DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMA Docket No. 3315

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This document has been recorded as

Exploration Assistance

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

Cys to USBM, USGS & Reg.

Routing Slip

To:	600	Date	4/20/54
To:	Oper Com	Date	5-14-54
To:	Oper Com	Date	7-9-54
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CONTROLLED DOCUMENT

DOCKET FILE
Surname:
Houk
Hedges
Stuart
Stillwagon
Johnson

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

600

JUL 12 1954

Messrs. Jack and Hayden Keller

Pineola, North Carolina

Re: Docket No. DMEA-3315 - Mica
Joe Young Prospect
Yancey County, North Carolina

Gentlemen:

Your application for aid for an exploration project and other reports available to us in Washington relating to the subject property have been reviewed.

Projects approved by the Defense Minerals Exploration Administration must, in its judgment, show definite promise of yielding materials of acceptable grade in quantities that will significantly improve the mineral supply position for the National Defense Program.

Careful study of all our information indicates to us that the probability of disclosing significant reserves of mica by your proposed program is not sufficiently promising to justify Government participation. We regret to advise you, under these circumstances, that your application for exploration assistance is denied.

We wish to thank you for your interest in the Defense Minerals Program and for bringing your property to our attention.

Sincerely yours,

C. O. Mittendorf

Administrator

LGHouk:gad 6/28/54
Copy to: Admr. R. File
Docket File
Field Team, Region VII
Operating Committee
Mr. Dietrich, 3061
Mr. Larrabee, 5216
Mr. Houk

R.G.S.

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

July 1, 1954

Memorandum

To: Administrator

From: Nonmetallic Minerals Division

Subject: Denial of exploration assistance.

Docket No. DMEA-3315 - Mica
Jack and Hayden Keller
Joe Young Prospect
Yancey County, North Carolina

The application was received April 19, 1954, requesting $8,300.00 to sink an incline 40 feet and drift 60 feet on Prospect No. 1, and on Prospect No. 2 to drift 60 feet on the pegmatite then crosscut 60 feet.

The Field Team recommends denial of the application because most of the mica is small and badly curved and not of strategic grade. The Nonmetallic Minerals Division concurs with the Field Team that the application should be denied. The Bureau of Mines and the Geological Survey also concur.

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

July 1, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3315 (mica)

Applicant: Joe and Hayden Keller

Name and Location of Property: Joe Young Prospect
Yancey County, North Carolina

Date of Field Team's Report: June 9, 1954

Date Rec'd. by Ceramic & Fertilizer Materials Br.: June 18, 1954

Field Team's Recommendation:

1. Denial of application.

Comments:

1. Most of the mica is small and not of strategic quality.

2. Past work did not produce any sizable quantities of strategic mica.

Recommendation:

I concur in the field team's recommendation to deny subject application on the basis that the mica is non-strategic and little possibility of developing into a worthwhile deposit.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

G-MD-CNM

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

June 17, 1954

Memorandum

REVIEW OF FIELD TEAM REPORT ON APPLICATION DMEA-3315 (Mica).

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. A. Brobst, U. S. Geological Survey
Applicant: Jack and Hayden Keller, Pineola, N. C.
Name of property: Joe Young Prospect
Location of property: About 2.4 airline miles S. 27° W. of Celo, Yancey Co., N. C., on a N. flowing tributary of White Oak Creek.
Date of field team report: June 4, 1954
Authorship of field team report: K. H. Teague and D. H. Amos, USGS, and L. E. Shirley, USBM.
Field team's recommendation: Denial.

Comments: None

ACTION RECOMMENDED: Follow field team's recommendation.

D. A. Brobst

D. A. Brobst

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

June 9, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Field Team, DMEA - Region VII

Subject: Field Examination Report, DMEA-3315 (mica) Joe Young Prospect
Yancey County, N. C., Jack and Hayden Keller,
Pineola, N. C.

Enclosed are 4 copies of a field examination report on the Joe Young Prospect.

We agree with the examiners that this application should be denied.

Robert A. Laurence
Robert A. Laurence

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM, REGION VII

ON

DMEA-3315, JOE YOUNG PROSPECT
(mica)
Yancey County, N. C.

By

Kefton H. Teague and Dewey H. Amos, Geologists
U. S. Geological Survey

and

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

June 9, 1954

FIELD EXAMINATION REPORT
ON
DMEA-3315, JOE YOUNG PROSPECT (mica)

ACS 7/9/54

Applicants: Jack Keller and Hayden Keller, Pineola, North Carolina

Most of the mica at this prospect is small and badly curved and not of strategic grade under the present government purchasing program. It is recommended that the request for exploration assistance be denied.

The Joe Young Prospect is about 2.4 airline miles S. 27° W. of Celo, Yancey County, North Carolina on a north-flowing tributary of White Oak Creek.

The deposit was examined on June 4, 1954. Messrs. Jack Keller, and Sam Phillips accompanied the examiners on the inspection which required one and one-half hours.

The property is about on-half mile from an all-weather gravel road. Access is via trail and an old logging road. No surface facilities are present on the property. A limited amount of work has been done on two pegmatites which are about 500 feet apart.

The easternmost pegmatite has been worked by a - 25° incline which is about 25 feet deep and which trends S. 25° W. This pegmatite is 2½ - 4 feet thick and is conformable to the enclosing country rock, biotite gneiss. The body strikes N-S and dips about 60° W. It shows no apparent zoning and consists in order of abundance of plagioclase, quartz, perthite, muscovite, garnet and tourmaline.

The mica occurs scattered throughout the pegmatite. There is no evidence suggesting the possibility of "shoots."

The western pegmatite has been explored by a test pit about 5' x 5' x 10' deep. The pegmatite is 1½-2½ foot thick and is concordant to the enclosing rock, mica schist. The body strikes N. 80° W. and dips 60° SW. It has no apparent zoning and consists of plagioclase, quartz, perthite and muscovite.

The mica in both pegmatites is similar. It is ruby, small, badly curved, cracked and in part mineral-stained. Most is not of strategic quality because of the curved character. Because of this the examiners are of the opinion that the application should be denied.

Past work at the prospect was done during World War II by Avery Wyatt. Only 2 pounds of trimmed mica, worth $10 was sold to Colonial from this work.

June 4, 1954.

K. H. Teague and Dewey H. Amos, Geologists
U. S. Geological Survey

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

DOCKET FILE
Surname:

Anderson
Selfridge
Guild

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

MAY 14 1954

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

Subject: Docket No. DMEA-3315 - Mica
Jack Keller and Hayden Keller
Joe Young Prospect
Yancey County, North Carolina

Dear Mr. Laurence:

Please review the subject application and arrange for a field examination if you deem it necessary.

Copies of memoranda from the Geological Survey, dated April 22, 1954, and from the Bureau of Mines, dated May 7, 1954, are enclosed for your information.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

Approved:

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

Philip W. Guild (JHB)
Member, Geological Survey

Enclosures 4

WCAnderson:gad 5/13/54
Copy to: Admr. R. File
Docket File
Operating Committee
Mr. Dietrich, 3061
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

DOCKET FILE
Surname:

Anderson
Houk
Gould
Hallenbeck
Stokes
Eggleston

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

MAY 14 1954

Messrs. Jack and Hayden Keller

Pineola, North Carolina

Re: Docket No. DMEA-3315 - Mica
Joe Young Prospect
Yancey County, North Carolina

Gentlemen:

Your application for assistance in exploring the subject property has been reviewed by the Nonmetallic Minerals Division of the Defense Minerals Exploration Administration and has been referred to Mr. Robert A. Laurence, Executive Officer, DMEA Field Team, Region VII, Room 13, Post Office Building, Knoxville 2, Tennessee, for further consideration and possibly a field examination.

The Regional Office will contact you at an early date if an examination is to be made. Any assistance that you may give the members of the field team during the examination will be appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

WCAnderson:gad 5/13/54
Copy to: Admr. R. File
Docket File
Field Team, Region VII
Operating Committee
Mr. Dietrich, 3061
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

R.C.G.

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

Defense Minerals Administration
RECEIVED
MAY 7 - 1954

May 7, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3315

Applicant: Jack and Hayden Keller

Name and Location of Property: Joe Young Prospect
Yancey County, North Carolina

Date Application Rec'd. by Ceramic & Fertilizer Materials Br.: 4/21/54

Comments:

1. No data available in this office on subject mine.

2. Costs are estimated on the unit-cost basis and in accordance with local practices.

3. Total estimated costs - $8,300.

Recommendation:

It is suggested the field team visit this mine to ascertain if an exploration project is justified.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

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

April 22, 1954

Memorandum

REVIEW OF APPLICATION DMEA-3315 (mica)

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. M. Larrabee, U. S. Geological Survey
Applicant's name and address: Jack and Hayden Keller, Pineola, N. C.
Name of property: Joe Young Prospect.
Location of property: 2½ miles NW of Boudge, Yancey County, N. C.
Summary of applicant's proposal:

Prospect 1 - 35° incline 40'; drift 60'
Prospect 2 - drift in peg outcrop 60', crosscut 60'
$8,300

Sources of information on applicant's property:

No report at hand.
Colonial data indicate:

Green - small	1.50	
large 3/4	1.50	
	2 lbs.	- $10

Avery Wyatt

Comments:

1. It appears that all this work will be in peg.
2. The deposits are not worked out. That's for sure!
3. What is the evidence for anticipating the presence of mica shoots, if any?

RECOMMENDATION:

Refer to Field Team for examination if required.

D M Larrabee

D. M. Larrabee

April 20, 1954

Messrs. Jack & Hayden Keller
Pinoola
North Carolina

Subject: DMEA-3315
Re: Exploration Assistance
Joe Young Prospect

Gentlemen:

The receipt of your application dated (undated) for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3315 and referred to the Non-Metallic Minerals Division.

Kindly refer to DMEA-3315 in any future correspondence relating to your application.

Sincerely yours,

Robert E. Adams
Chief, Operation's Control
and Statistics Division

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Form Approved.
Budget Bureau No. 42-R1035.2.

APPLICATION FOR AID IN AN EXPLORATION PROJECT, PURSUANT TO DMEA ORDER 1, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Not to be filled in by applicant

Docket No. 3315
Metal or Mineral MICA
Date Received
Estimated Cost $8,300
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: Jack Keller and Hayden Keller, Pineola, N. C.

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract This is lease property (lease is attached in 3 (d) below.

(*b*) State any mine name by which the property is known. Joe Young Prospect

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Lessee

(*d*) If you are not the owner, submit with this application a copy of the lease, contract, or other document under which you control the property.

(*e*) If you own the land, describe any liens or encumbrances on it Not owner

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice.

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes.

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore .....

.....

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc.

(*c*) The work will start within ..... days and be completed within ..... months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project:

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)?

(*b*) How do you propose to furnish your share of the costs?

☐ Money ☐ Use of equipment owned by you ☐ Other

Explain in detail on acompanying paper.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated ....., 195...

.....
(Applicant)

By C. J. Keller

.....

.....

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.

U. S. GOVERNMENT PRINTING OFFICE 16—66551-1

MF 103

(e.2.)

1. (a) Jack Keller and Hayden Keller , Pineola, N. C.

   (b) Partnership.

2. No Answer.

3. (a) This is lease property (Lease is attached in 3 (d) below.)

   (b) Joe Young Prospect.

   (c) Lessee

   (d) Lease is attached as Exhibit A.

   (e) Not owner.

   (f) Land is held by Landlord. No land patents involved.

4. (a) Physical works set forth on map attached as Exhibit B.

   (b) Prospect No. 1 there is a hole 10 feet deep this is all the work that has ever been done at either of the prospects. It has been reported that $125.00 of mica in the block was taken from this hole, and sold.

   (c) We do not know who worked this prospect .

   (d) This mine is located in Yancey County on the property of Joe Young about 2½ miles northwest of Boudge, N. C.

   (e) There is ample experience manpower available. Electricty is not available. No difficulty is contemplated in obtaining equipment and supplies.

5. (a) It is anticipated that the pegmatite contains additional quantities of ruby mica of stockpile grade.

   (b) In Prospect No. 1, ~~kik~~ it is proposed to go down 35 degree incline 40 feet and then drift 60 feet.

   In Prospect No. 2, it is proposed to drift on the pegmatite outcrpping for 60 feet and then crosscut 60 feet.

   (c) The work will be started as soon as the contract is approved by the Government and the work should be concluded within 6 months.

   (d) The ability of the persons connected with this project is a matter of record with the DMEA.

6. Estimate of Costs.

(a) Independent Contracts-None

(b through H)

(1)	Prospect No. 1 Incline 40 ft. @$50.00	$2000.00
	Drifting 60ft. @$35.00	2100.00
(2)	Prospect No. 2 Drifting 60 ft. @$35.00	2100.00
	Crosscutting 60 ft. @$35.00	2100.00
	Total	$8,300.00

7. (a) Applicant will pay in money 25% required by regulation.

MINING LEASE

State of North Carolina Yancey County:

This indenture made this 12 day of April, 1954

between Joe A. Young

of Yancey (c.g) County and State of North Carolina as party of the first part, and known as lessor, and Jack Keller and Hayden Keller

of Avery County and State of North Carolina, party of the second part and known as lessee.

WITNESSETH, That the party of the first part in consideration of One Dollar in hand received and hereby acknowledged by the lessor, and in consideration of the agreements hereinafter contained, on the part of the party of the second part to be performed, hereby bargains, leases and grants to the party of the second part, and his heirs and assigns, for the period of five years from the date of this agreement, the following described real property, for mining purposes, in the County and State first above written to wit:

BEGINNING at center of Joe Young prospect running 1000 feet North; thence 1000 feet East; thence 2000 feet South; 2000 feet West; thence 2000 feet North; thence 1000 feet East to the beginning.

TO HAVE AND TO HOLD the said lands to him, for mining purposes, the said lessee and his heirs and assigns for the aforesaid period of five years in compliance with the condition of this instrument, for the purpose and with the right to dig, quarry, search, explore for, obtain, and remove any kind of minerals, metals or fossils, and particularly mica, and to conduct the same to any extent the said party of the second part, the lessee, may desire. And it is hereby agreed between the parties to this agreement that the party of the second part is to have the use of any unoccupied buildings on said lands for mining purposes, and that he shall have the right to erect such buildings as he needs to carry on such mining operatins during the period of this lease, and that the party of the second part shall keep the same in as good condition as when received, unavoidable accidents excepted. And it is also agreed by the party of the second part that no unnecessary damage is to be done to the lands herein leased during the period of this lease and the continuance of said lease, but the said party of the second part shall have the right to take from said lands leased to the party of the second part any wood or timber the party of the second part may need to carry on said mining operations or which may be needed to carry on the addition to existing buildings or to erect new buildings or sheds on said lands. (Timber of high or special market value is excepted and shall not be used by the lessee.) And it is hereby agreed that the party of the second part, the lessee, is to have right-of-way of ingress and egress to said mines or land upon which exploration is being conducted.

AND IT IS FURTHER AGREED That the party of the second part, the lessee hereby agrees to pay to the said part of the first part, or his or their heirs or assigns, a rental royalty of 1/8

on the minerals taken and sold from said mines which shall be for the use of the said lands for the aforesaid period of five years. The said amounts shall be payable on the computation of selling bills on the tenth day of each month covering sales made during the previous month. Any minerals other than those set forth above which may be taken and sold shall be paid for and at the usual royalty rate of the minerals taken.

AND IT IS FURTHER AGREED That the lessee, the party of the second part, his heirs or assigns, shall have the option to renew this lease and to extend the period of its running for an additional five years from the date of its present termination. The option shall be exercised by giving formal written notice to the party of the first part or by the continuation of any mining operations then being conducted. The lessor reserve the right to use the land, or convey the same not conflicting with this lease, but under any conveyance the terms of this lease must be recognized by the grantee, purchaser, or assigns thereof. And it is agreed that the lessee may assign this mining lease or any part thereof and that he may sublease.

AND IT IS FURTHER AGREED That the lessee, the party of the second part, his heirs or assigns, is hereby given an option to purchase all the right, title and interest, legal and equitable to and in the real estate described and set forth in this lease for a total purchase price of _____, said purchase price to be paid in full within three years from the date of this instrument and it is agreed that all rental royalties paid to the party of the first part shall apply toward and be a part of the total purchase price above set forth, and that at such time that the total purchase price is paid in the form of royalties or a lump sum payment or a combination of both, the party of the first part will execute a special warranty deed to the party of the second part and that a tender of the remaining purchase price at any time within the next three years shall entitle the party of the second part to specific performance of this option contract.

BUT IT IS EXPRESSLY AGREED That unless mineral or fossil material of practical value for mining purposes shall be found within a period of two years from the date of this instrument, the lease may be terminated by the lessee at any time thereafter on thirty days notice to the lessor. The lessee agrees that during the period of this lease or the continuance of this lease work in said mines or exploration for new mines within the area leased shall not cease longer than ninety days at any one time, unavoidable accidents excepted.

WITNESS our hands and seals the day and year first above written.

Witness:

Joe A. Young (Seal)

(Seal)

(Seal)

Subscribed & Sworn to before me this 14 day of april 1954

Kenneth R. McKinney

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 center of Joe Young prospect running 1000 feet North; thence 1000 feet East; thence 2000 feet South; 2000 feet West; thence 2000 feet North; thence 1000 feet East to the beginning.

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

(C.J.)
2/ Jack Keller and Hayden Keller of Pineola, N. C.

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 12th day of April, 1954.

/s/ Joe A. Young [Seal]

_____ [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 (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

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

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

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

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

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

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

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

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 center of JeeY oung prospect running 1000 feet North; thence 1000 feet East; thence 2000 feet South; 2000 feet West; thence 2000 feet North; thence 1000 feet East to the beginning.

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

(C.J.)
2/ Jack Keller and Hayden Keller of Pineola, N. C.

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 12th day of April, 1954.

/s/ Joe A. Young [Seal]

_____ [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 (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

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

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

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

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

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MF-203
(Revised July 1, 1953)

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2/ (e.g.) Jack Keller and Hayden Keller of Pineola, N. C.

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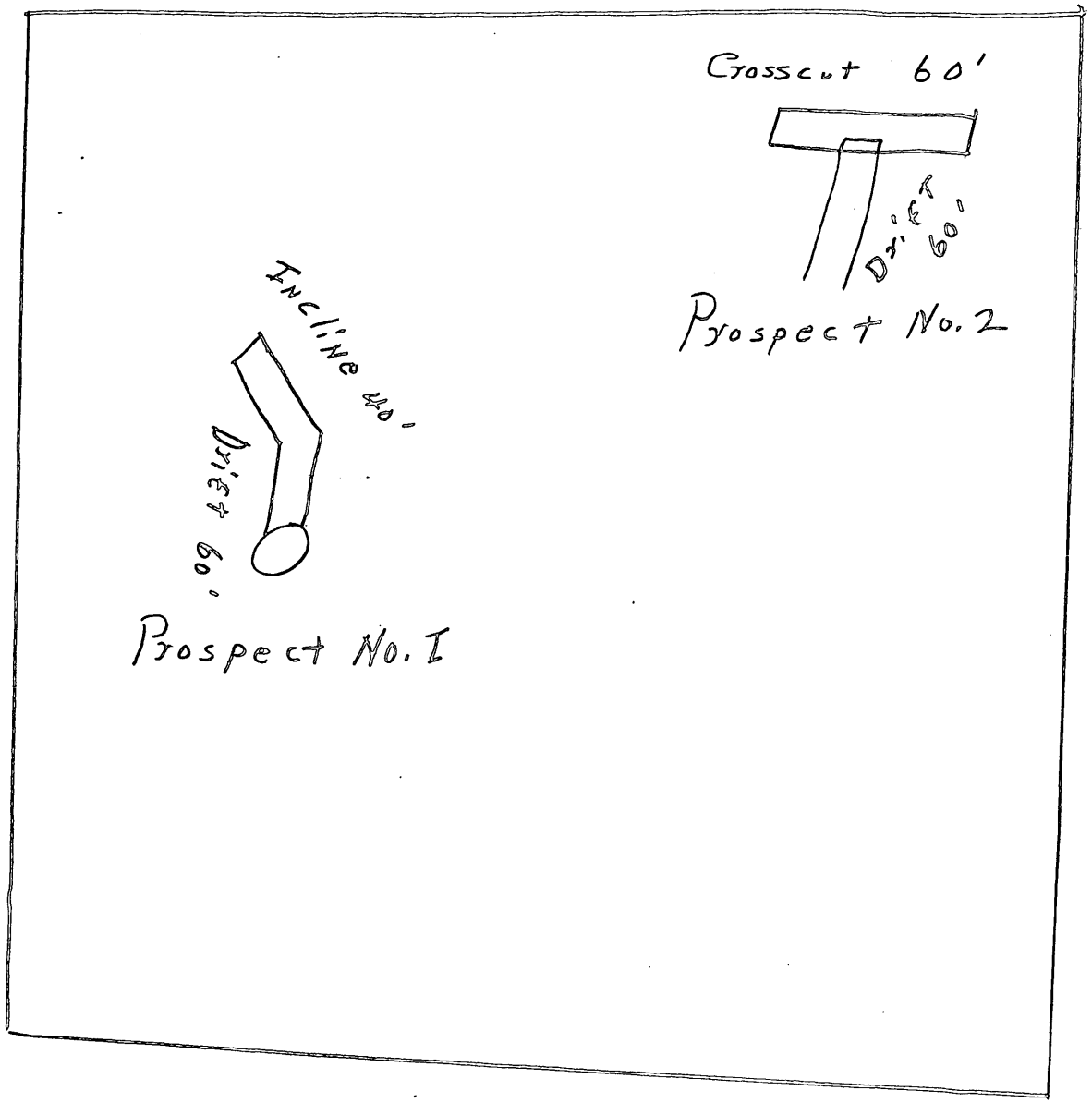

Joe Young Prospect