTRIBUTED COSTS		2300.00		2300.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		225.00*		225.00*				
*Tool House, Powder Magazine and Exploder magazine								
TOTAL COSTS		2525.00		2525.00				

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 May 3, 1954 Operator Hector Mining Co.

Per Roy Sparks Title Partner
Roy Sparks

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 April, 1954

Date Work begun: 4-13-54

DMEA-3216

Idn- 665

Work Accomplished:

We bulldosed the site, moved our machinery in, set up the equipment, hoist, air compressor, boom pole and derrick. We constructed tool house, powder magazine and exploder magazine. We sank the shaft 50 feet. We timbered about 50 feet. Satisfactory progress was made, and no serious difficulties were encountered.

Daily Notes:

April 13	Bulldosed shaft site.
April 15 & 16	Moved in hoist.
April 17	Set up hoist and derrick.
April 19	Sank shaft.
April 20	Continued sinking shaft.
April 21	Time spent timbering.
April 22 & 23	Continued sinking shaft.
April 24	Built tool house and magazines
April 26	Timbered shaft.
April 27-30	Timbering and Shafting.

COPY

C O P Y

WILSON AND WILSON COMPANY

5 HOURS BULLDOZING @ 10.00 per hour $ 50.00

for Hector Mining Company
Newdale, N. C.

I certify that this is a true and correct bill.

(Signed)

MAR 2 4 1964

Mrs. Ed Sparks
Route 2
Burnsville, North Carolina

Re: IMCA-3216 (Mica)
Hector Mining Company
Hector Mine
Yancey County, North Carolina
Contract Km-1665

Dear Mrs. Sparks:

Thank you for returning the two completed copies of IMM Form 63 which were mailed to you February 20, 1964.

By the terms of the subject Exploration Project Contract and the certification of discovery or development dated September 15, 1954, all minerals mined or produced from March 22, 1954, to March 22, 1964, were subject to the Government's royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any future production therefrom.

Sincerely yours,

George Fumich, Jr.

Acting Director

FMMurphy/mm (3/22/64)
cc: Director's Reading File
CA&A Division
R. A. Laurence, Knoxville, Tenn. w/cy of Form 63 dated 2/20/64
Docket
Code 500

Mr. Chambers

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

OCT 26 1955

Mr. David A. Kraftsow
Suite 1015-1018
1420 Walnut Street
Philadelphia 2, Pennsylvania

Re: Docket No. DMEA-3216 (Mica)
Roy Sparks, Dave Parsley and Sam Parsley
The Hector Mine
Yancey County, North Carolina
Contract No. Idm-X665

Dear Mr. Kraftsow:

Reference is made to your letter of October 17, 1955, requesting information regarding repayment of the Government's contribution under the referenced Exploration Project Contract for exploration work performed at the Hector Mine, which you have recently purchased.

The total contributions by the Government under this contract amounted to $3,993.75 and an aggregate of $100.56 has been repaid. Therefore a balance of $3,893.19 is repayable under the terms of the contract, which provides, in part:

"The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2, * * * * if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other amounts realized from the sale or other disposition of any such production (including any bonuses, premiums, allowances, or other benefits), in whatever form disposed of, including ore, concentrates, or metal, as follows:

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

"(b) 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.)" [See Annex I.]

The land is described in Article 2 of the contract as:

"Being the property leased by Ed and Mary Sparks in a lease dated October 20, 1953, and described as follows: Beginning at an opening known as the Hector Mine; thence 100' N.; thence 200' E.; thence 400' S.; thence 400' W.; thence 400' N.; thence 200' E."

A certification of discovery or development was issued on September 15, 1954. The contract was dated March 22, 1954. Accordingly, all production from the property is subject to the Government's percentage royalty as set forth in the contract until the total amount contributed by the Government is repaid or until March 22, 1964, whichever occurs first.

Checks in payment of the percentage royalty should be drawn to the Defense Minerals Exploration Administration and forwarded to Mr. Robert A. Laurence, Executive Officer, DMEA Field Team, Region V, Room 13, Post Office Building, Knoxville 2, Tennessee. Such payments should be accompanied by suitable evidence, such as copies of settlement sheets showing quantities and grades sold, the name of the purchaser, and the price and charges certified to be correct by the purchaser.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

EDTalbert/wb
October 25, 1955

Copy to: Docket
Admr. Reading File
FT Region V (2)
Mr. Houk
Mr. Chambers

COPY

DMEA 3216

Law Offices
DAVID A. KRAFTSOW
Suite 1015-1018
1420 Walnut Street
Philadelphia 2

October 17,1955

Department of the Interior
Washington 25, D. C.

Re: Loan Contract
Idm-E-665

Gentlemen:

Please be advised that I represent Edward Kraftsow and Robert Keifer of this city who have recently purchased a certain mica mine in Yancey County, Crabtree Township, North Carolina. The said mine apparently was known as the Hector or Sparks Mine and certain funds were borrowed from the Department to operate it under Contract No. Idm-E-665.

Would you please forward to us a statement of the amount presently due, how the funds are payable, the terms of the loan; when, where and to whom is payment made and any other information that may be helpful.

Very truly yours,

/s/ Lenard L. Wolffe
for David A. Kraftsow

GOVERNMENT COPY

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

[illegible]

[illegible] Mrs. Mary Sparks, Dave Sparks, and Ed Sparks, [illegible] doing business as The Master Mining Co.
Mendale, North Carolina

Pursuant to the provisions of exploration project contract No. [illegible], dated March 22, 1954 (Docket No. [illegible]), hereinafter called the "contract" between you and the United States of America, hereinafter called the "Government", to establish and fix the Government's percentage royalty on production and its time thereon on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described briefly or indicated as follows:

A shaft and drifts from its bottom explored a considerable zoned pegmatite in mica schist. Tri-basic mica phosphates inferred and indicated were found near the shaft bottom and along the drifts.

[illegible]

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

Dated: SEP 1 5 1954

WCAnderson:gad 9/15/54
Copy to: Mrs. Mary Sparks (Attached to Field Team's copy for forwarding).
Mr. Ed Sparks " " " " "
Mr. Irving Gumbel, EPS, GSA
Docket File
Admr. R. File
Mr. Hedges, 4604
Mr. Chambers
Mr. Johnson
Field Team, Region VII
Mr. Kiilsgaard, Rm. 5227
Operating Committee
Finance Office
Mr. Houk

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

Mr. Roy Sparks
The Hector Mining Co.
Newdale, North Carolina

SEP 16 1954

Re: Docket No. DMEA-3216 - Mica
Roy Sparks, Dave Parsley and
Sam Parsley
The Hector Mine
Yancey County, North Carolina
Contract No. Idm-E665

Dear Mr. Sparks:

Transmitted herewith is a certification of discovery or development on Contract No. Idm-E665 on The Hector Mine, Yancey County, North Carolina.

By the terms of the Exploration Project Contract and of the certification, all production from the property from the date of the Exploration Project Contract, March 22, 1954, is subject to the Government's percentage royalty as set forth in the contract until the sum of $3,993.75 is paid or until March 22, 1964, whichever occurs first.

Payments should be made to Mr. Robert A. Laurence, Executive Officer, Defense Minerals Exploration Administration Field Team, Region VII, Room 13, Post Office Building, Knoxville 2, Tennessee. Checks should be drawn payable to the Defense Minerals Exploration Administration. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward check to the Executive Officer.

Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets showing quantity and grade of ore sold, the name of the purchaser, and the price and charges certified to be correct by the purchaser.

You are requested to notify Mr. Laurence of any changes in ownership or production rights that may have any effect on the Government's right to its percentage royalty. Also, if production ceases at any time for any extended period, please notify Mr. Laurence at six-month intervals that no production has been made.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosure

WCAnderson:gad 8/16/54
Rewritten WCAnderson:gad 9/13/54

Copy to: Admr. R. File
Docket
Mr. Johnson
Mr. Chambers
Mr. Houk
Mr. Hedges, 4604
Mr. Kiilsgaard, 5227
Field Team, Region VII
Operating Committee

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

SEP 1[illegible] 1954

Mr. Irving Sambol, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration
Washington 25, D. C.

Re: Docket No. [illegible] - Pica
Bay Opens, Dave Harley and
Don Harley, Partnership
The Easter Mining Co.
The Easter Mine
Janowy County, [illegible]
Contract No. [illegible]

Dear Mr. Sambol:

I am enclosing one copy of a certification of discovery or development relating to the subject contract.

The exploration contract was signed on March [illegible], 1954, with the Government participation to the amount of 75% of $5,325.00 or $3,993.75.

The project was started on April 13, 1954, and completed on June 30, 1954, after the expenditure of $5,325.00 which is the total net accepted cost according to the Audit Review. The Government paid 75% of the total accepted cost or $3,993.75.

The work performed on this project consisted of building a shaft site, constructing a tool house and powder and explosive magazines, sinking a 5-foot vertical shaft and driving 8[illegible] feet of drifts. A zoned conformable pegmatite 5 to [illegible] feet thick was encountered having concentrations of rare-earth mica. Sufficient data were developed to calculate indicated and inferred reserves of strategic mica.

The DMEA concurs with the field team evaluation of the work performed and has verified that a discovery or development has resulted from the work under this contract.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosure

Copy to: Adm. R. Mile
Docket
Operating Committee
Mr. Hillsgaard, 5227
Mr. Johnson
Mr. Chambers
Field Team, Region VII
Mr. Hedges, 4604
Mr. Houk

WCAnderson:gad 8/16/54

WCAnderson:gad 9/14/54

Docket No. DMEA - 3216

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 665

Date of Contract ~~XXXXXXXXXXXX~~ March 22, 1954

Name and Address of Operator:
The Hector Mining Co.
Hector Mine
Yancey County, North Carolina

Amount of Government participation _____ $ 3,993.75

Percent of Government participation 75 %

Region: V11 State: North Carolina

(Name)

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

(Title)

Date Delivered to Bureau of Mines, Washington. 3/22/54

54458

Government's copy

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 3216

COMMODITY Mica

IDM - 665

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

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 22 day of March, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Roy Sparks, Dave Parsley, and Sam Parsley, a partnership, doing business as The Hector Mining Co., Newdale, North Carolina,

hereinafter called the "Operator," as follows: and as set forth in Annex I, attached hereto and made a part hereof:

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] Being the property leased by Ed and Mary Sparks in a lease dated October 20, 1953, and described as follows: Beginning at an opening known as the Hector Mine; thence 100' N.; thence 200' E.; thence 400' S.; thence 400' W.; thence 400' N.; thence 200' E.

the Operator represents and undertakes:[4]

(*a*) ~~[illegible]~~

(*b*) That the Operator is a lessee, 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 75 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 $3,993.75, which is 75 percent of $5,325.00 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. See Annex I, substituted for Article 6.

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

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

ARTICLE 9. *Changes and added provisions* _____

Executed in sextuplicate the day and year first above written.

THE HECTOR MINING CO.
(Operator)

By Roy Sparks (Partner)

By Dave Parsley (Partner)

By Tom Parsley (Partner)

THE UNITED STATES OF AMERICA

By O. Mitchell Dorf
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

ANNEX I

The following provisions are in lieu of Article 6:

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

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

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

(b) One and one-half ($1\frac{1}{2}$) percent of any such net amounts, plus one-half ($\frac{1}{2}$) 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 ($1\frac{1}{2}$) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

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

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

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

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

EXPLORATION PROJECT CONTRACT
THE HECTOR MINING CO.
DOCKET NO. DMEA-3216

EXHIBIT "A"

Description of the Work

The work, as approximately indicated on the attached map entitled "Sketch of Hector Mine, Yancey Co., N. C.," consists of sinking not to exceed 50 feet of two-compartment shaft on the pegmatite, with dimension 5 feet by 7 feet, and then drifting and/or crosscutting not to exceed 80 feet. The location, direction, and extent of all work, are subject to prior approval of the Government. The work shall include bulldozing a shaft site and constructing a toolhouse, 10 feet by 12 feet, a powder magazine, and an exploder magazine.

Agreed Unit Costs

Bulldozing shaft site[1]	$ 50.00	
Constructing toolhouse[1]	150.00	
Constructing powder magazine[1]	50.00	
Constructing exploder magazine[1]	25.00	
Sinking shaft, 50 feet @ $45.00/ft.	2,250.00	
Drifting and/or crosscutting 80 feet @ $35.00/ft.	2,800.00	
Agreed Estimated Total Cost of Project		$5,325.00
Government's Participation @ 75%		$3,993.75

[1] The completed work, or structure, is the unit.

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of North Carolina, County of Yancey, described as follows:1/

Beginning at an opening which is known as Hector Mine; thence 100' N.; thence 200' E thence 400' S.; thence 400' W. thence 400' N. thence 200' E.

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ Roy Sparks of Bonneford, N. C. and Dave Parsley and Sam Parsley of Newdale, N. C. doing business The Hector Mining Co.

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or, ten years have elapsed from the date of the contract, whichever occurs first.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

4. Changes and added provisions

Dated this 20 day of October, 1953.

Ed Sparks [Seal]

Mary Sparks [Seal]

[Seal]

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

3/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

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

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

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

(b) 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.)

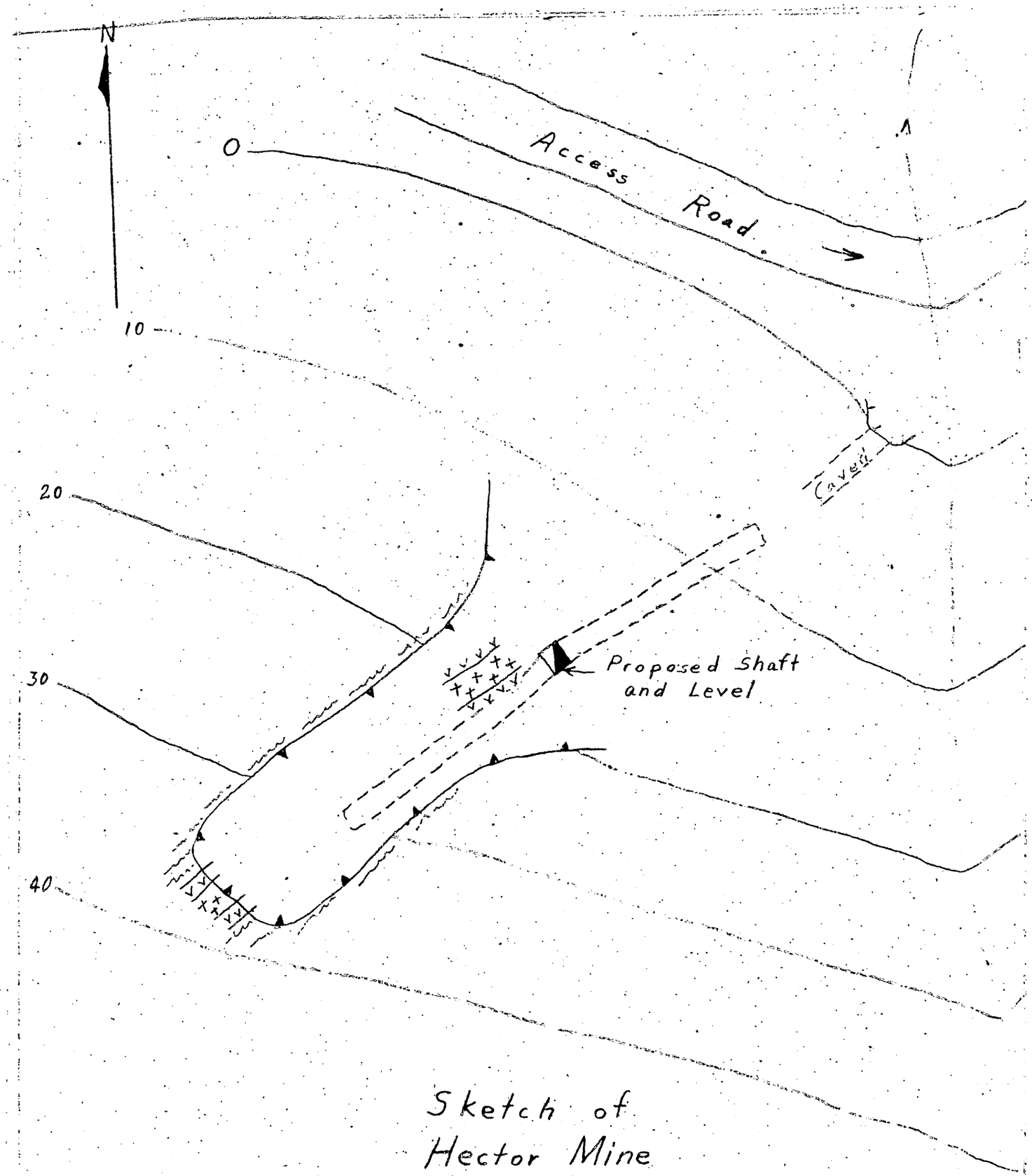
c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held.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

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

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

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

Interior--Duplicating Section, Washington, D. C. 47318



Sketch of
Hector Mine
Yancey Co., N.C.

0 20' 40'
Scale

DMEA-3216 (mica)