DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMA Docket No. 3691

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Action on this document is recorded and controlled in Reports and Records Branch. Any movement of this document between divisions or offices of DMA or movement outside DMA must be reported to the Reports and Records Branch. Actions taken that affect status of the case must also be reported.

Cys to USBM, USGS, and Reg. V.

This document has been recorded as

Exploration

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

Routing Slip

To:	600	Date	2/21/55
To:	Anderson	Date	2/23/55
To:	Oper Com	Date	3-21-55
To:	Oper Com	Date	4-20-55
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CONTROLLED DOCUMENT

DOCKET FILE
Surname:
Anderson
Houk
Hedges
Kiilsgaard
Selfridge
F.E. Johnson

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

600

APR 2 0 1955

Mr. Jack Slagle

Spruce Pine, North Carolina

Re: Docket No. DMEA-3691 - Mica
Jack Slagle
Childers Prospect
Mitchell County, North Carolina

Dear Mr. Slagle:

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,

Frank E. Johnson

ACTING Administrator

WCAnderson:ad 4/18/55
Copy to: Admr. R. File
Docket
Operating Committee
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

R.C.S.

Memorandum

For: Files

From: Walter C. Anderson, Nonmetallic Minerals Division.

Subject: Evaluation of application and field examination report.
Docket No. DMEA-3691-mica
Jack Slagle
Childers Mine
Mitchell County, North Carolina

Denial of application is recommended.

Mica - Rich concentrations of strategic mica of limited extent have been quickly mined out. Mica is light green in some lenses and heavily stained in others.

Pegmatite - Numerous coarse lenses of pegmatite. Those with concentrations of mica have been worked out. No pegmatite below mica concentration. Those now exposed are barren of mica.

Old workings - A linear series of workings 1000 feet long includes open cuts, adits and shallow shafts. Most are caved and inaccessible. A recent operation resulted in recovering about $5600 worth of mica. No pegmatite below this concentration.

Method of exploring - The applicant proposes to bulldoze trench 400 feet long, 6 feet deep and 120 feet wide; sink 3 test pits 20 feet deep and 75 feet of drifting. Field team recommended denial.

Economics - Concentrations of mica are too limited in extent for a paying operation.

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

Bureau of Mines Commissioner
RECEIVED
APR 14 1955

April 13, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3691 (mica)

Applicant: Jack Slagle

Name and Location of Property: Childers (Phillips) Mine
Mitchell County, North Carolina

Date of Field Team Report: March 23, 1955

Date Rec'd. by Br. of Ceram. & Fert. Mat.: March 31, 1955

Field Team Recommendation:

1. Denial of application.

Comments:

1. No pegmatite dike extends below the present workings.

2. There is little possibility of finding further productive areas.

Recommendation:

I concur in the denial of this application.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

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

Defense Minerals Administration
RECEIVED
APR - 1 1955

March 31, 1955

Re: DMEA-3691
Jack Slagle
(Childers Mine)
Mitchell Co., N. C.
$5,025 - Mica

Memorandum

To: L. G. Houk, Defense Minerals Exploration Administration

From: E. L. Newcomb, U. S. Geological Survey

Subject: Review of Field Team examination report

The Field Team has recommended the applicant's proposal be denied.

Present pegmatite exposures do not indicate that a significant amount of strategic mica will be found on the property.

There are no favorable targets for exploration as mica concentrations are local and unlikely to continue to depth.

I concur with the Field Team's conclusions and recommend this application be denied.

E. L. Newcomb
E. L. Newcomb

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

March 23, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: Field Team, DMEA - Region V - Knoxville, Tennessee

Subject: Field Examination Report : DMEA-3691 (mica) Mitchell Co., N.C.
Jack Slagle, Spruce Pine, N. C. Childers Mine.

Enclosed are 4 copies of the subject report. The property was examined in advance of field referral, while the field men were in the area. We agree that the application should be denied.

V. J. Lynch

V. J. Lynch, Acting
EXECUTIVE OFFICER
DMEA REGION V

K. H. Teague

K. H. Teague, Geologist
U. S. Geological Survey

Reviewed by
DMEA OPERATING COMMITTEE
3-30-55
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD TEAM EXAMINATION REPORT
REGION V

ON

DMEA-3691, CHILDERS MINE (mica)

Mitchell County, N. C.

BY

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

and

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

Reviewed by
DMEA OPERATING COMMITTEE
3-30-55
(date).

March 17, 1955

FIELD EXAMINATION REPORT
On

DMEA-3691, CHILDERS (Phillips) MINE (mica)

Applicant: Jack Slagle, Spruce Pine, North Carolina

Numerous coarse lenses of pegmatite have been explored at this place. Some have contained rich concentrations of mica of strategic grade. However, all have been of limited extent and have been quickly mined out. No pegmatite which contains strategic mica is presently exposed. Possibilities for the discovery of a significant deposit of strategic mica are poor. The examiners, therefore, recommend that the application be denied.

This deposit was examined March 17, 1955. Messrs. Jack Slagle and Sam Phillips accompanied the examiners on the inspection which required two hours.

The Childers mine is in the bottom of a small southwest draining valley, 2.3 miles S. 60° W. of Spruce Pine. A linear series of workings that is 1000 feet long and trends N. 20° E. includes open cuts and many tunnels and shallow shafts. Most are caved. Light green mica was mined from coarse, plagioclase-rich pegmatite in a large mass of pegmatitic granite. It is reported that two pegmatite bodies were worked, and that clear mica was obtained from one and heavily stained mica from the other.

Recently the applicant has done considerable bulldozing along the zone of pegmatites. One mica concentration was uncovered, resulting in the sale of about $5600 worth of strategic mica. No pegmatite extends below the concentration, nor is mica-bearing pegmatite exposed elsewhere in the cut. There is no favorable place to conduct exploration. Any mica which may be found will result from an accidental discovery. Furthermore, any deposit which produced this quantity of mica should pay its own way. Denial of the application is recommended.

Inspected: March 17, 1955

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

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

z

Docket File
Surname:
Anderson
Houk
Hedges
Kiilsgaard
Selfridge
Johnson

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

600

MAR 22 1955

Mr. Jack Slagle

Spruce Pine, North Carolina

Re: Docket No. DMEA-3691 - Mica
Jack Slagle
Childers Prospect
Mitchell County, North Carolina

Dear Mr. Slagle:

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 V, Room 13, Post Office Building, Knoxville 2, Tennessee, for further consideration and possibly a field examination.

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

Sincerely yours,

C. O. Mittendorf
By EGG
Administrator

WCAnderson:gad 3/18/55
Copy to: Admr. R. File
Docket
Field Team, Region V
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

R.C.S.

Docket File
Surname:
Anderson
Houk
Selfridge
Johnson

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

600

MAR 22 1955

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

Subject: Docket No. DMEA-3691 - Mica
Jack Slagle
Childers Prospect
Mitchell 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 February 28, 1955, and from the Bureau of Mines, dated March 15, 1955, are enclosed for your information.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (2/B)

Approved:

J. H. Hedges (2/B)
Member, Bureau of Mines

Thor H. Kiilsgaard (2/B)
Member, Geological Survey

Enclosures 4

WCAnderson:gad 3/18/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

P.S. We are returning the Owner's Consents to Lien which are to be corrected in accordance with the instructions in the Operating Committee Minutes No. 469, dated January 21, 1955. If a contract is recommended please make the corrections and have them initialed by the principal.

R.C.J.

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

Department of the Interior
Defense Minerals Administration
RECEIVED
MAR 16 1955

March 15, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3691 (mica)

Applicant: Jack Slagle

Name and Location of Property: Childers Prospect
Mitchell County, North Carolina

Date Application Rec'd. by Br. of Ceram. & Fert. Mat.: Feb. 21, 1955

Comments:

1. Proposed exploration is consistent with local practices except that size of trench appears to be extreme.

2. Exploration would determine value of ground not previously mined.

3. Cost of exploration is estimated at $5,025.

Recommendation:

It is recommended that the field team visit this mine when in that vicinity to ascertain if an exploration project is justified. If so, the field team and applicant should agree on a definite plan of exploration on a unit-cost basis.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 1 - 1955

February 28, 1955

Re: DMEA-3691
Jack Slagle
(Childers Prospect)
Mitchell Co., N. C.
$5,025 - Mica

Memorandum

To: L. G. Houk
Defense Minerals Exploration Administration

From: E. L. Newcomb
U. S. Geological Survey

Subject: Review of application

The applicant's proposed exploration consists of a 400 foot trench, 3 test pits and 75 feet of drifting.

We do not have any available information on this prospect in our files.

From the outline of work, it would appear that the operator is basing his work on the possibility that the Childers pegmatite extends thru his property.

A staged project may be warranted. However, the Stage I trenching should be limited to a series of crosscutting trenches rather than the huge open pit that he has proposed.

I recommend the application be referred to the Field Team. If information in their files indicates that the proposed exploration is feasible, then a field examination should be scheduled at their earliest convenience.

E. L. Newcomb
E. L. Newcomb

February 21, 1955

Mr. Jack Slagle
Spruce Pine
North Carolina

Subject: DMEA 3691
Re: Exploration Assistance
Childers Prospect

Dear Mr. Slagle:

The receipt of your application dated February 17, 1955 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA 3691 and referred to the Nonmetallic 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

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
FEB 21 1955

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. 3691
Metal or Mineral Mica
Date Received 2-21-55
Estimated Cost $5,025
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: Jack Slagle
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 Legal description given on attached lease.

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

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

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice. None

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. See attached sheet.

(*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 will to explore 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. See attached sheet.

(*c*) The work will start within 60 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. Now on file with DMEA.

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: See sheet.

(*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)? Yes. Will furnish required 25%.

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

[x] 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 2-17-55, 195...

Jack Slagle
(Applicant)

By Jack Slagle

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 21 1955

MF-103 (Continuation Sheet)

4. (a) Some mining has been done on the property and high quality green mica has been sold from other locations. We wish to explore an area that has not been mined, believing the vein extends to this area.

(b) No past production from this particular prospect.

(c) We believe by exploring an area adjacent to the old Childers Mine we will find deposits of strategic quality green mica.

(d) Project is accessible to roads, shipping, etc.

(e) Manpower is available, power is within 1000', materials and supplies can be obtained easily.

5. (b) We propose to bulldoze a trench 400' long, 6' deep and 120' wide, sink 3 test pits to a depth of 20', then drift or crosscut 75 feet with vein.

6. Estimate of costs:

60 hrs. bulldozing @ $10.00 per hr.	$ 600.00
Sink 3 test pits 20' deep, 60' @ $30.00 ft.	1800.00
Drift or Crosscut 75' @ $35.00 ft.	2625.00
Total Estimated Cost	$ 5025.00

MINING LEASE

Division of Mineral Administration
RECEIVED
FEB 21 1955

State of North Carolina Mitchell County:

This indenture made this 14 day of February, 1955, 195~~5~~,

between F. O. Phillips, Exec. for S. L. Phillips Estate

of Mitchell County and State of North Carolina as party of the first part, and known as lessor, and Jack Slagle

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

WITNESSETH, That the part~~y~~ 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 on an oak tree located 75' N.E. of the center of what is known as the Old Childers Mine and running 250' North, thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to a point of closing.

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

AND IT IS FURTHER AGREED That the party of the second part, the lessee hereby agrees to pay to the said part of the first part, or his or their heirs or assigns, a rental royalty of 1/8 on Mica and 50¢ per ton on feldspar 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.

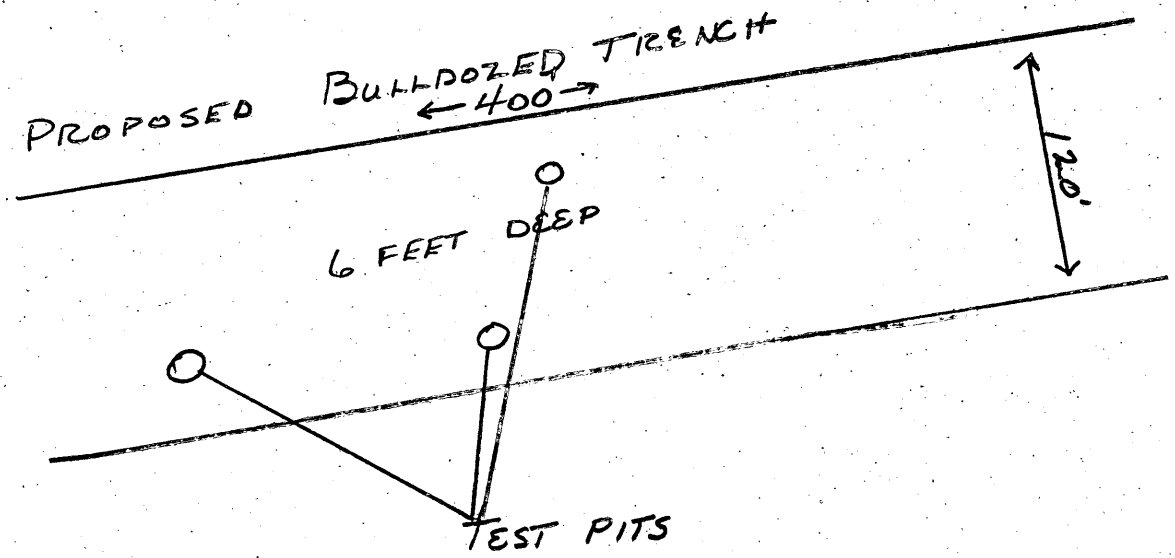
Witness: F O Phillips (Seal)

_____ (Seal)

_____ (Seal)

Kenneth R McKinney
Notary Public
My comm Exp. 8/11/55

CHILDERS PROSPECT



PROPOSE TO DRIFT AND/OR CROSSCUT
75' AFTER FINDING BEST LOCATION