DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMA Docket No. 3399

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Exploration Assistance

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Cys to USBM & USGS

Routing Slip

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DO NOT DETACH

CONTROLLED DOCUMENT

Docket Copy
Surname:
Houk
FEJohnson

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

Mr. William C. Pitman, Jr.
Route 3
Newland, North Carolina

SEP 17 1954

Re: Docket No. DMEA-3399 - Mica
Cloud Pitman Prospect
Avery County, North Carolina

Dear Mr. Pitman:

At the request of Congressman Charles R. Jonas, we have made a review of your application for exploration assistance and the action taken in connection therewith.

I understand from Congressman Jonas that you have complained of the attitude of our field staff and feel that they were unfair in their appraisal of your proposed project. I am very sorry that you are not satisfied with the examination made of your property. However, I wish to point out that your property was given more attention than is customary in connection with field examinations. Two engineers, one geologist, and the Executive Officer for DMEA in your region all made the examination of your property. As it so happened they were on a trip together on other business, therefore, you benefited by having this unusual amount of technical talent examine your property. Inasmuch as none of these men had seen your property before the examination they had no preconceived ideas as to its merits. After the examination, they were all of the opinion that further exploration of your property was unwarranted, and I understand, so informed you.

In our review of your application and the Field Team report we find that you have already done preliminary exploration of your property. Based upon the results of this work it does not appear that the expenditure of additional funds for exploring your property would be worthwhile.

Under the circumstances, there would be no point in having another engineer examine your property at this time as he could not see anything more than those who previously examined your property. However, if you still believe that your property can produce a significant amount of strategic mica, we suggest that you do some additional work and expose new areas. On completion of this work, if you will advise us as to what new work has been done we will be very pleased to arrange for another examination of your property.

Sincerely yours,

Frank E. Johnson

Acting Administrator

LGHouk:gad 9/17/54

Copy to: Hon. Charles R. Jonas (2)
Docket
Field Team, Region VII
Mr. Dietrich, 3061
Mr. Kilsgaard, 5227
Mr. Houk

R.C.G.

FILE COPY
SURNAME:

F. E. Johnson

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

600

SEP 17 1954

Hon. Charles B. Jonas
House of Representatives
Washington 25, D. C.

My dear Mr. Jonas:

Reference is made to your secretary's telephone conversation on September 7, 1954 with John L. Hofflund, Acting Assistant Solicitor, Defense Minerals Exploration Administration, concerning a letter from Mr. William C. Pitman, Jr., objecting to the denial of his application, DME4-3399.

I have had a complete review made of this case and have written Mr. Pitman regarding this review. For your information there are enclosed two copies of my letter to him of this date.

Sincerely yours,

Frank E. Johnson

Acting Administrator

Enclosures 2

LGHouk/FEJohnson/gad/bih
9/17/54
Copy to: Docket
Admr. Reading File
Field Team, Region VII
Mr. Kiilsgaard R-5227
Mr. Dietrich R-3061
Mr. Houk

P.C.L.

Docket Copy
Surname:
Houk

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

Hon. Charles R. Jonas
House of Representatives
Washington 25, D. C.

My dear Mr. Jonas:

Reference is made to your secretary's telephone conversation with John L. Hofflund, Acting Assistant Solicitor, Defense Minerals Exploration Administration, September 7, 1954, on the letter from Mr. William C. Pitman, Jr., on denial of his application, [illegible]-3399.

I have had a complete review made of this case and for your information there are enclosed two copies of my letter to the applicant of this date.

Sincerely yours,

Acting Administrator

Enclosures 2

LGHouk:gad 9/17/54
Copy to: Admr. R. File
Docket
Field Team, Region VII
Mr. Kiilsgaard, 5227
Mr. Dietrich, 3061
Mr. Houk

DMEA Docket
File

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

September 8, 1954

Memorandum

To: Administrator, DMEA

From: Acting Assistant Solicitor, Defense Minerals

Subject: Pitman, William C., Jr., Docket No. DMEA-3399 (Mica)

The subject application was denied by your letter to the Operator dated August 10.

Yesterday Congressman Jonas' secretary phoned me to say that Mr. Pittman has written to the Congressman complaining about DMEA's rejection of his application. As I understand it, he says that the men who examined his property denied the application in advance, and that we have granted loans on properties that have produced no mica but refuse one on his that has produced it.

It seems that Mr. Pitman's letter to the Congressman is very critical of DMEA and perhaps of Congressman Jonas, and his secretary indicated that she thought it would be indiscreet to send it to DMEA.

I gather that Congressman Jonas would like for DMEA to re-examine the application and the property by someone who has not previously handled the matter. I suppose if this is done, we should advise the applicant that we are re-examining the matter upon request from Congressman Jonas, and should send a copy of the letter to the Congressman.

I suggested to the Congressman's secretary that she might communicate with you direct, but she indicated that she would prefer that I take up the matter with you.

JLHofflund/emd
Copy to: Solctr/s Docket
DMEA Docket
J. L. Hofflund
chron.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachment 1

R.L.G.

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

September 8, 1954

Memorandum

To: Administrator, DMEA

From: Acting Assistant Solicitor, Defense Minerals

Subject: Pitman, William C., Jr., Docket No. DMEA-3399 (Mica)

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J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachment 1

DOCKET COPY
Surname:
Houk
Hodgson
Ewald
Martin
Johnson

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

AUG 1 3 1954

Mr. William C. Pitman, Jr.
Route 3
Newland, North Carolina

Re: Docket No. DMEA-3399 - Mica
Cloud Pitman Prospect
Avery County, North Carolina

Dear Mr. Pitman:

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

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

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

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

Sincerely yours,

E. O. Mittendorf

Administrator

LGHouk:gad 7/29/54
Copy to: Admr. R. File
Docket
Operating Committee
Field Team, Region VII
Mr. Dietrich, 3061
Mr. Larrabee, 5216
Mr. Houk

R.C.G.

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

August 5, 1954

Memorandum

To: Administrator

From: Nonmetallic Minerals Division

Subject: Recommendation of denial of exploration assistance and summary report.

By: L. G. Houk

1. DMEA Docket No. 3399 - Mica
Property: Cloud Pitman Prospect
Avery County, North Carolina

Applicant: William C. Pitman, Jr.
Route 3
Newland, North Carolina

Application: Form MF-103, received June 25, 1954.
Work proposed: Not given.
Amount requested: $5,710.00
No contract: Application denied.

2. Comments: A 150-foot diameter semi-circular bench was bulldozed and blasted into the hillside and exposed a flat lying sill-like conformable pegmatite up to 15 feet in thickness.

Geological criteria upon which denial is based: The pegmatite has been adequately tested with unfavorable results by the applicant.

Future possibilities: No evidence to justify additional exploration. Mica is hard, ruby-colored, mineral stained, bent, tied, small and sparce, and some is intergrown with biotite.

Recommendations:

The Nonmetallic Minerals Division concurs in the field team's recommendation to deny the application.

The Geological Survey concurs with the field team.
The Bureau of Mines concurs with the field team.

August 2, 1954

Congressman Jonas' Secretary calling Mr. L. G. Houk re: DMEA-3399.

Secretary: I was referred to you by Mr. Rubin in the Solicitor's Office. I am calling about DMEA-3399 - Mr. W. C. Pitman, Jr.

Mr. Houk: It is in the process of being analyzed by the commodity men.

Secretary: Aren't you a commodity man?

Mr. Houk: No. The commodity specialists are in the Bureau of Mines and the Geological Survey. We are waiting for their recommendations.

Secretary: What are the prospects?

Mr. Houk: Not encouraging.

Secretary: Mr. Pitman doesn't feel that he had a fair deal. He wants another examination. He doesn't think the geologists will approve the loan. He has asked the Congressman to take it up with the DMEA, and ask them to look it over again. "I understand the geologists were around and indicated they would not be granting a loan", he writes the Congressman. Mr. Pitman wants the Congressman to request a loan. Maybe a further investigation would be in order. They also send an invoice work sheet on ruby mica.

Mr. Houk: How much did they sell?

Secretary: $212.85 - 12.56 lbs.

Mr. Houk: Well, the denial has not been sent yet.

Secretary: I don't know much about it but it reads "good stained 94.27%", and that sounds good to me.

Mr. Houk: You don't know how much or how long they labored for that small amount of mica. I understand it has proven to be non-economic in its operation. We are limited in the type of work we can do. Our job is to explore for new and undeveloped sources of strategic and critical minerals. The applicants may go to DMPA, General Services Administration, if they have developed mica. This program is entirely different from the Colonial Mica Program that existed in World War II. We rely on the field team and they judge whether there is a probability of making a worthwhile discovery.

Secretary: Is there any way of having another inspection?

Mr. Houk: We don't like to send the technical men back there. It costs the Government money to send Engineers and Geologists to look over a project. On this particular examination the report is by Robert A. Laurence, Executive Officer, Kefton H. Teague, Geologist, Dewey H. Amos, Geologist, all of the Geological Survey, and Lawrence E. Shirley, Mining Engineer of the Bureau of Mines. The report indicates that there were four technical people there. Their recommendation will be the basis for our action .

Secretary: From what I get from you it doesn't sound too good.

Mr. Houk: We cant give out Government money indiscriminately, and everyone down there thinks his prospect is good, that is why we have the Survey and the Bureau of Mines come in to inspect and send us a report on their examination. Apparently this man has spent about $2,000 to date but that doesn't indicate that it is a worthwhile prospect.

Secretary: Mr. Jonas is going to hate to tell that man that. They say the percentage was high and you say you don't know how long it took to obtain the mica. I will tell Mr. Jonas but he probably won't like it.

Mr. Houk: Yes - you cant tell how long it took. I wouldn't do anything until the final action has been taken.

Secretary: I'll call you again.

IN REPLY REFER TO:

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

August 2, 1954

Memorandum

REVIEW OF FIELD TEAM REPORT ON APPLICATION DMEA-3399 (mica)

To: L. G. Houk, Defense Minerals Exploration Administration
From: R. D. Trace, U. S. Geological Survey
Applicant: William C. Pitman, Jr.
Name of property: Pitman Prospect
Location of property: near Plumtree, in Avery County, North Carolina
Date of Field Team Report: July 21, 1954
Authorship of Field Team report: Laurence, Teague, Amos, and Shirley
Field Team's recommendation: Deny application.
Comments: The mica is apparently both sparse and poor in quality.
ACTION RECOMMENDED: Follow Field Team's recommendation.

R. D. Trace

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

AUG 2 - 1954

July 30, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3399 (mica)

Applicant: William C. Pitman, Jr.

Name and Location of Property: Pitman Prospect
Avery County, North Carolina

Date of Field Team Report: July 21, 1954

Date Rec'd. by Ceramic & Fertilizer Materials Branch: July 29, 1954

Field Team Recommendation:

Denial

Comments:

Considerable exploration has failed to disclose a sufficient quantity of strategic mica.

Recommendation:

I concur in the field team's recommendation of denial of this application on the basis that the deposit does not contain adequate reserves of strategic mica.

W. F. Dietrich

W. F. Dietrich

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

COPY

ROOM 13, POST OFFICE BLDG.
KNOXVILLE 2, TENN.

July 23, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Field Team, DMEA - Region VII

Subject: Examination Reports by Field Team, Region VII

Transmitted herewith are 4 copies each of the field examination reports on:

DMEA-3295 - Tom Cabaniss Property(quartz crystals) Cleveland Co., N.C.
DMEA-3399 - Pitman Prospect (mica) Avery County, N.C.

The Field Team agrees with the examiners' conclusions and recommends denial of both prospects.

/s/ ROBERT A. LAURENCE
Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION VII

/s/ WM. A. BECK
Wm. A. Beck, for V. J. Lynch
U. S. Bureau of Mines

Reviewed by
DMEA OPERATING COMMITTEE
7-28-54
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF FIELD EXAMINATION BY FIELD TEAM, REGION VII

On

DMEA-3399, PITMAN PROSPECT
(mica)
Avery County, N. C.

By

Robert A. Laurence, Geologist
Kefton H. Teague, Geologist
Dewey H. Amos, Geologist
U. S. Geological Survey

and

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

July 21, 1954

Reviewed by
DMEA OPERATING COMMITTEE
7-28-54
(date)

FIELD EXAMINATION REPORT
ON
DMEA-3399, PITMAN PROSPECT (mica)

Applicant: William C. Pitman, Jr. Route #3, Newland, North Carolina

The applicant has conducted considerable exploration on this deposit recently without success. No additional work is warranted and exploration assistance should be denied.

The deposit was examined on July 15, 1954. Messrs. Wm. C. Pitman and Wm. C. Pitman, Jr. accompanied the examiners on the inspection which required two hours.

The Pitman Prospect is 1.1 airline miles N. 73° W. of Plumtree, Avery County, North Carolina. The mine is on a steep wooded hillside 300 yards north of the Henson Creek Road. No road exists from the Henson Creek Road to the mine.

A 150-foot diameter semi-circular open bench has been bulldozed and blasted into the hillside exposing a flat-lying, sill-like conformable pegmatite that ranges in thickness up to 15 feet. The pegmatite is unzoned, medium coarse grained, and pinches and swells considerably on both strike and dip. It is in biotite gneiss. Perthite and graphic intergrowths of quartz and feldspar make up the dominant part of the pegmatite. In addition shall lenses and pods of quartz, biotite, muscovite, and sulphides, listed in order of abundance are present. Strips of biotite up to 18 inches long are present.

The mica is hard, ruby-colored, mineral-stained, bent, tied, small and sparce. Some is intergrown with biotite.

The applicant reports that he has lost approximately $2,000 on the operation to date. This pegmatite has been adequately tested, with unfavorable results. The field examiners find no evidence to justify additional exploration, thus we recommend that the application be denied.

Exam. date: July 15, 1954

Robert A. Laurence, Geologist, USGS

K. H. Teague, Geologist, USGS

D. H. Amos, Geologist, USGS
and

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

FILE COPY
Surname:

Anderson
Hedges
Selfridge
H. Dunlap

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

JUL 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-3399 - Miss
William C. Pitman, Jr.
Cloud Pitman Prospect
Avery 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 June 28, 1954, and from the Bureau of Mines, dated July 6, 1954, are enclosed for your information.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Approved:

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

D. M. Larrabee (DMB)
Member, Geological Survey

Enclosures 4

WCAnderson:ag 7/9/54
Copy to: Admr. R. File
Docket File
Operating Committee
Mr. Dietrich, 3061
Mr. Larrabee, 5216
Mr. Houk

R.C.S.

FILE COPY
Surname:

Anderson
Houk
Larrabee
Hedges
Sullivan
Johnson

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

JUL 14 1954

Mr. William C. Pitman, Jr.
Route 3
Newland, North Carolina

Re: Docket No. DMEA-3399 - Mica
Cloud Pitman Prospect
Avery County, North Carolina

Dear Mr. Pitman:

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.

Please advise this office in writing if you desire to have your application processed under the new Government participation rate which is 75 percent of the approved cost.

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

Sincerely yours,

C. O. Mittendorf
Administrator

WCAnderson:ag 7/9/54
Copy to: Admr. R. File
Docket File
Operating Committee
Field Team, Region VII
Mr. Dietrich, 3061
Mr. Larrabee, 5216
Mr. Houk

R.S.B.

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

July 12, 1954

Memorandum

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

From: Executive Officer, DMEA - Region VII

Subject: DMEA-3399 (mica) W. C. Pitman, Jr. applicant.

Enclosed herewith is an additional copy of the Owner's Consent to Lien, for the subject application. This was sent at my request, as only five copies were included with the application.

Robert A. Laurence

Robert A. Laurence

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

Bureau of Mines Administration
RECEIVED
JUL 12 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 Avery, described as follows:1/

Beginning on a 5 inch white oak east of the Mine Road, and runs north 70 west 186 feet to a 12 inch oak; then north 32 west 336 feet to a stake; thence north 85 east 245 feet to a stake; thence south 15 east 396 feet to the BEGINNING, and containing 1.6 acres, more or less

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/ William C. Pittman, Jr.

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 9th day of July, 1954.

W C Pittman [Seal]

Ada Pittman [Seal]

[Seal]

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

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

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

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

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

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

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

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

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

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

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

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

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

Administration
JUL 8 - 1954

July 6, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3399 (mica)

Applicant: William C. Pitman, Jr.

Name and Location of Property: William C. Pitman, Jr.
Avery County, North Carolina

Application Rec'd. by Ceramic & Fertilizer Mtls. Br.: June 25, 1954

Comments:

1. No information was supplied with our copy of the application regarding question 5(b), making it difficult to determine how the applicant plans to spend the $5,710 or to appraise the merits of the proposed exploration program.

Recommendation:

It is recommended without the assistance of the complete information requested on Form MF-103 that the field team should visit this property to ascertain if an exploration project is justified. If the field team is of the opinion a worthwhile exploration project can be arranged on a unit-cost basis, a proposed program should be submitted for consideration by the Operating Committee.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

G-MD-CNM

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

June 28, 1954

Memorandum

REVIEW OF APPLICATION DMEA-3399 (MICA)

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. M. Larrabee, U. S. Geological Survey
Applicant's name and address: W. C. Pitman, Jr., Route 3, Newland, N.C.
Name of property: None.
Location of property: None given.
Summary of applicant's proposal: None given. $5,710.
Sources of information on applicant's property: None.
Comments:

yes -1. Name of mine not given, so can't look it up.
yes -2. No location given.
3. Will he pay 25%?
Report mica -4. No evidence of peg or mica mentioned.

RECOMMENDATION:

Get more information from applicant before wasting time of the Field Team.

D. M. Larrabee

D. M. Larrabee

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

June 25, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region VII

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

There is listed below the assigned docket number to an application recently received from Region VII.

DMEA - 3399 William C. Pitman, Jr.

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

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

June 25, 1954
Subject: DMEA-3399
Re: Exploration Assistance

Mr. William C. Pitman, Jr.
Route # 3
Newland, North Carolina

Dear Sir:

The receipt of your application dated June 21, 1954 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3399 and referred to the Non-Metallic Minerals Division.

Kindly identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

60932

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

January 23, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region VII

Subject: Application from W. C. Pitman, Jr., of Newland, N. C. (mica)

Transmitted herewith are three copies of an application received today from W. C. Pitman, Jr., Route #3, Newland, North Carolina. The fourth copy was retained in this office for our use.

Robert A. Laurence

Robert A. Laurence

January 23, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region VII

Subject: Application from W. C. Pitman, Jr., of Raeford, N. C. (mine)

Transmitted herewith are three copies of an application received today from W. C. Pitman, Jr., Route #3, Raeford, North Carolina. The fourth copy was retained in this office for our use.

Robert A. Lawrence

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Not to be filled in by applicant

Docket No. 3399
Metal or Mineral Mica
Date Received
Estimated Cost $5,710
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: William C. Pitman, Jr., Route #3, Newland, 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. Individual

(*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 BEG. on a 5" white oak east of the Mine Road and runs N 70 W 186 feet to a 12" oak; then N 32 W 336 feet to a stake; thence N 85 E 245 ft. to a stake; thence S 15 E 396 ft. to the BEGINNING, and containing 1.6 acres, more or less.

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

(*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. (Copy of Lease attached hereto)

(*e*) If you own the land, describe any liens or encumbrances on it None

(*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. Small amt. Ruby Mica

(*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. 1000 ft. to Hardsurfaced Road-Henson Creek Road-10 Mi. to Spruce Pine

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.
Manpower, materials, supplies and equipment all available-Also power. Applicant owns a great deal of mining equipment himself.

16—66551-1

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

(*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 30 days and be completed within 6 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?

[x] Money [x] 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 June 21st, 1954.

William C. Ritman Jr.
(Applicant)

By

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

4(a). Mine workings are easily accessible for examination purposes. The mine is located on the Henson Creek Road approximately 10 miles from Spruce Pine, North Carolina and a small amount of ruby mica has already been taken from this mine. The mine is located only about 1000 feet from the hardsurfaced highway.
(c) Type of deposit-Vein-See attached sketch.

5(b)-See attached sketch.
(d)-Applicant has had one year's operating experience. He has available supervisors and workers with considerable mining experience.

6. COSTS:

Labor:
1 drill operator $1.00 per hr.-40 hrs. weekly- 24 wks---$960.00
3 laborers-75¢ hr.-40 hrs. weekly-24 weeks----------2160.00

Gas & Oil	400.00
Steel & Small Tools	500.00
Bull Dozer Work-20 Hrs. @ $10 per hr.	200.00
Powder and other supplies	750.00
Insurance	240.00
Contingencies	500.00
TOTAL	$5710.00

Applicant has his own compressor, jack hammar, hose and drill.

7. (a) Yes
(b) Applicant can furnish his share of costs with equipment owned by him and by money.

MINING LEASE

Printed and For Sale by The Tri-County News, Spruce Pine

STATE OF NORTH CAROLINA, Avery **COUNTY.**

This indenture made this 18th day of June 19 54, between W. C. Pitman and wife Ada Pitman of Avery County and State of North Carolina, as parties of the first part, and known as lessors, and William C. Pitman, Jr., of Avery County and State of North Carolina, of the second part and known as lessees:

WITNESSETH, That the part ies of the first part, in consideration of the agreements hereinafter contained, on the part of the part y of the second part to be performed, hereby bargains, leases and grants to the part ies of the second part, and their 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 of Avery State of North Carolina, to wit:

BEGINNING on a five inch white oak east of the Mine Road and runs north 70 west 186 feet to a 12 inch oak; then north 32 west 336 feet to a stake; thence north 85 east 245 feet to a stake; thence south 15 east 396 feet to the BEGINNING, and containing one and six tenths (1.6) acres, more or less.

To Have and to Hold the said lands to them, for mining purposes, the said William C. Pitman, Jr., and their heirs and assigns for the aforesaid period of five years upon a full compliance with the conditions of this instrument, for the purpose and with the right to dig, quarry, search for and obtain any kind of minerals, metals or fossils, and particularly mica and to conduct the same to any extent the said part y of the second part may desire. And it is hereby agreed between the parties to this agreement that the part y of the second part are to have the use of the unoccupied buildings on said lands for mining purposes, or have a right to erect such, if necessary, during the continuance of this lease, and keep the same in as good condition as when received, unavoidable accidents excepted. And it is also agreed by part y of the second part that no unnecessary damage is to be done to the lands herein leased during the continuance of said lease, but the said part y of the second part shall have right to take from said lands of party of the first part any wood or timber to carry on said mining operations or to erect buildings on said lands. (Timber of high or special market value excepted.) And the part ____ of the second part are to have right-of-way of ingress and egress to said mines. The said part y of the second part hereby agree to pay to the said part ies of the first part, or their heirs or assigns, a rental or royalty of 1/8th of selling price, on mica taken and sold from said mines for the use of the said lands for the aforesaid period of five years only; payable as follows:

Payable on computation of selling bills on the tenth of each month covering sales during the previous month.

Royalties on all other minerals mined and sold shall be determined on a percentage basis and be governed by the market value.

The Term of this lease shall not be extended except with the option of the lessors; and in case of renewal, this instrument may stand if proper amendments are duly witnessed and attached in writing hereto. The lessors 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 assigns thereof. The lessee is not to assign this lease without license of the lessors.

But it is expressly agreed that unless mineral or fossil material of practical value for mining purposes shall be found within 90 days from the date of this instrument, this lease may be terminated by the lessee at any time thereafter, on 60 days days notice to the lessor. The lessee agree that during continuance of this lease work in said mines shall not cease longer than 60 days days at any one time, unavoidable accidents excepted.

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

/s/ W. C. Pitman (Seal)

/s/ Ada Pitman (Seal)

Witness:

(Seal)

(Seal)

NORTH CAROLINA, Avery COUNTY. _____ TOWNSHIP.

I, _____, do certify that W. C. Pitman

and Ada Pitman

his wife personally appeared before me this day, and acknowledged the execution of the annexed MINING LEASE and the said _____

_____

being by me privately examined separate and apart from her said husband, touching her voluntary execution of the same; doth state that she signed the same free and voluntarily, without fear or compulsion of her said husband, or of any other person, and that she doth still voluntarily assent thereto.

This 18th day of June, 19 54.

/s/ Gurney D. Brinkley

Justice of the Peace.

My comm. expires: Nov. 25, 1954. Notary Public

NORTH CAROLINA, _____ COUNTY.

The execution of the foregoing instrument was this day acknowledged before me, by _____

_____ the grantor _____ for the purposes therein expressed. Let the same, with this certificate, be registered. This _____ day of _____, 19 _____

_____

_____

NORTH CAROLINA, _____ COUNTY.

The foregoing certificate of _____ of _____ County is adjudged to be correct and sufficient. Let the instrument, with the certificate be registered.

Witness my hand and official seal, this _____ day of _____, 19 _____

_____

Clerk Superior Court.

Filed for Registration at _____ o'clock _____ M., _____, 19 _____, and registered in the office of Register of Deeds for _____ County, in _____ Deed Book No. _____ page No. _____

_____, 19 _____

_____

Register of Deeds.

MINING LEASE

FROM

TO

Lease Book _____ Page _____

FEES:

Probate . . . . . $

Certificate and Seal, J. P. or N. P. . . . . $

Certificate and Seal, Clerk . . . . . $

State Tax . . . . . $

$

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 Avery, described as follows:1/

BEGINNING on a five inch white oak east of the Mine Road, and runs north 70 west 186 feet to a 12 inch oak; then north 32 west 336 feet to a stake; then north 85 east 245 feet to a stake; thence south 15 east 396 feet to the BEGINNING, and containing 1.6 acres, more or less.

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/ William C. Pitman, Jr.

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 21st day of June, 1954.

W C Pitman [Seal]

Ada Pitman [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
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned owner, lessor, or seller has an interest in certain property in the State of North Carolina, County of Avery, described as follows: 1/ BEGINNING on a five inch white oak east of the Mine Road, and runs north 70 west 186 feet to a 12 inch oak; then north 32 west 336 feet to a stake; then north 85 east 245 feet to a stake; thence south 15 east 396 feet to the BEGINNING, and containing 1.6 acres, more or less.

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/ William C. Pitman, Jr.

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 production 3/ 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 21st day of June, 195 4.

W C Pitman [Seal]

Ada Pitman [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.

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

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

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

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

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

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

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

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

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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 Avery, described as follows:[1] BEGINNING on a five inch white oak east of the Mine Road, and run north 70 west 126 feet to a 12 inch oak; then north 32 west 336 feet to a stake; then north 65 east 245 feet to a stake; thence south 15 east 396 feet to the BEGINNING, and containing 1.6 acres, more or less.

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/ William C. Pitman, Jr.

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 21st day of June, 195 4.

W C Pitman [Seal]

Ada Pitman [Seal]

_____ [Seal]

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

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

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

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

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

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

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

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

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

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

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

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

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

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

_____

_____

_____

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/_____

_____

_____

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 _____ day of _____, 195_____

W C Pittman [Seal]

Ada Pittman [Seal]

_____ [Seal]

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

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

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

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

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

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(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) per cent.)

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

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

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

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

MF-203
(Revised July 1, 1953)

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2/ _____

_____

_____

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.

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4. Changes and added provisions _____

_____

_____

_____

Dated this _____ day of _____, 195___.

W C Pilman [Seal]

Ada Pilman [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.

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RELEVANT CONTRACT PROVISIONS

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.

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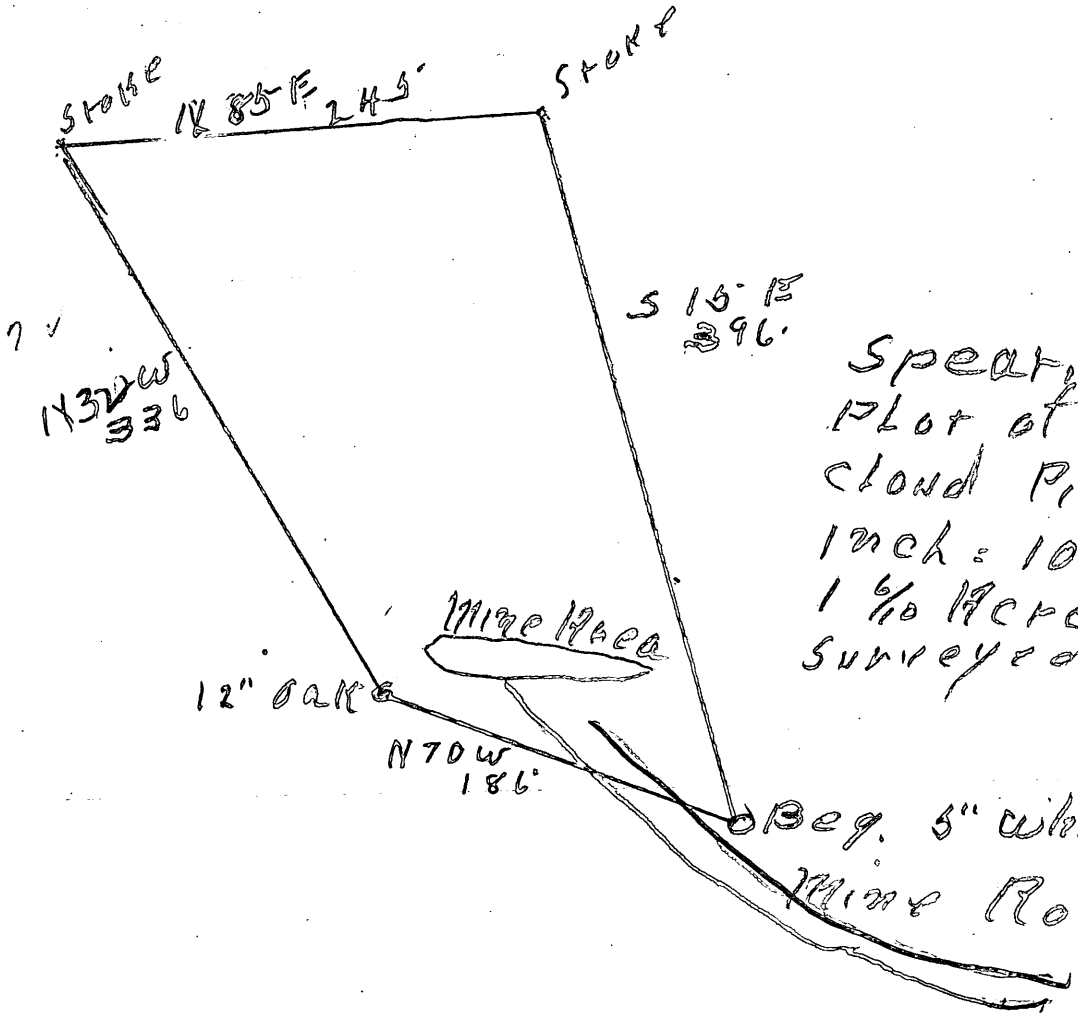
800 ft
Ridge Crest
Approx 30% grade Above mine
400 ft
50'
2
1
Point
Point
Approx 50% grade Below mine
Branch Head 30 ft wide
Branch
Approx
Side hill
Line Fence
1in = 50 ft.

Calls for Lease
Beg. on a 5" white Oak
East of Mine Road
N 70 W 186' to a 12" Oak.
N 70 W 336' to a Stake
N 85 E 245' to a Stake
S 15 E 396' to Beg
1 1/10 Acres -

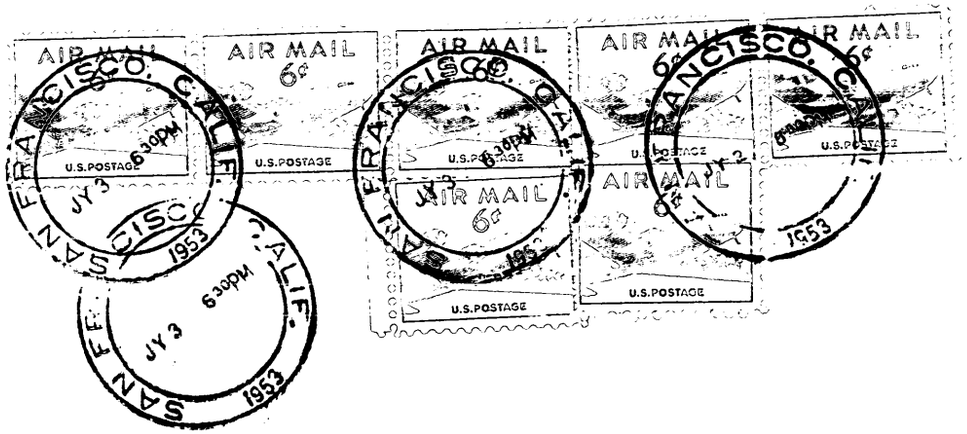


Spear, Avery Co. N.C
Plot of Lease
Cloud Pittman Prospect
1 inch = 100'
1 1/10 Acre
Surveyed 6-18-94
W. Bloff.

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

OFFICIAL BUSINESS

1012 Flood Building
870 Market Street
San Francisco 2, Calif.



Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration
Interior Building
Washington 25, D. C.

FIRST CLASS