DMA Form 1

DEFENSE MINERALS ADMINISTRATION
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DMA Docket No. 3330

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Exploration Assistance

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Cys to USBM & USGS

Routing Slip

To:	600	Date	4/30/54
To:	Mr. Anderson	Date	4/30/54
To:	Oper Com	Date	6-14-54
To:	Oper Com	Date	7-27-54
To:	Oper Com	Date	9-10-54
To:	Oper Com	Date	9-13-54
To:		Date	
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DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 22 1954

Docket copy

TERMINATION AGREEMENT

It is agreed this 14th day of September, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Sam L. Phillips and C. J. Keller, a partnership, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-B689, Docket No. DMEA-3330, dated July 28, 1954, hereinafter called the "Contract," that:

1. Effective August 12, 1954, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the fixed unit costs of work performed prior to said effective date.

3. Any work or operations prosecuted or costs incurred by the Operator beginning with said effective date, except as otherwise provided in this termination agreement, shall be for the sole account of the Operator without contribution by the Government.

4. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final report and final account.

5. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract, except as otherwise provided in this termination agreement.

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

THE UNITED STATES OF AMERICA

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

Sam L. Phillips
Sam L. Phillips (Partner)

(Deceased)
C. J. Keller (Partner)

Orton
Hoffmond
Houk
Talbot
Selfridge
F. E. Johnson

MF-200 (A)
(February 1952)

DOCKET NO. DMEA - 3330

COMMODITY Mica

Docket copy
IDM-E 689

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

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 28th day of July, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Sam L. Phillips and C. J. (Jack) Keller, a partnership Spruce Pine, North Carolina

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

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of North Carolina, County of Cleveland, described a~~xxxxx~~[3] as set forth in Annex I.

the Operator represents and undertakes:[4]

(*a*) ~~That the Operator is a lessee, in possession and entitled to possession, and that the property is subject only to the~~ [redacted]

(*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 60 days from the date of this contract shall commence work on a project of exploration for[5] Mica

in or upon the described land; and shall bring the project to completion within a period of Two(2) 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 $1,050.00, which is 75 percent of $1,400.00, 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 II, 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* **That part of the second sentence in Article 7 beginning with the word "Provided" is deleted.**

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Sam L. Phillips (SEAL) Partner

By O. Meredith Administrator, Defense Minerals Exploration Administration

[redacted] C. J. Keller Partner

Butler Hoffman Houk Anderson Talbert Selfridge Johnson

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

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
SAM L. PHILLIPS and C. J.(JACK) KELLER
DOCKET NO. DMEA-3330

ANNEX I

The land referred to in Article 2 of the contract form and in Annex II is known as the C. Ray Wilson Prospect and was leased for mining purposes to Sam L. Phillips and C. J.(Jack) Keller by C. Ray Wilson, by an instrument dated April 23, 1954, for a period of five years from said date. It is located 2.47 airline miles S. 61° E. of Falston, Cleveland County, North Carolina, and is described in the lease as follows:

"Beginning at the center of the C. Ray Wilson mica prospect and running North 150 feet, thence West 1500 feet, thence South 1000 feet, thence East 2000 feet, thence North 1000 feet, thence West 500 feet to beginning."

EXPLORATION PROJECT CONTRACT
SAM L. PHILLIPS and C. J.(JACK) KELLER
DOCKET NO. DMEA-3330

ANNEX II

The following provisions are in lieu of Article 6 :

Repayment by Operator.--a. Certification.--If the Government considers that a discovery or development from which production may be made has resulted from the 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. Royalty on production.--The Operator, as principal, if the Operator is the producer, or as surety, if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (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, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (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.

c. Basis for computation.--The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the raw ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

d. Unsold production.--If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

e. Percentages of royalty.--The percentages of the Government's royalty shall be as follows:

> One and one-half ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.
>
> (For instance: the royalty on an amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

f. Lien for payment.--To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

g. Notice to purchasers.--The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

h. No obligation to produce.--Nothing in this contract is 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.

i. Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

58694

EXPLORATION PROJECT CONTRACT
SAM L. PHILLIPS and C. J.(JACK) KELLER
DOCKET NO. DMEA-3330

EXHIBIT "A"

Description of the Work

Exploration for concentrations of strategic mica shall be accomplished in the area marked "Prospect #2" on the attached map entitled "Sketch of C. Ray Wilson Pres., Cleveland Co., N.C. DMEA-3330 (mica)," in two stages as follows:

Stage I

Bulldoze a trench about 8 feet deep and 100 feet long along the strike of the pegmatite.

Stage II

If the work under Stage I exposes a pegmatite and if the Government approves it in advance, not more than 50 feet of test pitting and/or drifting shall be performed. The openings shall have cross-sectional dimensions in accordance with good mining practice and as agreed upon in advance by the Government and the Operator.

The location, inclination, direction, and extent of all work are subject to the approval of the Government.

Agreed Unit Costs

Bulldozing trench 10 hours @ $10.00 hr.	$100.00	
50 feet of test pits and/or drifts @ $26.00/ft.	1,300.00	
Agreed Estimated Total Cost of Project		$1,400.00
Government Participation at 75%		$1,050.00

MF-203
(Revised July 1, 1954)

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 Cleveland, described as follows:1/

Beginning at the center of the C. Ray Wilson Mica Prospect and running North 150 feet, thence West 1500 feet, thence South 1000 feet, thence East 2000 feet, thence North 1000 feet, thence West 500 feet to 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

2/ San L. Phillips and C. J. (Jack) Koller

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production 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.

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.

(OVER)

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 6th day of August, 1954.

X C Ray Wilson [Seal] Box 274, Farton, N.C.

_____ [Seal]

_____ [Seal]

Docket Copy
Surname:
Anderson
Houk
Talbert
Johnson
Selfridge

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

600

JAN 17 1955

Mr. Sam L. Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3330 - Mica
Sam L. Phillips and C. J. Keller
C. Ray Wilson Prospect
Cleveland County, North Carolina
Contract No. Idm-E689

Dear Mr. Phillips:

We are pleased to advise you that your performance of exploration work under the subject contract has been acceptable to the Government, and the account relating thereto has been closed. The final audit of the Contract Administration and Audit Division shows:

Total claimed for units of work performed	$100.00
Total Government contribution at 75 percent	$ 75.00

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

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

The Government thanks you for your interest and participation in the exploration program of the Defense Minerals Exploration Administration.

Sincerely yours,

C. O. Mittendorf

Administrator

WCAnderson:gad 1/12/55
Copy to: Admr. R. File
Docket
Field Team, Region VII
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Chambers
Mr. Houk

Mr. C. Ray Wilson
Box 274, Fallston, N. C.

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

January 12, 1955

Project Summary Report

By: Walter C. Anderson

1. Docket No. DMEA-3330 - Mica
Contract No. Idm-E689
C. Ray Wilson Prospect
Cleveland County, North Carolina

Operator: Sam L. Phillips and C. J. (Jack) Keller, a partnership
Spruce Pine, North Carolina

Application: Form MF-103 (April, 1952), received April 29, 1954.
Work proposed: Bulldozing and 30 feet of test pit in each of three cuts.
Amount requested - $4,200.00

Operators' property rights -
Mining lease for five years dated April 23, 1954.
Owner's Consent to Lien dated April 23, 1954

2. Contract - Form MF-200 (A) (February 1952) dated July 28, 1954.

Work authorized:

Bulldozing trench - 10 hrs. @ $10/hr.	$100.00
50 feet of test pits and/or drifts @ $26/ft.	1,300.00
Total agreed unit costs	$1,400.00
Government participation @ 75%	$1,050.00

Plan of exploration: In two stages. Stage I, bulldoze trench. Stage II, if bulldozing exposes pegmatite Stage II will consist of test pitting and/or drifting.

Amendments - None

Work completed:

Bulldozing trench - 10 hrs. @ $10/hr.	$100.00
Government participation @ 75%	$75.00

Work began and was completed on August 11, 1954. Contract was terminated by agreement on September 14, 1954. Field Team Final Report received August 23, 1954. Operators' Final Report received August 23, 1954.

3. Audit - Certificate issued August 24, 1954.

Accepted cost	$100.00
Government participation	$75.00

4. Certification of Discovery - none issued.

5. Comments:

How conducted - Good cooperation between Operators and Government in limiting work to just what was necessary to determine worth of deposit.

Operation - Good.

Engineering - Reporting by Operator was acceptable.

Geological premise - The premise that surface indication warranted exploration was proven wrong by surface trenching.

Geological criteria upon which work was based:
1. Semi-weathered unzoned 4-foot thick pegmatite.
2. Strategic grade mica up to 6" across concentrated adjacent to both walls.
3. Past production - not known.

Criteria developed during project:
1. Pegmatite branched into several narrow stringers.
2. Mica small in size, cracked and clay-stained.

Future possibilities: Because of small extent of the pegmatite the deposit offers little encouragement to justify further exploration.

Recommendation: The Nonmetallic Minerals Division concurs in Field Team's recommendation that no work be started under Stage II, and no certification of discovery or development be issued.

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

September 20, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 22 1954

Memorandum

To: Operating Committee, DMEA- Washington

From: Executive Officer, DMEA - Region VII

Subject: Termination Agreement on DMEA-3330, Idm-E689. Phillips & Keller

Transmitted are three copies of the subject termination agreement signed by Mr. Phillips. Mr. Keller died suddenly the week these papers were sent from this office. A clipping is attached.

Robert A. Laurence

Robert A. Laurence

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

September 7, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Donald R. Irving, Acting for Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3330 (mica)

Applicants: Sam L. Phillips and C. J. Keller

Name and Location of Property: C. Ray Wilson Prospect
Cleveland County, North Carolina

Contract Number: Idm-E689

Date of Field Team Final Report: August 19, 1954

Date Rec'd. by Ceramic & Fertilizer Mtls. Br.: August 30, 1954

Field Team Recommendation:

1. No certification of discovery or development.

Comments:

1. Work which began and ended on August 11, 1954 consisted of bulldozing a 100' x 8' trench.

2. A disconformable pegmatite dike was encountered but mica was non-strategic.

3. Expenditures -

Total approved	$1,400
Total cost	100
Gov't. share	75
Value	None

Recommendation

I concur in the field team's recommendation to deny certification.

Donald R. Irving

Donald R. Irving

IN REPLY REFER TO:

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

August 26, 1954

Memorandum

REVIEW OF FINAL FIELD TEAM REPORT ON APPLICATION DMEA-3330 (mica)

To: L. G. Houk, Defense Minerals Exploration Administration
From: E. L. Newcomb, U. S. Geological Survey
Applicant: S. L. Phillips and C. J. Keller
Name of property: C. Ray Wilson Prospect
Location of property: 2.5 mi. SE of Fallston, Cleveland Co., N. C.
Date of Field Team Report: August 19, 1954
Authorship of Field Team Report: K. H. Teague and D. H. Amos.
Field Team's recommendation:
Contract should be terminated without completion of Stage II.
No certification of discovery should be made.
Comments: Sufficient work was completed to indicate further DMEA assistance is not warranted at this time.
ACTION RECOMMENDED: Follow Field Team's recommendation.

E. L. Newcomb
E. L. Newcomb

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

August 19, 1954

Memorandum

To: Operating Committee, D M E A - Washington

From: Field Team, D. M. E. A. Region VII

Subject: DMEA-3330, Idm-E 689-C. Ray Wilson Prospect. Cleveland Co., N. C. Final Reports, and request for termination.

Enclosed are 4 copies each of the Operator's and Field Team final report on the subject exploration contract. Approval for Stage II was not given, which automatically stopped the project.

Therefore, we request permission to terminate the contract, by mutual agreement with the Operator. We do not recommend certification of discovery.

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

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

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Spruce Pine, North Carolina
August 12, 1954

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

Re: DMEA-3330, IdmE-689
C. Ray Wilson Prospect, Cleveland Co.
Final Engineering Report

Dear Mr. Laurence:

Work began and was completed on the above contract on August 11, 1954. This work consisted of bulldozing a trench about 8 feet deep and 100 feet long. No mica was discovered upon the completion of Stage I of the contract, and therefore the work outlined in Stage II was unnecessary. Upon the advice of the DMEA Field Team, this operation was stopped.

We wish to express our appreciation for the cooperation of the Field Team on this project.

If further information is required, please contact me.

Very truly yours,

Sam L. Phillips

Sam L. Phillips

B/b

Spruce Pine, North Carolina
August 12, 1954

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

Re: DMEA-3330, IdmE-689
C. Ray Wilson Prospect, Cleveland Co.
Final Engineering Report

Dear Mr. Laurence:

Work began and was completed on the above contract on August 11, 1954. This work consisted of bulldozing a trench about 8 feet deep and 100 feet long. No mica was discovered upon the completion of Stage I of the contract, and therefore the work outlined in Stage II was unnecessary. Upon the advice of the DMEA Field Team, this operation was stopped.

We wish to express our appreciation for the cooperation of the Field Team on this project.

If further information is required, please contact me.

Very truly yours,

Sam L. Phillips

Sam L. Phillips

B/b

Spruce Pine, North Carolina
August 17, 1954

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

Re: DMEA-3330, IdaE-689
G. Ray Wilson Prospect, Cleveland Co.
Final Engineering Report

Dear Mr. Laurence:

Work began and was completed on the above contract on August 11, 1954. This work consisted of bulldozing a trench about 3 feet deep and 100 feet long. No mine was discovered upon the completion of Stage I of the contract, and therefore the work outlined in Stage II was unnecessary. Upon the advice of the DMEA Field Team, this operation was stopped.

We wish to express our appreciation for the cooperation of the Field Team on this project.

If further information is required, please contact me.

Very truly yours,

Sam L. Phillips

Sam L. Phillips

S/b

DMEA Docket

140 Houk

Rewritten by Curtin Hofflund Houk Talbot Hedges Selfridge Hickman

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

SEP 13 1954

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

Subject: Docket No. DMEA-3330 (Mica)
Sam L. Phillips and C. J. Keller
C. Ray Wilson Prospect
Cleveland County, North Carolina
Contract No. Idm-E689

FROM SOLICITOR
SEP 9 1954
FOR SIGNATURE

Dear Mr. Laurence:

Reference is made to Field Team Interim Report of August 11 and your covering memorandum of August 19, requesting permission to terminate the subject contract by mutual agreement.

You are authorized to execute the enclosed termination agreement and send it to the Operator for execution. Regular distribution of executed copies of the agreement should be made.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee GCS

Enclosures 6

APPROVED:

J. H. Hedges
Member, Bureau of Mines JHH

Thor H. Kiilsgaard
Member, Geological Survey THK

LGHouk/HCRubin/emd 9/7/54
Copy to: DMEA Docket
Solicitor's dDocket
Adm. Reading File,DMEA
Operating Committee
Mr. Dietrick, 3061
Mr. Kiilsgaard, 5227
L. G. Houk (2)
J. L. Hofflund
H. C. Rubin
chron.
pending

R.C.G.

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

August 27, 1954

Memorandum

To: Administrator

From: Nonmetallic Minerals Division

Subject: Concurrence with recommendation for termination.

1. Docket No. DMEA-3330 - Mica
Contract No. Idm-E689
C. Ray Wilson Prospect
Cleveland County, North Carolina

Operator: Sam L. Phillips and C. J. Keller
Spruce Pine, North Carolina

2. Contract - dated July 28, 1954

Work authorized:

Stage I:	
Bulldozing trench 10 hrs. @ $10.00/hr.	$100.00
Stage II:	
50 feet of test pits and/or drifts @ $26.00/ft.	1,300.00
Total estimated cost	$1,400.00
Government participation 75%	$1,050.00

Work completed:

Stage I:	
Bulldozing trench 10 hrs. @ $10.00/hr.	$100.00
Total expended to date (approx.)	$100.00

3. Comments:

Stage I of this contract which consisted of bulldozing strike trench about 100 feet and 8 feet deep revealed that the pegmatite branched into several narrow stringers.

The mica exposed was small in size, cracked and clay-stained.

The field examiners recommend that no work be started under Stage II because of the small extent of the pegmatite. The Nonmetallic Minerals Division concurs in the recommendation. The Operators monthly report for August, 1954 and letter of August 12, 1954, concur in the recommendation.

INTERIM REPORT
ON
DMEA-3330, Idm-E689, C. Ray Wilson Prospect
(mica)

Operator: Sam L. Phillips and C. J. Keller, Ptnrs. Spruce Pine, N. C.

Location: 2.47 airline miles S. 61° E. of Fallston, Cleveland County, N. C.

Stage I of this contract, which consisted of bulldozing a trench about 100 ft. long by 8 ft. deep along the strike of the pegmatite at Prospect #2, has been completed. Work began and was completed on August 11, 1954.

The dozing revealed that along the strike the pegmatite branches into several narrow stringers. The body consists of weathered potash feldspar, plagioclase, quartz, muscovite, and vermiculitic biotite, in order of abundance, and is enclosed disconformably by biotite gneiss. The muscovite exposed is small in size, cracked and clay-stained. None is of salable size.

It is recommended by the field examiners that no work be done under Stage II of the contract because of the limited extent of the pegmatite and the small and poor quality of the mica.

Date of exam: August 11, 1954.

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

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

August 9, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Acting Executive Officer, DMEA - Region VII

Subject: Signed Contract: DMEA-3330 (mica) Phillips & Keller "C. Ray Wilson Prospect" N. C.

Transmitted herewith are three signed copies of the subject contract, with the new owner's consent to lien forms attached.

The usual distribution of the other copies hasbeen made.

Wm. A. Beck

Wm. A. Beck

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

July 20, 1954

Memorandum

To: The Administrator, DMEA
Through: Mr. L. G. Houk

From: Acting Assistant Solicitor, Defense Minerals

Subject: Sam L. Phillips and C. J.(Jack) Keller, a partnership, Docket No. DMEA-3330, (Mica)

Attached is a contract covering the above-described project in satisfactory legal form for execution, subject to the attachment of an Owner's Consent to Lien on the form revised July 1, 1954.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachments

FILE COPY
Surname:

Anderson
Houk
Fabbert
Larrabee
Selfridge
Hedges

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

JUL 28 1954

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

Subject: Docket No. DMEA-3330 - Mica
Sam L. Phillips and
C. J. Keller
C. Ray Wilson Prospect
Cleveland County, North Carolina

Dear Mr. Laurence:

Please find herewith the original and five copies of a contract covering the subject exploration project which have been signed by the Government with register number and effective date as shown. It is subject to the attachment of an Owner's Consent to Lien on the form revised July 1, 1954. A copy of memorandum from the Legal Division is enclosed.

If the contract meets with your approval present it to the Operators for approval and signature. Please explain to the Operators that the contract, when executed, is a firm commitment under the terms of which they are obligated to complete the work outlined at the agreed unit cost. If any part of this contract does not have either your approval or that of the Operators and cannot be amended within your delegated authority, then the original and all copies of the contract are to be returned to this office, together with the proposed changes for consideration.

After execution of the contract, the copies are to be distributed in the usual manner. Copies of memoranda from the Geological Survey, dated July 1, 1954, and from the Bureau of Mines, dated July 12, 1954, are enclosed.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (J.H.)

Approved:

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

D. M. Larrabee
Member, Geological Survey (J.H.)

Enclosures 11

WCAnderson:ag 7/23/54
Copy to: Admr. R. File
Docket File
Operating Committee
Mr. Dietrich, 3061
Mr. Larrabee, 5216
Mr. Houk

RCA.

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

Defense Minerals Administration
RECEIVED
JUL 13 1954

July 12, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3330 (mica)

Applicant: Phillips and Keller

Name and Location of Property: C. Ray Wilson Mine
Cleveland County, North Carolina

Date of Field Team's Report: June 25, 1954

Date Rec'd. by Ceramic & Fertilizer Materials Branch: July 6, 1954

Field Team's Recommendation:

1. Approval of exploration project in the amount of $2,780.

Comments:

1. Two pegmatites on this property appear to offer some promise of discovery of strategic mica.

2. Exploration on Prospect No. 2 is recommended in a two-stage working program. The first stage consists of trenching 100 feet at an estimated cost of $100. Stage 2 would consist of test pitting and/or drifting 50 feet at an estimated cost of $1,290. Work on Prospect No. 3 is recommended in two stages of which stage 1 is estimated at $100 and stage 2, $1,290.

3. Proposed exploration project is consistent with good engineering practice. The final project proposal should be so stated that work can be stopped at the end of stage 1 on either prospect if further work does not appear justified.

Recommendation:

I concur with the field team in the approval of an exploration program on subject property on Prospect No. 2 and 3 in two stages totaling $1,390 for each prospect giving a total of $2,780.

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.

July 1, 1954

Memorandum

REVIEW OF FIELD TEAM REPORT ON APPLICATION DMEA-3330 (mica).

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. M. Larrabee, U. S. Geological Survey
Applicant: Phillips and Keller, Spruce Pine, N. C.
Name of property: C. Ray Wilson Mine
Location of property: Cleveland County, N. C.
Date of Field Team Report: June 25, 1954.
Authorship of Field Team Report: K. H. Teague and D. H. Amos.
Field Team's recommendation: Work on 2 pegs only.

Prospect #2
Stage 1 - bulldoze trench 100' x 8' deep on strike
" 2 - 50' test pits and/or drifts

Prospect #3
Stage 1 - 100' trench
" 2 - 50' test pits and/or drifts

Comments: 1 - Prospect #2 sounds much better than Prospect #3.
2 - " #3 sounds poor indeed.
3 - " #3 has no sound evidence the peg wasn't small and worked out.

ACTION RECOMMENDED:

Approval of Prospect #2.
Denial of Prospect #3.

D. M. Larrabee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D. C.~~

Room 13, Post Office Building
Knoxville 2, Tennessee

June 25, 1954

Memorandum

To: Operating Committee, DMEA - Washington, D. C.

From: Field Team, DMEA - Region VII

Subject: Field Examination Report, DMEA-3330 (mica)
Applicant: Phillips and Keller, Spruce Pine, N. C.
C. Ray Wilson Mine, Cleveland County, North Carolina

Enclosed are four copies of the subject examination report, and six extra copies of the map.

We agree with the examiners' proposal for a two-stage exploration project at prospects 2 and 3, with no work to be done at prospect 1. We recommend approval of a contract, on the short form.

Robert A. Laurence

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

Wm. A. Beck

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

Reviewed by
DMEA OPERATING COMMITTEE
7-2-54
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR

7/27/54

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM, REGION VII

On

DMEA-3330, C. RAY WILSON MINE
(mica)
Cleveland County, N. C.

By

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

June 25, 1954

DMEA DEFENSE MINERALS ADMINISTRATION
7-2-54

FIELD EXAMINATION REPORT
On
DMEA-3330, C. RAY WILSON MINE (Mica)

Applicants: Phillips and Keller, c/o Sam L. Phillips, Spruce Pine, N. C.

Three pegmatites have been prospected slightly on this property. One is too small to warrant additional work and the others appear to offer some promise of discovery of a worthwhile deposit of strategic mica. Exploration aid is recommended on two of the deposits -- to be conducted in stages.

The deposits were examined on June 15, 1954, Mr. Sam L. Phillips accompanied the examiners on the inspection which required two hours.

The C. Ray Wilson prospects are 2.47 airline miles S. 61° E. of Falston, Cleveland County, North Carolina. They are about two-thirds of a mile southwest of the junction of Cleveland, Gaston and Lincoln counties. Access is good at all times.

Both applicants have had considerable mica mining experience and appear to be competent to conduct the proposed work.

Area covered by the applicants' lease is adequate for the proposed exploration. Relative position of the various prospects, and the lease boundaries is shown on the attached sketch.

There are no surface facilities on the property and none are required for the proposed work.

Each of the prospects will be described separately as they are all in different pegmatites.

Prospect No. 1.

A weathered pegmatite has been exposed in a pit 10 feet long, 4 feet wide, and 10 feet deep. It is about three feet thick, strikes E-W., dip vertical and crosscuts the country rock which strikes N-S, and dips 45° E. There is a central quartz rib and the feldspathic portion appears to be composed of weathered perthite and plagioclase and small mica. Mica is not abundant and all observed was in small sizes. No work is recommended.

Prospect No.2.

This pegmatite is semi-weathered, trends N. 80° E., dips 60°- 70° N., and is about 4 feet thick. It has been exposed by an open trench 30 feet long,

six feet wide and 8 feet deep, whose long direction is parallel to the strike. Materials that can be identified in order of abundance are perthite, plagioclase, quartz, and mica. There is no apparent zoning. The pegmatite crosscuts the biotite gneiss country rock.

The mica at this project is hard, clear, flat, splits well and is ruby colored. Books up to 6 inches across were observed. It appears to be concentrated mainly adjacent to both walls. History of production is not known.

The examiners believe that this prospect warrants exploration - in two stages. Stage I, should consist of 10 hours of bulldozing to be devoted to cutting a trench about 8 feet deep and 100 feet long along the strike of the pegmatite. Stage II should consist of doing 50 feet of test pitting and/or drifting. This is recommended so that it will be flexible. Costs are shown in the cost estimates.

Prospect No. 3

This prospect is in a cultivated field. All openings have been filled and no pegmatite is exposed. Considerable quartz, kaolin, and good quality mica are reported to have been taken from this deposit.

A small depression represents the position of the filled pit. It is recommended that a trench be started at this depression and a 100-foot trench be made on the pegmatite. Stage II should be similar to that recommended for Prospect 2, Stage 2.

Estimated Cost:

Prospect No. 2. Stage I.

Trench 100 feet long x 8 feet deep 10 hours bulldozing @ $10/hr.	$100.00	$100.00
Stage II.		
50 feet of test pits and/or drifts (20 shifts)		
Labor:		
1 - miner @ $1.50/hr.	240.00	
2 - laborers @ $1.00/hr	320.00	
Compressor, hammer, etc. (rental)	220.00	
Hoist	50.00	
Drill Steel	32.00	
Explosives	100.00	
Supplies, small tools	200.00	
Timber, 1000 B. F. @ $60/M	60.00	
Miscellaneous	68.00	
	$1,290.00	
Estimated total cost to explore Prospect 2. Stages I and II		$1,390.00

Prospect No. 3

Work recommended for this prospect is the same as for Prospect No. 2; therefore, the estimated costs are the same, that is , Stage I - $100.00 and Stage II, $1,290.00, for a total of $1,390.00.

Estimated costs to explore Prospects 2 and 3 $2,780.00

(Unit cost of test-pitting and/or drifting $25.80/ft.)

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

z.

FILE COPY
Surname:
Anderson
Hoyt
~~Hedges~~
Selfridge

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

JUN 2 4 1954

Messrs. Sam L. Phillips and
C. J. Keller
Spruce Pine, North Carolina

Re: Docket No. DMEA-3330 - Mica
C. Ray Wilson Prospect
Cleveland 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,

Frank E. Johnson

ACTING Administrator

WCAnderson:ag 6/11/54
Copy to: Admr. R. File
Docket File
Operating Committee
Field Team, Region VII
Mr. Dietrich, 3061
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

P.C.B.

FILE COPY
Surname:

Anderson
Murphy
Selfridge
[illegible]

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

JUN 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-3330 - Mica
Sam L. Phillips and
C. J. Keller
C. Ray Wilson Prospect
Cleveland 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 30, 1954, and from the Bureau of Mines, dated June 7, 1954, are enclosed for your information.

Sincerely Yours,

George C. Selfridge
Chairman, Operating Committee (GHB)

Approved:

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

T. P. Thayer (GHB)
Member, Geological Survey

Enclosures 4

WCAnderson:ag 6/11/54
Copy to: Admr. R. File
Docket File
Operating Committee
Mr. Dietrich, 3061
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

R.C.B.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 8 1954

June 7, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3330 (mica)

Applicant: Sam L. Phillips and C. J. Keller

Name and Location of Property: C. Ray Wilson Prospect
Cleveland County, North Carolina

Date Application Rec'd. by Ceramic & Fertilizer Mtls. Br.: April 30, 1954

Comments:

1. This is a new prospect and no data are available on subject property.

2. Proposal to work property in three stages appears to be the proper approach.

3. Applicants have participated under DMEA program on other properties.

Recommendation:

It is recommended the field team visit this property to ascertain if an exploration project is justified.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:
G-MD-CNM

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

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

April 30, 1954

Memorandum

REVIEW OF APPLICATION DMEA-3330 (mica)

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. M. Larrabee, U. S. Geological Survey
Applicant's name and address: Sam L. Phillips and C. J. Keller, Spruce Pine, N. C.
Name of property: C. Ray Wilson Prospect.
Location of property: 4 mi. NW. of Longview, N. C.
Summary of applicant's proposal:

Prospect cut #1 -	Bulldoze	30' test pit	
Prospect cut #2 -	Bulldoze	30' test pit	
Prospect cut #3 -	Bulldoze	30' test pit	
			$4,200

Sources of information on applicant's property: None. New prospects.
Comments: 1. No peg indicated to be present.
2. This job is prospecting, not exploration.
3. If applicant does this work on his own, then we can consider exploration of the pegs uncovered.

RECOMMENDATION:
Denial. Advise applicants to prospect for the pegs first.

D. M. Larrabee

Sam L. Phillips
& C. J. Keller
Spruce Pine
North Carolina

April 30, 1954
Subject: DMEA-3330
Re: Exploration Assistance
C. Ray Wilson 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-3330 and referred to the Non-Metallic Minerals Division.

Kindly refer to DMEA-3330 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.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 29 1954

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. 3330
Metal or Mineral Mica
Date Received
Estimated Cost $4,200
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: Sam L. Phillips and C. J. (Jack) Keller, (Partnership)
Spruce Pine, 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 as instructed in 3 (d).

(*b*) State any mine name by which the property is known. C. Ray Wilson 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

(*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 Sam L. Phillips

.....

.....

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

1. Sam L. Phillips and C. J. (Jack) Keller of Spruce Pine, N. C. (Partnership)
   (Personal history of both already on file with DMEA, Knoxville, Tenn)

2. No answer.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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APR 29 1954

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

   (b) C. Ray Wilson Prospect

   (c) Lessee

   (d) Lease attached as Exhibit A.

   (e) None.

   (f) No land patents involved.

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

   (b) new prospect

   (c) no answer

   (d) This prospect is located four miles Northwest of Longview, N. C.

   (e) There is ample manpower available. Power within 1500'.

5. (a) It is anticipated that the prospect will produce mica of stockpile quality. (Ruby Mica)

   (b) It is proposed to bulldoze three cuts as shown on sketch plan, each 10' deep, 15' wide and 100' long, with test pits 30' deep.

   (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) Attached .

6. Estimate of Costs:

<u>Prospect Cut No. 1</u>		
Bulldozing 20 Hrs. @ $10.00 per hour	$ 200.00	
Test Pit 30' @ $40.00 per foot	1200.00	$ 1400.00
<u>Prospect Cut No. 2</u>		
Bulldozing 20 Hrs. @ $10.00 per hour	$ 200.00	
Test Pit 30' @ $40.00 per foot	1200.00	1400.00
<u>Prospect Cut No. 3</u>		
Bulldozing 20 Hrs. @ $10.00 per hour	$ 200.00	
Test Pit 30' at $40.00 per foot	1200.00	1400.00
Total Cost		$ 4200.00

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

MINING LEASE

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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APR 29 1954

State of North Carolina Cleveland County:

This indenture made this 23 day of April, 1954, ~~1953~~

between C. Ray Wilson

of Cleveland County and State of North Carolina as party of the first part, and known as lessor, and Sam L. Phillips and C. J. (Jack) Keller

of Mitchell 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 the center of the C. Ray Wilson mica prospect and running North 150 feet, thence West 1500 feet, thence South 1000 feet, thence East 2000 feet, thence North 1000 feet, thence West 500 feet to 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 5% on mica and standard royalty on all other minerals 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: C. Ray Wilson (Seal)

_____ _____ (Seal)

Lessee to fill all openings and restore any damage done to terraces _____ (Seal)

Kenneth R McKenny
Notary Public

My Comm. Exp. Mar 8/11/55

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 Cleveland, described as follows:1/

Beginning at the center of the C. Ray Wilson mica prospect and running North 150 feet, thence West 1500 feet, thence South 1000 feet, thence East 2000 feet, thence North 1000 feet, thence West 500 feet to 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

2/ Sam L. Phillips and C. J. (Jack) Keller

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 23rd day of April, 1954.

C. Ray Wilson [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, 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

MF-203

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Bureau Mineral Administration
RECEIVED
APR 23 1954

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

Beginning at the center of the C. Ray Wilson Mica Prospect and running North 150 feet, thence West 1500 feet, thence South 1000 feet, thence East 2000 feet, thence North 1000 feet, thence West 500 feet to 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

2/ Sam L. Phillips and C. J. (Jack) Keller

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

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 which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ _____, or ten years have elapsed from the date of the contract.

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.

Dated this 23rd day of April, 195 4.

(Signed) C. Ray Wilson [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.

4/ Insert the maximum amount of the Government's contribution.

RELEVANT CONTRACT PROVISIONS

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 six 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) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent 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.)

(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, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

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

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

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

COPY

MF-203

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 29 1954

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

Beginning at the center of the C. Ray Wilson Mica Prospect and running North 150 feet, thence West 1500 feet, thence South 1000 feet, thence East 2000 feet, thence North 1000 feet, thence West 500 feet to 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

2/ Sam L. Phillips and C. J. (Jack) Keller

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

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 which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ _____, or ten years have elapsed from the date of the contract.

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.

Dated this 23rd day of April, 195 4.

(Signed) C. Ray Wilson [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.

4/ Insert the maximum amount of the Government's contribution.

RELEVANT CONTRACT PROVISIONS

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 six 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) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent 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.

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(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, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

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

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

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

MF-203

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 29 1954

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

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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/ Sam L. Phillips and C. J. (Jack) Keller

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

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 which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ _____, or ten years have elapsed from the date of the contract.

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.

Dated this 23rd day of April, 195 4.

(Signed) C. Ray Wilson [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.

4/ Insert the maximum amount of the Government's contribution.

RELEVANT CONTRACT PROVISIONS

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 six 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) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent 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.)

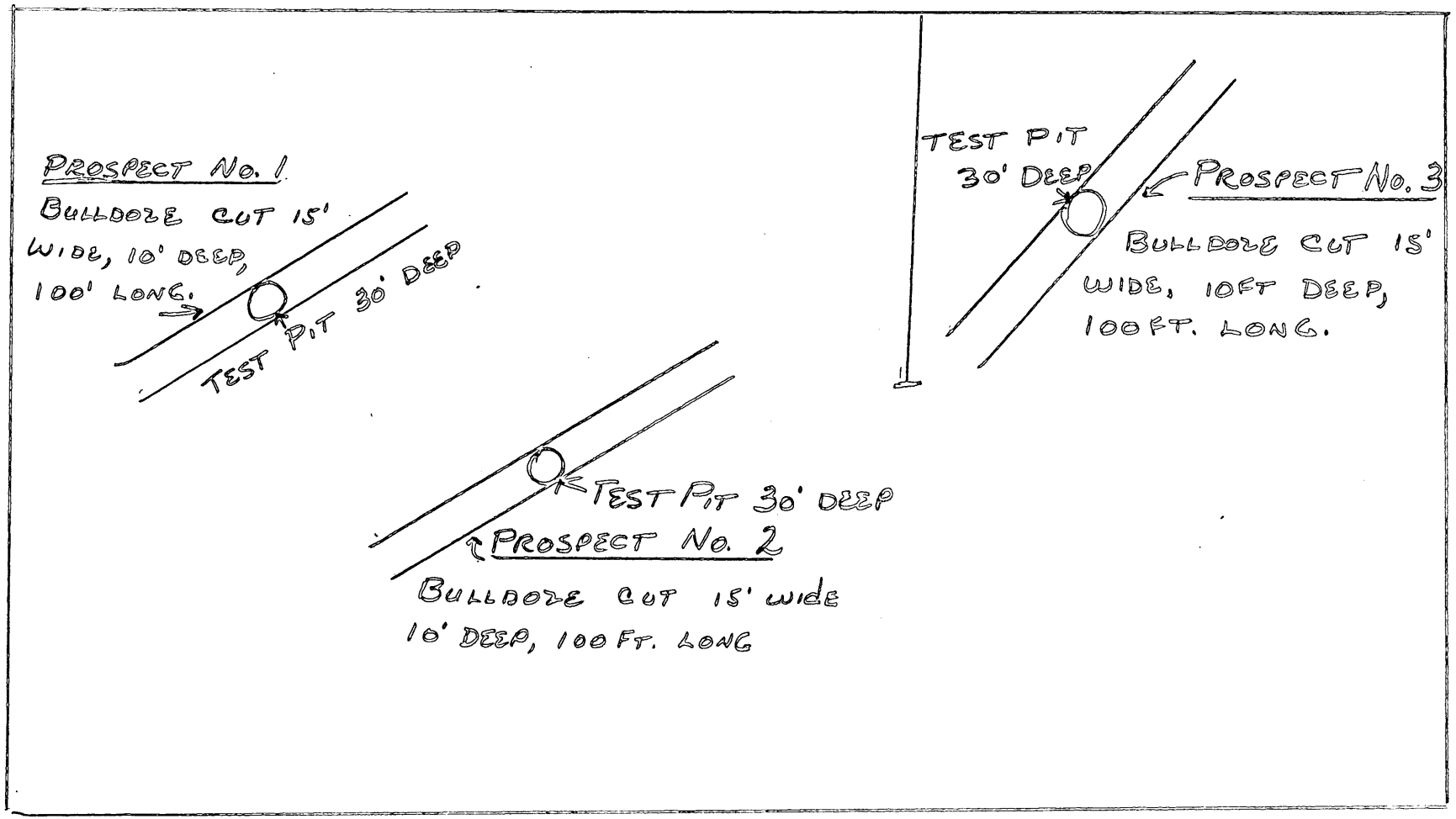
(b) As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value, the market value of the material after it is mined in the form in which and the place where it is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

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

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

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

SKETCH
PROPOSED OPERATIONS

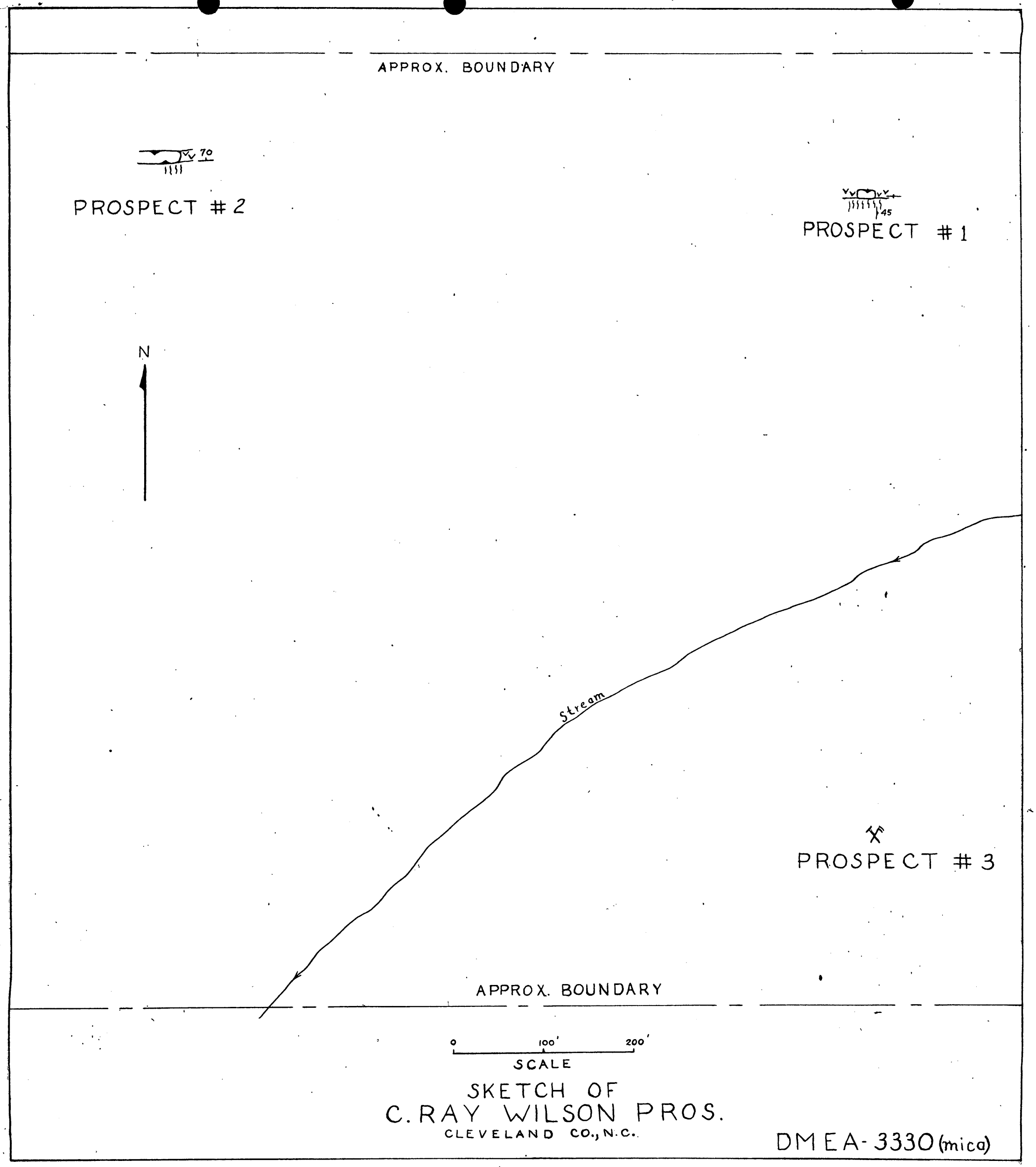


C. RAY WILSON
PROSPECT

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

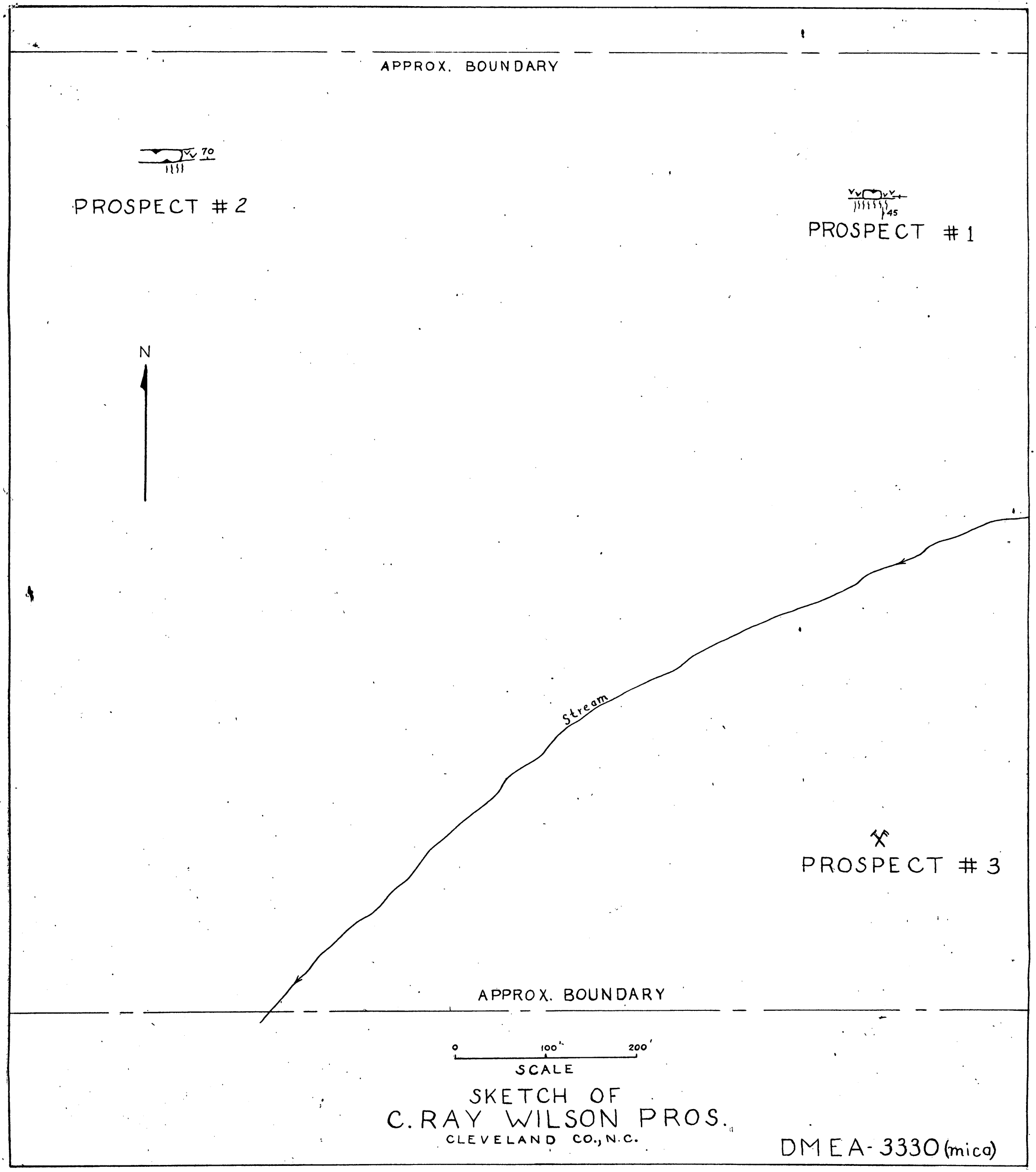
OFFICIAL BUSINESS

Mr. Jay L. Chambers, Chief
Contract Administration & Audit Div.
Defense Minerals Exploration Adm.
Interior Building
Washington 25, D. C.



SKETCH OF
C. RAY WILSON PROS.
CLEVELAND CO., N.C.

DMEA-3330 (mica)



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