Audited 9/22/55 WORK ANALYSIS SHEET - DMEA PROJECT

☐ Actual Cost

☐ Certified

Analysis as of 9/13/55

Incl. Voucher for Aug. 55

☑ Agreed Unit Costs

Name Cecil R. Phillips + Brown Sparks

Docket No. 3717

State No. Carolina

Commodity Mica

Idm-E No. 820

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	100 ft	$3,000.00	100 ft.	3000.00	3000.00
Raising					
Shafts					
Winzes					
Drilling (Specify)					
Surface Excavation		100.00		100.00	100.00
Underground Excavation					
Roads and Trails		150.00		150.00	150.00
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.		114.00		114.00	114.00
Other (Specify)					
Totals		$3,364.00		$3,364.00	3364.00

Prepared by Walter C Anderson

71626

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Cecil R. Phillips and Brown Sparks
Route 3
Bakersville, North Carolina

pertaining to Exploration Project Contract No. Idm-E520, Docket No. DMEA-3717, for the months of July 1955 and August 1955, covering a project for the exploration of mica on property, known as the Arnold Young Prospect, located in Mitchell County, North Carolina.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, verification of work performed by reference to Field Team reports, and a determination of the reasonableness and propriety of the costs.

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

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

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

Total cost as billed by Contractor		$3,364.00
Exceptions:		
By DMEA Finance Officer	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$3,364.00

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Two thousand five hundred twenty-three and no/100 Dollars

$2,523.00

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

E. D. Talbert
E. D. Talbert, Auditor

September 23, 1955

Division copy

RECEIVED

JUL - 1 1955

MF-200A
(Revised June 1954)

Docket No. DMEA 3717

Commodity Mica

Contract No. Idm-E 820

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this 17th day of June, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Cecil F. Phillips and Brown Sparks, partners,

whose mailing address is Route 3, Bakersville, North Carolina,

hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Exhibit "A," Annex I, and map.

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of North Carolina, County of Mitchell, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] lessee of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] lease, [7] un recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: .....

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title of the land (lessor, seller, optionor, etc.), are attached, as follows: Owner's Consent to Lien by lessor

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of Mica. The work to be performed is described in Exhibit "A." The Operator on or before AUG 1 1955 shall commence the work, and on or before October 15, 1955 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $3,354.00. The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $2,583.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work

performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records or accounts.

ARTICLE 7. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, within a period of ten years from the date of the contract, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

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

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

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

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

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 8. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 8 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 9. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 10. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

CECIL R. PHILLIPS and BROWN SPARKS
(Operator)

By Cecil R Phillips (Partner)

By Brown Sparks (Partner)

THE UNITED STATES OF AMERICA

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

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70618-1

RECEIVED
JUL - 1 1955

EXPLORATION PROJECT CONTRACT
CECIL R. PHILLIPS AND BROWN SPARKS
DOCKET NO. DMEA-3717

ANNEX I

The land referred to in Article 2 of the contract form is known as the Arnold Young Prospect and was leased for mining purposes to Cecil Phillips (C. R. Phillips) and Brown Sparks for a period of five years by Arnold Young by an instrument dated March 1, 1955. This property is located 2.7 airline miles S 5° E of Bakersville, Mitchell County, North Carolina, on the northeast side of Burnt Mountain, and about 2,500 feet southwest of North Carolina Highway No. 26. It is described in the lease as follows:

> Beginning at the center of the shaft of the Arnold Young Prospect, located approximately 85' N.E. of a White Oak tree and running 250' North; thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to a point of closing.

EXPLORATION PROJECT CONTRACT
CECIL R. PHILLIPS AND BROWN SPARKS
DOCKET NO. DMEA-3717

EXHIBIT "A"

Description of the Work

Exploration for concentrations of strategic mica shall be accomplished in the area indicated on the map entitled "Sketch of Arnold Young Pros. Mitchell Co., N. C. DMEA-3717 (mica) April 21, 1955," attached hereto and made a part hereof, in two successive stages. The Operator shallcomplete Stage I and so much of the work under Stage II as is approved in advance by the Government.

Stage I

With a D-4 bulldozer or equivalent, strip the overburden for about 100 feet along the strike of the pegmatite including removal of a small dump.

Stage II

1. Construct:

(a) Access road 200 yards long, with a D-4 bulldozer or equivalent.

(b) A toolhouse, minimum dimensions 7 feet by 8 feet by 10 feet.

(c) A powder storage magazine, minimum dimensions 4 feet by 3 feet by 2½ feet.

(d) An exploder storage magazine, minimum dimensions 2 feet by 1½ feet by 1 foot.

The toolhouse may be unfloored; shall be made from rough, unfinished lumber, with protective roof covering; and shall be equipped with lock and key.

The powder and exploder magazines shall be boxed on all sides; shall be made from 2-inch hardwood or 3-inch

softwood lumber; and shall be braced at the corners. No metal shall be exposed; and the lids or doors shall be securely locked with the equivalent of a 5-tumbler jarproof lock.

2. Drive an adit on the pegmatite for a maximum distance of 100 feet. The adit shall be timbered as necessary and shall have cross-sectional dimensions of not less than 5 feet by 7 in the clear of timber.

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

Estimated Cost of the Project

Fixed Unit Costs *

Stage I

Bulldozing trench, 10 hours @ $10.00/hr.	$ 100.00

Stage II

Constructing -

Access road, bulldozer 15 hours @ $10.00/hr.	150.00
Toolhouse 1/	76.00
Powder magazine 1/	25.00
Exploder magazine 1/	13.00
Driving 100 feet of adit @ $30.00/ft.	3,000.00
Estimated Total Cost of Project	$3,364.00
Government Participation @ 75%	$2,523.00

1/ The completed work constitutes the unit.

* The unit costs include all costs whatsoever necessary to complete the work.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR - 6 1955

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

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

Beginning at the center of the shaft of the Arnold Young Prospect, located approximately 35' N.E. of a White Oak tree and running 250' North; thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to a point of closing. This property in Mitchell County, N. C.

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/ Cecil Phillips and Brown Sparks

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

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

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

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

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

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

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

(OVER)

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

4. Changes and added provisions

DELETE in Paragraph 2 "ten years have" and substitute "the period fixed in the contract or any amendment thereof has".

Dated this 1st day of March, 1955.

(Signed) Arnold Young [Seal] Bakersville, N. C.

[Seal]

[Seal]

May 2 1956

Messrs. C. R. Phillips and
Brown Sparks
Route #3
Bakersville, North Carolina

Re: Docket No. DMEA-3717-mica
C. R. Phillips and Brown Sparks
Arnold Young Prospect
Mitchell County, North Carolina
Contract No. 16m-8520

Gentlemen:

Reference is made to your completed exploration contract with the Government.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this project. Your attention, however, is called to the provisions of the contract which require the operator to keep and preserve certain records for the period indicated.

Your interest in the DMEA exploration program and participation therein are fully appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

WG/mdarcomins 5/2/56
Copy to: Docket
Mr. Chambers
Field Team, Region V
Mr. Killagnard, 5222
Mr. Dietrich, 3061
Mr. Henk
Mr. Anderson
Admr. R. File
Arnold Young (Land Owner)

Mr. Arnold Young

Bakersville, North Carolina

Re: Docket No. DMA-3717-mica
C. R. Phillips and Brown Sparks
Arnold Young Prospect
Mitchell County, North Carolina
Contract No. Idm-2320

Dear Mr. Young:

Reference is made to the Owner's Consent to Lien, dated March 1, 1955, which you executed in connection with the subject contract for a Defense Minerals Exploration Administration project on your property in Mitchell County, North Carolina.

Transmitted herewith for your information is a copy of our self-explanatory letter of this date to the Operator under this contract.

Sincerely yours,

C. O. Mittendorf

Administrator

WCAnderson:ms 5/10/56
Copy to: Docket
Mr. Chambers
Field Team, Region V
Mr. Killegaard, 5222
Mr. Metzrich, 3061
Mr. Hauk
Mr. Anderson
Admr. R. File

Project Summary Report

May 3, 1956

By: Walter C. Anderson

1. Docket No. DMEA-3717-mica
Contract No. Idm-E820
Arnold Young Prospect
Mitchell County, North Carolina

Application: Form MF-103(April 1952) received March 10, 1955
Work proposed:

Bulldose trench	$ 200.00
60 feet of shaft @ $45.00/ft.	2,700.00
100 feet of drift @ $30.00/ft.	3,000.00
Amount requested	$5,900.00

Operators: C. R. Phillips and Brown Sparks
Route #3
Bakersville, North Carolina
Operators' Property rights:
Five year mining lease on the Arnold Young property covering 5 + acres, dated March 1, 1955
Owner's Consent to Lien dated March 1, 1955

2. Contract: Form MF-200A(June 1954) dated June 17, 1955
Work authorized:

Stage I	
Bulldozing trench 10 hours @ $10.00/hr.	$ 100.00
Stage II	
Constructing access road, bulldozer - 15 hrs. @ $10.00/hr.	150.00
Constructing toolhouse, powder, and exploder magazines	114.00
Driving 100 feet of adit @ $30.00/ft.	3,000.00
Estimated total cost of project	$3,364.00
Government participation @ 75%	$2,523.00

Amendments: None
Work completed:
Same as authorized

Project began July 5, 1955 and was completed August 31, 1955
Field Team Final Report received October 31, 1955
Operator's Final Report received October 31, 1955

About 200 pounds of mica was produced during project. Mica is poor, has no value, and was left on the property. No equipment purchased under the contract.

3. Audit: Report of Review issued September 23, 1955

Accepted Cost	$3,364.00
Government participation	$2,523.00

4. Certification of Discovery - none issued

5. Comments:

How conducted:

All of the work in which the Government participated was acceptable.

Operation: very good

Engineering: Reporting by the operators was acceptable.

Geological premise:

The premise that the pegmatite would continue to be rich in strategic mica along the strike was wrong.

Geological Criteria upon which work was based:

1. Unnamed pegmatite, conformable to enclosing mica schist 3 to 4 feet thick. Consists of medium-grained plagioclase, quartz, and green muscovite.
2. Mica - abundant and evenly distributed throughout pegmatite. Light green in color, flat and free-splitting, but part is considerably mineral stained.

Criteria developed during project:

1. Pegmatite - non-mica bearing, 2 to 4 feet thick, exposed for 100 feet along strike, conformable to interlayered hornblende and mica gneiss. In places the original pegmatite divides into 3 thin bands of pegmatite.
2. Mica - scarce, poor quality, mostly "A", wavy small, and 50 percent is stained.

Future possibilities:

None

Recommendation:

The Nonmetallic Minerals Division and the Commodity Members of the Geological Survey and the Bureau of Mines concur in the Field Team's recommendation not to certify.

Walter C. Anderson
Nonmetallic Minerals Division

WCAnderson:ms 5/3/56
Copy to: Mr. Houk
Mr. Anderson
Admr. R. File

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

Mr. Arnold Young

Bakersville, North Carolina

Re: Docket No. DMEA-3717-mica
C. R. Phillips and Brown Sparks
Arnold Young Prospect
Mitchell County, North Carolina
Contract No. Idm-E820

Dear ~~Mr.~~ Young:

Transmitted herewith for your information is a copy of our letter of this date self-explanatory ~~a closing letter~~ to the Operator under this contract ~~of the Defense Minerals Exploration Administration contract mentioned above.~~

Sincerely yours,

Administrator

Enclosure

Reference is made to the Owner's Comment to Sign dated March 1, 1955, which you executed in connection with the subject contract for a Defense Mineral Exploration Administration project on your property in Mitchell County, North Carolina.

IN REPLY REFER TO:

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

RECEIVED
MAR - 9 1956

March 8, 1956

Re: DMEA 3717, Idm-E820
C. R. Phillips & Brown Sparks
Arnold Young prospect
Mitchell Co., N. C.
$3,364.00 - Mica

Memorandum

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

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Final Field Team report

The contract approved the expenditure of $3,364.00 and that amount was spent. The work done consisted of stripping and driving a 100-foot adit on a 3-strand pegmatite.

The mica found is generally of poor quality, scarce, mostly "A" wavy small and about 50 percent stained. About 200 pounds of mica was recovered, but no shipment was made.

The examiners conclude that additional work is not warranted and with the Field Team recommend that no certification be made.

I concur with the recommendation.

N. E. Nelson

N. E. Nelson

NENelson:iml
G-3/8/56

cc: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
W. F. Dietrich, 3061

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

RECEIVED
NOV - 7 1955

November 7, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3717 (mica)

Applicant: C. Phillips & B. Sparks

Name and Location of Property: Arnold Young Prospect, Mitchell Co., N. C.

Contract Number: Idm-E820

Date of Field Team Report: 9/20/55

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 11/3/55

Field Team Recommendation: Recommend no certification of discovery.

Comments:

1. No strategic quality mica was encountered in the pegmatite dike.

2. Expenditures -

Total approved	$3,364.00
Total cost	$3,364.00
Gov't share of the cost	$2,523.00
Value of production during operation	None

Recommendation: I concur with the field team's recommendation for no certification of discovery.

Signed
W. F. Dietrich

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
ROOM 13, POST OFFICE BLDG.
KNOXVILLE 2, TENN.

C O P Y

October 27, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: DMEA Field Team, Region V

Subject: Final Reports. DMEA-3717, Idm-E820 (mica) C. R. Phillips and Brown Sparks, Arnold Young Prospect, Mitchell Co., N.C.

Enclosed are four copies each of the Operator's and Field Team final reports.

Certification is not recommended.

/s/ ROBERT A. LAURENCE
Robert A. Laurence
Executive Officer, DMEA
Field Team, Region V

/s/ V. J. LYNCH, Jr.
V. J. Lynch, Member
Bureau of Mines

11-4-55

RECEIVED
OCT 31 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FINAL REPORT
BY
FIELD TEAM, REGION V

On

DMEA-3717 (mica) ARNOLD YOUNG PROSPECT
Mitchell County, N. C.

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

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

Reviewed by
DMEA CLASSIFICATION OFFICER
11-4-55
(Date)

September 20, 1955

FINAL REPORT
On

RECEIVED
OCT 3 1 1955

DMRA-3717, ARNOLD YOUNG PROSPECT
(mica)

Operators: Cecil R. Phillips and Brown Sparks, Route #3, Bakersville, N. C.

The Arnold Young Prospect is 2.7 airline miles S. 5° E. of Bakersville, Mitchell County, North Carolina. It is on the northeast side of Burnt Mountain and about 2500 feet southwest of N. C. Highway No. 26.

Work accomplished under this contract did not expose a deposit of strategic mica; therefore, additional work is not warranted, nor should a certification of discovery be issued.

This project began July 5, and was completed August 31, 1955. It was conducted in two stages: Stage I consisted of stripping the overburden from the pegmatite for a distance of approximately 100 feet on the strike northeast of the original opening. As the hillside slopes rather steeply to the north at this point, the portal of the adit driven under Stage II is about 50 feet lower than the original opening. Stage II consisted of constructing an access road, a toolhouse, powder magazine and exploder magazine, and driving an 100-foot adit.

The adit is driven on the pegmatite in a S. 60° W. direction. As exposed in the cut made to extend the known pegmatite to the northeast as well as in the adit, the pegmatite splits about 50 feet northeast of the original exposure into three rather thin bands of pegmatite. In the adit these bands appear to either merge into one pemgatite or one thickens and the two others cut out entirely. Anyway only one pegmatite is exposed at the original opening and in the face of the adit.

The pegmatite is conformable to the interlayered hornblende and mica gneiss. It trends N. 60-70° W. and dips 50-60° SE. At a point in the adit 31 feet from the portal only one 2-feet thick pegmatite is present. At a point 56 feet from the portal, the section exposed is as follows - northwest to southeast: 12 inches of feldspathic pegmatite, 24 inches of mica gneiss, 18 inches of feldspathic pegmatite, and mica gneiss. At a point 78 feet from the portal, the following section is exposed - northwest to southeast: 12 inches of feldspathic pemgatite, 12 inches of mica gneiss, 30 inches of pegmatite, 8 inches of mica gneiss, 30 inches of pegmatite, and mica gneiss. At the face only the southeast pemgatite is exposed. It is about 4.5 feet thick and is non-mica-bearing.

All three pegmatites are similar in composition. Mica content varies along the strike in each pegmatite. The pegmatites are relatively fine-grained and are composed of perthite, plagioclase, quartz, green muscovite and scattered red garnet. The mica is generally of poor quality.

It is scarce, mostly "A", wavy, small, and about 50 percent is stained. An estimated 200 pounds of mica were recovered during the life of the project. The mica recovered was left on the property.

Expenditures:

(a)	Total approved	$3,364.00
(b)	Total cost of project	3,364.00
(c)	Government's share of cost	2,523.00
(d)	Government's share unexpended	none
(e)	Value of production during project	none

The project was conducted in an efficient and satisfactory manner. Progress on the job was very good. The adit was timbered 80 feet from the portal as the wall rock would not stand without support, even though the pegmatite is mostly unweathered.

No equipment was purchased for the project.

September 20, 1955.

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

and

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

INTERIM REPORT

DMEA-3717, Idm-E820 (mica) ARNOLD YOUNG MINE

OPERATOR: Cecil R. Phillips and Brown Sparks, Route #3, Bakersville, North Carolina

LOCATION: 2.7 airline miles 85°E of Bakersville, Mitchell County, North Carolina, on the northeast side of Burnt Mountain and about 2,500 feet southwest of North Carolina Highway No. 26.

This contract has been completed without making a sizable discovery of strategic mica. Negligible production resulted from exploration completed, and certification will not be recommended.

Work completed consisted of trenching by bulldozer to better expose the pegmatite, and to prepare an adit portal site, construction of an access road to the mine, building a toolhouse, powder magazine and a cap magazine, and driving 100 feet of adit along the strike of the pegmatite. All of the adit work was conducted on the southwest end of the body whose general strike is N65°E and dip 50° to 60°SW. The thickness of the body varied from 4 to 2 feet in a distance of 100 feet, and its composition was primarily feldspathic, with minor amounts of quartz and small blocks of pale green mica. The enclosing wall rock was a garnetiferous biotite gneiss. Mica production was scant, and less than 150 pounds of mica was recovered from work performed.

All work was conducted in a safe and satisfactory manner.

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

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

September 7, 1955

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

RECEIVED
OCT 31 1955

October 27, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: DMEA Field Team, Region V

Subject: Final Reports. DMEA-3717, Idm-E820 (mica) C. R. Phillips and Brown Sparks, Arnold Young Prospect, Mitchell Co., N.C.

Enclosed are four copies each of the Operator's and Field Team final reports.

Certification is not recommended.

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

V. J. Lynch, Member
Bureau of Mines

RAL/xm
cc
Lynch
Shirley
Files

RECEIVED
OCT 31 1955

Spruce Pine, North Carolina
September 6, 1955

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

Re: DMEA-3717, Idm-E820 (Mica)
Arnold Young Prospect, Mitchell Co., N.C.
Final Engineering Report

Dear Mr. Laurence:

Work began on July 5, 1955 on the Arnold Young Prospect, and was completed on August 31, 1955.

We moved in and set up equipment after bulldozing trench as called for in Stage I of contract. We bulldozed a short access road in order to get equipment to site where adit was to begin. We constructed toolhouse, powder and exploder magazines, and then began driving the adit in a Westerly direction as recommended by the field team. We completed 100' of adit, in small vein all the way. The vein did not improve and no mica was recovered, with the exception of about 100# which we picked up near the beginning. This mica was of non-ruby variety, small, A-shaped and of poor quality. We found three small veins during the 100' work on the adit, but none was mica bearing.

We would like to express our thanks to the field team for their assistance on this project.

If further details of this operation should be required, please contact us.

Very truly yours,

Cecil R. Phillips

Cecil R. Phillips

B/b

RECEIVED
OCT 31 1955

Spruce Pine, North Carolina
September 6, 1955

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

Re: DMEA-3717, Idm-E820 (Mica)
Arnold Young Prospect, Mitchell Co., N.C.
Final Engineering Report

Dear Mr. Laurence:

Work began on July 5, 1955 on the Arnold Young Prospect, and was completed on August 31, 1955.

We moved in and set up equipment after bulldozing trench as called for in Stage I of contract. We bulldozed a short access road in order to get equipment to site where adit was to begin. We constructed toolhouse, powder and e ploder magasines, and then began driving the adit in a Westerly direction as recommended by the field team. We completed 100' of adit, in small vein all the way. The vein did not improve and no mica was recovered, with the exception of about 100# which we picked up near the beginning. This mica was of non-ruby variety, small, A-shaped and of poor quality. We found three small veins during the 100' work on the adit, but none was mica bearing.

We would like to express our thanks to the field team for their assistance on this project.

If further details of this operation should be required, please contact us.

Very truly yours,

Cecil R. Phillips

Cecil R. Phillips

B/b

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K- 19

OPERATOR'S MONTHLY REPORT AND VOUCHER

RECEIVED SEP 12 1955

Month of August, 1955 Docket No. DMEA 3717 Contract No. Idn-3820
Operator's Name Cecil R. Phillips and Brown Sparks Minerals Mica
Address Route 3, Bakersville, N. C.
Contract Amount, $ 3364.00 Government Participation: 75 % Amount, $ 2523.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing		250.00	250.00			
Crosscutting						
Drifting						
40' Adit @ $30.00 ft.	1200.00	1800.00	3000.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.		76.00	76.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Powder Magazine		25.00	25.00			
Exploder Magazine		13.00	13.00			
(8) Contingencies (specify):						
TOTALS	1200.00	2164.00	3364.00	1260.00	2164.00	3364.00

I certify that the above bill is correct and just and that payment therefor has not been received.

Date 9-6-55 *Payee Cecil R. Phillips & Brown Sparks

Per Cecil R. Phillips Title Partner

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 900.00

Signature Helen R. Miller
(Authorized Certifying Officer)

Date SEP 9 1955 Vou. No. 54

(See other side)

300.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Tdm F820 in accordance with the terms of the contract.

Signature Henry H. Amos Title Geologist-USGS Date SEP 8 - 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION V Date SEP 8 - 1955

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

RECEIVED
SEP 12 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 5 195 Docket No. DMEA 3717 Contract No. Ico-3820
Operator's Name Cecil R. Phillips & Drown Sparks Minerals Mica
Address Route 3, Bakersville, N. C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
40' Shafts Unit @ 30.00	Ft.	1200.00	40	3000.00	100	30.00	100	30.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Bulldozing				250.00	25	10.00	25	10.00
Total Distributed Costs		1200.00		3250.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				76.00				
Powder & Exploder Magazines				38.00				
Total Costs		~~1200.00~~		~~3364.00~~				

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date 9-6-55 Operator Cecil R. Phillips & Drown Sparks

Per Cecil R. Phillips Title Partner

NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

(Instructions on reverse)

Remarks:

(For Government use only)

Stanley H. Ramos
Geologist, USGS

SEP 8 - 1955

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

RECEIVED
SEP 12 1955

OPERATOR'S

Monthly Report of Progress

August, 1955

DMEA-3717

Idm-E 820

Work Accomplished:

We completed the work called for in the contract, going to 100' with the adit. We continued to follow the small vein, which did not widen. About 100# of mica was recovered in all, non-ruby variety. This mica was small, A-shaped, and of poor quality.

Daily Notes:

August 1 - 5 : Drilled, shot and mucked. Vein still very small and containing no mica.

August 8 -12 : Continued with adit in same direction. Repeated drilling, shooting and mucking operations.

August 15-19 : Little change in vein material. Drilled and shot, timbered. Mucked out waste.

August 22-31 : Completed the 100' of adit, which completed all the work covered by the contract. No mica recovered. Drilled, shot and mucked.

nca

RECEIVED
SEP - 2 1955

INTERIM REPORT

DMEA-3717, Idm-E820 (mica) ARNOLD YOUNG MINE

OPERATOR: Cecil R. Phillips and Brown Sparks, Route #3, Bakersville, N. C.

LOCATION: 2.7 airline miles S5°E of Bakersville, Mitchell Co., N. C. on the northeast side of Burnt Mountain and about 2,500 feet southwest of N. C. Highway No. 26.

Drifting continues on this contract and is nearing completion. Eighty-eight feet of drift has been driven to the ~~northeast~~ SW and has followed from one to three parallel bodies for this entire distance. The present face shows a pegmatite body 26 inches thick on the northwest side, followed by 8 inches of biotite gneiss, and a narrow pegmatite 10 to 12 inches thick on the southeast wall. Both bodies are feldspathic and contain small blocks of light green muscovite mica. Production to date has been negligible. Twelve feet of drift remain to be driven under contract. Work completed has been conducted satisfactorily.

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

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

August 24, 1955

INTERIM REPORT

DMEA-3717, Idm-E820 (mica) ARNOLD YOUNG MINE

OPERATOR: Cecil R. Phillips and Brown Sparks, Route #3, Bakersville, N. C.

LOCATION: 2.7 airline miles S5°E of Bakersville, Mitchell Co., N. C. on the northeast side of Burnt Mountain and about 2,500 feet southwest of N. C. Highway No. 26.

Drifting continues to the Northeast on this contract and is now at 78 feet. The drift is following two parallel bodies, as exhibited in the present face, of the same mineralogical composition. On the northwest wall the body is about 2 feet thick and contains small blocks of light green muscovite. Near the southwest wall there is a thinner body, not exceeding 1 foot, that is essentially feldspathic and contains similar mica. Both bodies are separated by 4 feet of weathered biotite gneiss. Timbering of the roof area has been necessary for the entire drift, and the operator was advised to continue this. Total mica recovery from all work is about 100 pounds of small chubby blocks, much of which contains "A" structure. Progress on this contract has been good.

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

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

August 10, 1955

Mar Received
Mar Acknowledged

RECEIVED
AUG - 8 1955

INTERIM REPORT

DMEA-3717, Idm-E820 (mica) ARNOLD YOUNG MINE

OPERATOR: Cecil R. Phillips and Brown Sparks, Route #3, Bakersville, N. C.

LOCATION: 2.7 airline miles S5°E of Bakersville, Mitchell Co., N. C., on the northeast side of Burnt Mountain and about 2500 feet southwest of N. C. Highway No. 26

Drifting continues on this contract, and is now at 56 feet. All of the work has followed a pegmatite body that strikes northeast and dips 60° southeast, and it is composed primarily of feldspar with occasional small blocks of light green mica. Enclosing wall rock is a garnetiferous biotite gneiss. Recent work shows a 12-inch parallel pegmatite on the northwest wall of about the same composition as the original body. The operator was advised to continue driving to the southwest, keeping the original body in the heading. Timbering in the form of stulls and overhead lagging has been necessary throughout the drift, because of the weathered condition of the country rock. A toolhouse, and powder and cap magazines have been completed. Progress on this contract has been good.

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

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

July 25, 1955

Form MF-1-1 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-

RECEIVED
AUG - 8 1955

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

Month of July, 1955 Docket No. DMEA 3717 Contract No. Idn-D320
Operator's Name Cecil R. Phillips and Brown Sparks Minerals Mica
Address Route 3, Bakersville, N. C.
Contract Amount, $ 3364.00 Government Participation: 75% Amount, $ 2523.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
25 hr Bulldozing @ 10.00 hr.	250.00		250.00			
Crosscutting						
Drifting						
60 ft. Adit @ 30.00 ft.	1800.00		1800.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.	76.00		76.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Powder Magazine	25.00		25.00			
Exploder Magazine	13.00		13.00			
(8) Contingencies (specify):						
TOTALS	2164.00		2164.00	2164.00		2164.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 8-1-55 *Payee Cecil R. Phillips & Brown Sparks
Per Cecil Phillips Title Partner

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 1,623.00

Signature Helen R. Miller
(Authorized Certifying Officer)

Date AUG 4 1955 Vou. No.
(See other side)

541.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E 820 in accordance with the terms of the contract.

Signature Kepton H. Teague Title Geologist, U.S.G.S. Date 8/3/55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION V Date AUG 3 1955

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
AUG - 8 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1955 Docket No. DMEA 3717 Contract No. Idm-E 820
Operator's Name Cecil R. Phillips & Brown Sparks Minerals Mica
Address Route 3, Bakersville, N. C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
60' ~~Drifting~~ Adit @ 30.00	Ft.	1800.00	60	1800.00	60	30.00	100	30.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
25hrs.Bulldozing @ 10.00	Hr.	250.00	25	250.00	25	10.00	25	10.00
Total Distributed Costs		2050.00		2050.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		76.00		76.00				
Powder & Exploder Magazines		38.00		38.00				
Total Costs		2164.00		2164.00				

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date 8-1-55 Operator Cecil R. Phillips & Brown Sparks

Per Cecil Phillips Title Partner

Remarks:

→ NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

(Instructions on reverse)

(For Government use only) Kepton H. Teague, Geologist

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

RECEIVED
AUG - 8 1955

OPERATOR'S

Monthly Report of Progress

July, 1955

DMEA-3717, Idm-E 820

Work Began: July 5, 1955

Work Accomplished:

We have set up equipment, constructed tool house, powder and exploder magazines and have advanced 60' with the adit. We have recovered a few pieces of mica, some of it spotted and not free splitting.

Daily Notes:

July 5 - 8: We moved in our equipment and set it up, and began work on the tool house.

July 11 - 15: Built powder and exploder magazines. Began work in the adit. Drilled and shot, mucked. Had to do some timbering.

July 18 - 22: Continued working in adit, recovering a few pieces of mica along the way. Drilled, shot and mucked.

July 25 - 29: Reached 60' point in the adit, material looks much the same. Drilled, shot and mucked.

[illegible]
Spruce Pine, N. C.

RECEIVED
AUG - 8 1955

July 15, 1955

Mr. Cecil Phillips
Spruce Pine, N. C.

25 hrs.		Bulldozing @ $10.00 per hour		$ 250 00
		Bulldozing done at Arnold Young Prospect		
		I certify that this is a true and correct statement of bulldozing work done at the Arnold Young Prospect.		
		F. O. Phillips		

AUG - 8 1955

600

Mr. Robert A. Lawrence
Executive Officer, DMA
Field Team, Region V
Room 11, Post Office Bldg.
Knoxville 2, Tennessee

Subject: Docket No. DMA-3774 - Mine
John Lewis Aggregateff
Dyson Mine
Rutherford County, North Carolina
Contract No. Idm-8311

Docket No. DMA-3717 - Mine
C. R. Phillips & Brown Sparks
Arnold Young Mine
Mitchell County, North Carolina
Contract No. Idm-8820

Dear Mr. Lawrence:

This will acknowledge receipt of your memorandum, dated July 18, 1955, commenting on the subject contracts and recommending changes in future two stage contracts that would simplify the administration problems.

Since your recommended changes would approve all the work in succeeding stages of a contract that could be stopped only with a termination agreement approved by this office, the question of time required to deliver such an agreement to the operator would undoubtedly decrease efficiency of contract administration. Therefore, the Legal Division has drafted a paragraph that we believe will make the contract administration problems more flexible, and will replace the one in question (with modifications) in future contracts. This paragraph follows:

> "Unless and to the extent that the Government gives its approval to concurrent performance, the work shall be performed in stages, as indicated below, each prior stage to be completed before the succeeding stage is begun. As soon as a prior stage is completed, or as it nears completion, the operator shall apply to the Government for approval for the performance of the next succeeding stage; and if and to the extent that the Government gives its approval, that work shall be performed. The performance of all work is subject to the provisions of the contract form with respect to 'termination of the Government's obligations'."

We hope the above changes meet with your approval.

Sincerely yours,

W. S. Martin

ACTING Chairman, Operating Committee

FLKnouse:gad 8/4/55

Approved:

/s/ Robert W. Geehan

Member, Bureau of Mines

/s/ N. E. Nelson

Member, Geological Survey

Copy to: Admr. R. File
Docket (2)
Operating Committee
Mr. Killegnard, 5222
Mr. Dietrich, 3061
Mr. Hook
Mr. Knouse

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 1015, POST OFFICE BLDG.
KNOXVILLE 2, TENN.

RECEIVED
JUL 2 3 1955

July 18, 1955

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: DMEA-3774, Idm-E831 (mica) John Lewis Biggerstaff. Dycus Mine - and
DMEA-3717, Idm-E820 (mica) C. B. Phillips & Brown Sparks, Arnold Young Mine.

Enclosed are four copies each of authorizations of Stage II, as required in the two subject contracts.

Please note that exhibit "A" of the contracts provide that "the Operator shall ----- perform (so much of) the work under Stage II (as is) approved in writing in advance by the Government." It is obviously impossible to determine in advance how much of Stage II will be needed; therefore the authorizations are worded so as to approve all of Stage II. If it later appears desirable not to complete Stage II, that can be taken care of by a termination agreement.

We suggest that in future two-stage contracts the words "so much" be deleted, and the word "if" substituted for "as is."

Robert A. Lawrence
EXECUTIVE OFFICER
DMEA REGION V

V. J. Lynch, Member
Bureau of Mines

RAL/sm
cc:
Opr. Com.-4
Lynch
Shirley
Lawrence
Lynch

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

RECEIVED
JUL 20 1955

July 15, 1955

Mr. C. R. Phillips & Brown Sparks
c/o C. R. Phillips
Box
Bakersville, N. C.

Re: DMA-3717, [illegible]-020 (mica)
Arnold Young Prospect,
Mitchell County, N. C.

Dear Mr. Phillips:

This will confirm the verbal authorization to do the work provided under Stage II of the subject exploration contract, as given by Mr. Ross and Mr. Shirley.

Very truly yours,

Robert A. Lamoreaux

Robert A. Lamoreaux
Executive Officer, DMEA
Field Team, Region V.

[illegible]/cm
cc:
[illegible]
[illegible]
[illegible]
[illegible]

NCa

INTERIM REPORT

RECEIVED
JUL 25 1955

DMEA-3717 Idm-E820 (mica) ARNOLD YOUNG MINE

OPERATOR: Cecil R. Phillips and Brown Sparks, Route #3, Bakersville, N. C.

LOCATION: 2.7 airline miles S5°E of Bakersville, Mitchell Co., N. C., on the northeast side of Burnt Mountain and about 2500 feet southwest of N. C. Highway No. 26.

Stage I of this contract, consisting of trenching by bulldozer, has been completed. Trenching was accomplished along the strike of the body and at a lower elevation than that previously examined. Stage II of the contract is underway. An access road has been constructed that can be used in dry weather. Drifting is in progress, and an advance of 31 feet has been accomplished. Necessary timber work at the portal has been completed, and the operator was advised to continue setting stulls and lag overhead as long as surrounding country rock remains weathered. The pegmatite, originally about 3 to 4 feet thick, appears to be thinning to the southwest, and is less than 2 feet thick in the present heading. The pegmatite is primarily feldspathic with scattered quartz and small blocks of pale green mica, containing some stain.

Progress on this contract has been good.

Mr. Robert A. Laurence, Executive Officer of DMEA, Region V, accompanied the examiners on this visit to the mine.

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

D. H. Amos, Geologist
U. S. Geological Survey

July 13, 1955

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

RECEIVED
JUL 2 0 1955

July 19, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: D. M. Field Team, Region V, Knoxville, Tennessee

Subject: DMEA-3774, Ion-2531 (Mica) John Lewis Fingerhoff. Cyous Mine -
and
DMEA-3717, Ion-2520 (Mica) C. . Phillips & Brown Sparks, Arnold Young Mine.

Enclosed are four copies each of authorizations of Stage II, as required in the two subject contracts.

Please note that exhibit "A" of the contracts provide that "the Operator shall ----- perform so much of the work under Stage II as is approved in writing in advance by the Government." It is obviously impossible to determine in advance how much of Stage II will be needed; therefore the authorizations are worded so as to approve all of Stage II. If it later appears desirable not to complete Stage II, that can be taken care of by a termination agreement.

if

We suggest that in future two-stage contracts the words "so much" be deleted, and the word "if" substituted for "as is."

Robert A. Lawrence
EXECUTIVE OFFICER
DMEA REGION V

T. J. Lynch, Member
Bureau of Mines

Wb/sm
cc:
Opr. Com.-4;
Lynch
Stanley
Lawrence
Sym.

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

RECEIVED JUL 20 1955

July 15, 1955

Mr. C. R. Phillips & Brown Sparks
c/o C. R. Phillips
R#1
Bakersville, N. C.

Re: D DA-3717, Idn-2020 (mica)
Arnold Young Prospect,
Mitchell County, N. C.

Dear Mr. Phillips:

This will confirm the verbal authorization to do the work provided under Stage II of the subject exploration contract, as given by Mr. Amos and Mr. Shirley.

Very truly yours,

Robert A. Laurence

Robert A. Laurence
Executive Officer, DMA
Field Team, Region V.

RAL/zm
cc:
Lynch
Finance Office
Oper. C. N. 4
Miles

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

RECEIVED
JUL - 1 1955

June 28, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region 5, Knoxville, Tennessee

Subject: Signed Contract: Idm-2820, DMEA-3717, Phillips & Sparks (mica) Bakersville, N. C.

Transmitted are three copies of the subject contract signed by both partners. The usual distribution of the other copies has been made by this office.

Robert A. Laurence

ZM.
cc:
Lynch
Finance Office
Laurence

600

JUN 17 1955

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

Subject: Docket No. DMEA-3717 - Mica
C. R. Phillips and Brown Sparks
Arnold Young Prospect
Mitchell County, North Carolina

Dear Mr. Laurence:

Please find herewith the original and five copies of a contract covering the subject exploration project which have been signed by the Government with register number and effective date as shown.

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

After execution of the contract, the copies are to be distributed in the usual manner. Two copies of a memorandum from N. E. Nelson of the Geological Survey, dated June 6, 1955, are enclosed.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

J. H. Hedges
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

Enclosures 5

WCAnderson:gad 6/14/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Dietrich, 3061
Mr. Kiilsgaard, 5222
Mr. Houk

IN REPLY REFER TO:

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

RECEIVED
JUN - 6 1955

June 6, 1955

Re: DMEA-3717
Phillips and Sparks
Arnold Young Prospect
Mitchell Co., N. C.
$3,363.00 - Mica

Memorandum

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

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Field Team report

This proposed program should be done in stages. Do the bulldozing, (road, if necessary,) and stripping in one stage and in case pegmatite that may be uncovered looks promising open cut and drift. (A hundred foot drift would be less than 35' beneath the surface at the inner end, and one third of it would be barely under cover.)

The total amount applied for is not large. However, a 2 stage program appears to be more in order.

N. E. Nelson

N. E. Nelson

NENelson:hlm
G-6/6/55

Copy to: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
W. F. Dietrich, 3061 Interior

June 2, 1955

Memorandum

To: File

From: Walter C. Anderson

Subject: Evaluation of application and field examination report.

Docket No. DMEA 3717 - Mica
C. H. Phillips and Brown Sparks
Arnold Young Prospect
Mitchell County, North Carolina

A contract is recommended.

Mica: Evenly distributed throughout pegmatite and abundant. Light green in color, flat and free splitting. Some is mineral stained, staining is localized in small part of body.

Pegmatite: Unzoned, conformable and 3 to 4 feet thick, exposed by a cut and adit for about 25 feet.

Old working: Open cut and a 10-foot adit.

Method of exploring: Applicant proposes to bulldoze an open cut at prospect No. 2 shown on map, sink 60 feet of shaft and drive 10 feet of drifts. Field Team recommends stripping along strike of pegmatite and drive an 100-foot adit, carried out in 2 stages. Driving of the adit in Stage II will only be done if a promising pegmatite is found by stripping in Stage I. It must be stipulated that contract be terminated immediately if no promising pegmatite is found in Stage I work and Stage II work must be confined to pegmatite only.

Economics and costs: Work will follow pegmatite. Country rock broken to accommodate drifting will be in the ratio of about 1 to 3 of pegmatite. Initial bulldozing will cost $100.00 (Stage I). In Stage II, access road and buildings will cost $214.00 and drifting will amount to $30.00 per foot. There will be no rehabilitation costs.

Recommendation: After weighing the above pros and cons we recommend a contract on the 2 stage plan outlined. The advantage of this contract is that no money will be spent other than the initial $100.00 for bulldozing unless a promising pegmatite is found.

Walter C. Anderson, Mining Engineer

WCAnderson:ai
7/19/55
cc to: Admr. Reading File
Docket (original)
Mr. Houk
Mr. Anderson
Blue chron.

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

Department of the Interior
Defense Minerals Administration
RECEIVED
MAY 27 1955

May 26, 1955

Memorandum

To: Operating Committee, DMEA- Washington

From: DMEA Field Team, Region 5, Knoxville, Tennessee

Subject: Field Examination Report, DMEA-3717 (mica) C.R. Phillips and Brown Sparks, Bakersville, N. C. Arnold Young Prospect, Mitchell County, N. C.

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

We recommend approval of a unit-cost contract for work at the second pegmatite, as outlined in the report. It is suggested that the contract be made for a two-stage project, Stage I to provide for the bull-dozer stripping along the strike, and Stage II, dependent upon approval after completion of Stage I, to provide all other items listed on page 2 of the report.

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION V

V. J. Lynch, Member
DMEA Field Team,
Bureau of Mines

AL/zm

Defense Minerals Administration
RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD EXAMINATION REPORT
BY
REGION V
On
DMEA-3717, ARNOLD YOUNG PROSPECT
(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

May 1955

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 23 1955

FIELD EXAMINATION REPORT

DMEA-3717 (mica) ARNOLD YOUNG PROSPECT

Applicants: C. R. Phillips and Brown Sparks, Route #3, Bakersville, N. C.

Two pegmatites are exposed on this property. Only one justifies exploration assistance. The other pegmatite is thin and does not contain any appreciable mica. It is recommended that exploration assistance be granted on the more promising body.

The Arnold Young Prospect is 2.7 airline miles S. 5° E. of Bakersville, Mitchell County, North Carolina on the northeast side of Burnt Mountain and about 2500 feet southwest of N.C. Highway No.26. The property line is about 300 feet northeast of the R. B. Phillips Mine (DMEA-3122).

The property was visited on April 6, 21, and May 5, 1955. A total of two hours were spent on these examinations. Messrs. Brown Sparks, C. R. Phillips and Sam L. Phillips accompanied the examiners.

Road access is not available to the prospect. The nearest road is about 200 yards from the property. No surface facilities are present on the property. The property is held under a 5 year lease with a 5-year renewal option. Both applicants are competent and have had considerable mica mining experience.

Prospect # 1 (see attached sketch map for location)

Two dozer cuts made in an attempt to locate a strike extension of the R. B. Phillips pegmatite exposed a thin conformable pegmatite that strikes N. 65° E. and dips 70° SE. It is enclosed in interlayered hornblende gneiss and mica schist. The pegmatite is composed of plagioclase, quartz, and sparse green muscovite. All the mica is too small in size to yield trimmed sheet mica. Exploration assistance is not warranted at this prospect because of the quantity and size of the mica and the thin character of the pegmatite.

Prospect # 2 (see attached sketch map for location)

A conformable pegmatite 3-4 feet thick has been exposed by a cut and a 10-foot adit at this locality. It strikes N. 65 to 75° E. and dips about 60° to the southeast. The enclosing country rock is mica schist. The pegmatite consists of medium-grained plagioclase, quartz and green muscovite and does not exhibit any apparent zoning.

The mica is evenly distributed throughout the pegmatite and is abundant. It is light green in color, flat and free splitting, but part is considerably mineral stained.

Even though part of the mica is stained, it is the opinion of the field examiners that exploration is justified because the mica is abundant, some is not stained and the staining may be localized in the small part of the body exposed. It is recommended that the exploration program consist of (1) bulldozing an access road about 200 yards in length; (2) stripping with a dozer along the strike of the pegmatite including removal of a small dump (3) constructing a toolhouse, powder and exploder magazines and (4) driving an 100-foot adit.

Estimated costs of the proposed exploration are:

Bulldoze 200 yard access road with D-4 dozer or equivalent - 15 hours at $10.00 per hour		$ 150.00
Strip the overburden for about 100 ft. along the strike of the pegmatite with D-4 dozer or equivalent, 10 hrs. @ $10.00/hr.		100.00
Construct:		
Toolhouse	$75.00	
Powder magazine	25.00	
Exploder "	13.00	113.00
Drive an 100-foot adit on the pegmatite (40 shifts)		
Labor:		
1 - driller @ $1.50/hr.	$480.00	
2 - Laborers @ $1.00/hr.	640.00	
Equipment: (rental)		
Compressor, drill and jackleg at $240/Mo.	480.00	
Supplies:		
Explosives	350.00	
Gasoline and oil	200.00	
Drill steel	200.00	
Timber, 1000 b.f. @ $65/M	65.00	
Small tools, pipe, etc.	150.00	
Rail	75.00	
Miscellaneous, etc.	150.00	
Social Sec., Ins., etc.	210.00	$3,000.00
Total Estimated Cost.....		$3,363.00

1120
210
1330

480

May 12, 1955

K. H. Teague and D. H. Amos, Geologists
U. S. G. S.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR - 6 1955

MINING LEASE

State of North Carolina Mitchell County:

This indenture made this 1st day of March, 1955, ~~year~~

between Arnold Young

of Mitchell County and State of North Carolina as party of the first part, and known as lessor__, and Cecil Phillips and Bryan Sparks

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:

B egining at the center of the shaft of the Arnold Young Prospect, located approximately 35' N.E. of a White Oak tree 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 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:

Kenneth R. McKinney, Notary Public

(Seal)

(Signed) Arnold Young (Seal)

_____ (Seal)

_____ (Seal)

MAR 3 0 1955 600

Messrs. C. R. Phillips and
Brown Sparks
Route 3
Bakersville, North Carolina

Re: Docket No. DMEA-3717 - Mica
C. R. Phillips and Brown Sparks
Arnold Young Prospect
Mitchell County, North Carolina

Gentlemen:

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

We are returning the lease and the six copies of Owner's Consent to Lien attached to your application for correction of the land description. The error in the land description is obvious as it places the property east of the shaft and beginning white oak tree. Please correct and return to this office as soon as possible.

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

Enclosures 14

WCAnderson:gad 3/25/55
Copy to: Admr. R. File
Docket
Field Team, Region V
Operating Committee
Mr. Killsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

P. S. Enclosed are 7 copies of revised Owner's Consent to Lien forms. Instead of returning the old copies, please fill out and obtain the necessary signatures on these revised forms and return 6 copies to this office.

600

MAR 3 0 1955

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

Subject: Docket No. DMEA-3717 - Miss C. M. Phillips and Brown Sparks Arnold Young 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 E. L. Newcomb of the Geological Survey, dated March 15, 1955, and from W. F. Dietrich of the Bureau of Mines, dated March 23, 1955, are enclosed for your information.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

J. H. Hedges

Member, Bureau of Mines

E. L. Newcomb

Member, Geological Survey

Enclosures 4

WCAnderson:gad 3/25/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

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

March 23, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3717 (mica)

Applicant: C. Phillips and B. Sparks

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

Date Application Rec'd. by Br. of Ceramic & Fert. Mtls.: 3-11-55

Comments:

1. From the limited information presented, it is difficult to determine if an exploration program is justified or if the proposed plan would be the best method of exploring this property.

2. Although it would be desirable for the applicant to furnish more complete information, it appears that a visit by an examiner would furnish more useful data.

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.

Signed

W. F. Dietrich

IN REPLY REFER TO:

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

March 15, 1955

Re: DMEA-3717
C. R. Phillips and
B. Sparks
(Arnold Young
Prospect)
Mitchell Co., N. C.
$5,900 - Mica

Memorandum

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

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

Subject: Review of application

The applicant has proposed to bulldoze a new pegmatite prospect and then to sink a 50 foot shaft and drift 100 feet on the best mica-bearing exposure.

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

If this property has any merit for exploration assistance, I would suggest a two-stage project with Stage I limited to the trenching work.

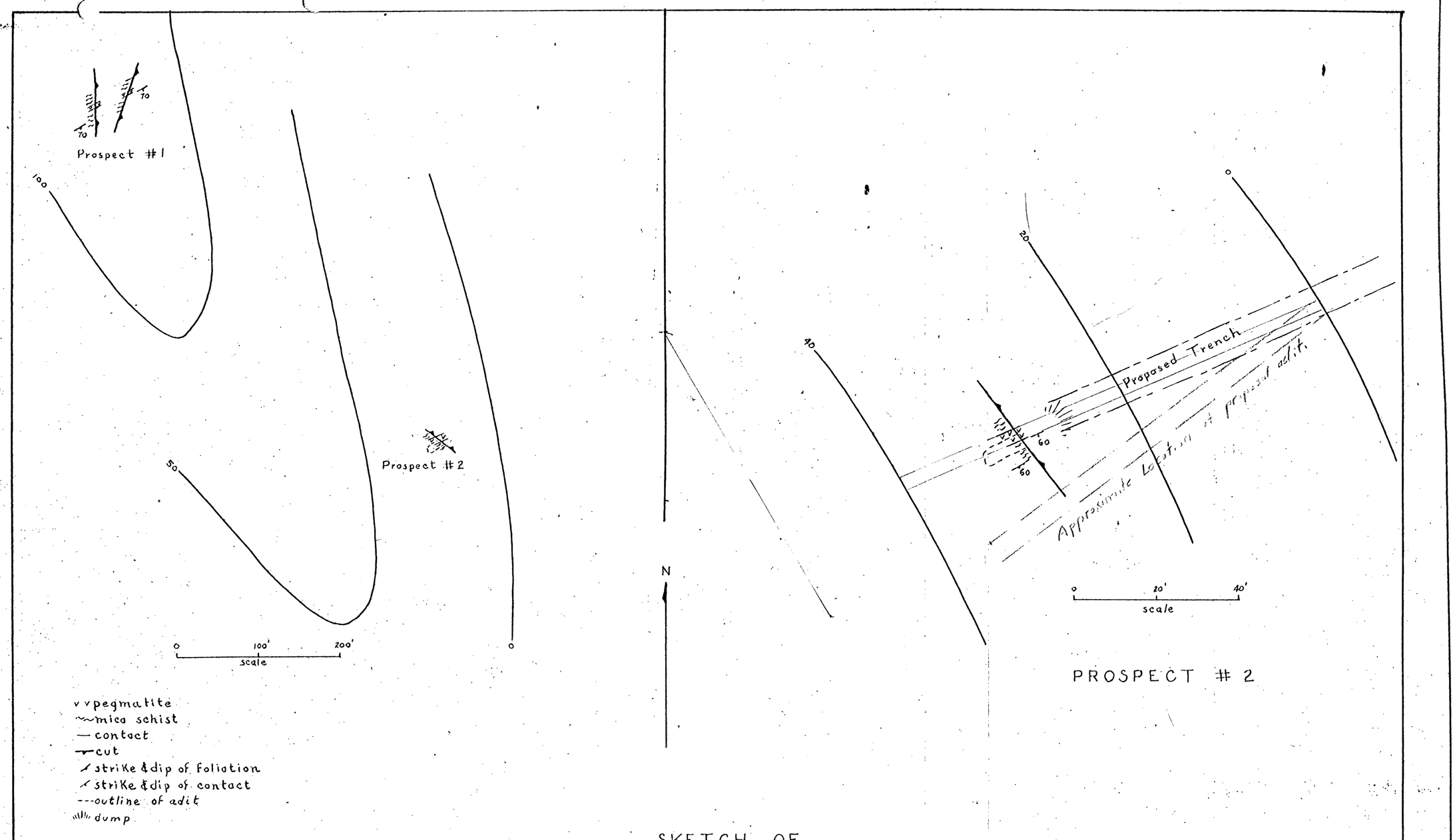
Inasmuch as this prospect is near the R. B. Phillips mine, the Field Team may be familiar with the Arnold Young prospect.

This application should be referred to the Field Team for their report and recommendations.

E. L. Newcomb

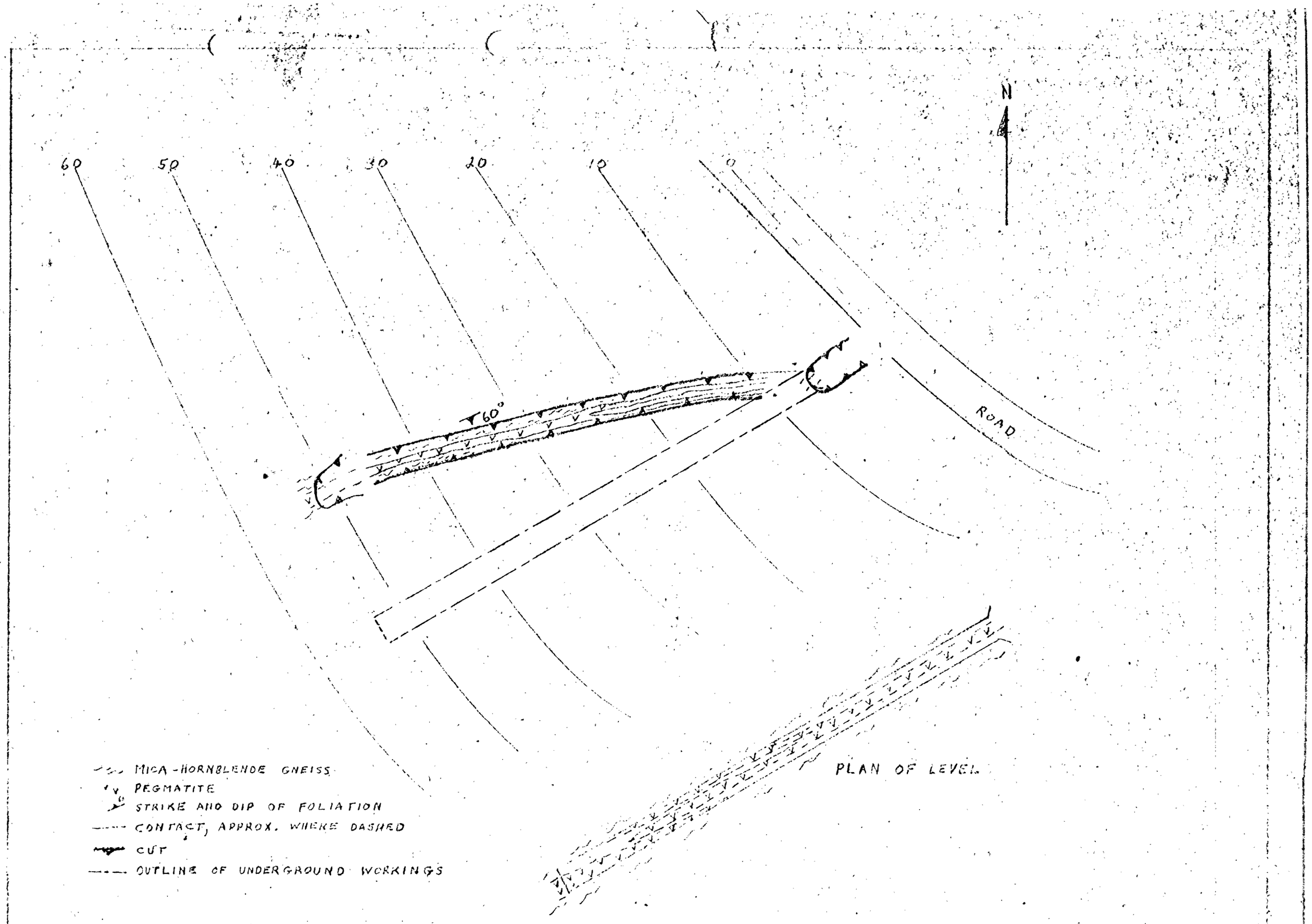
ELNewcomb:hlm
G-3/15/55

Copy to: Director's reading, 4212
Branch reading, 4212
DMEA (3)
Docket file
W. F. Dietrich, 3061 Interior



SKETCH OF
ARNOLD YOUNG PROS.
MITCHELL CO., N.C.

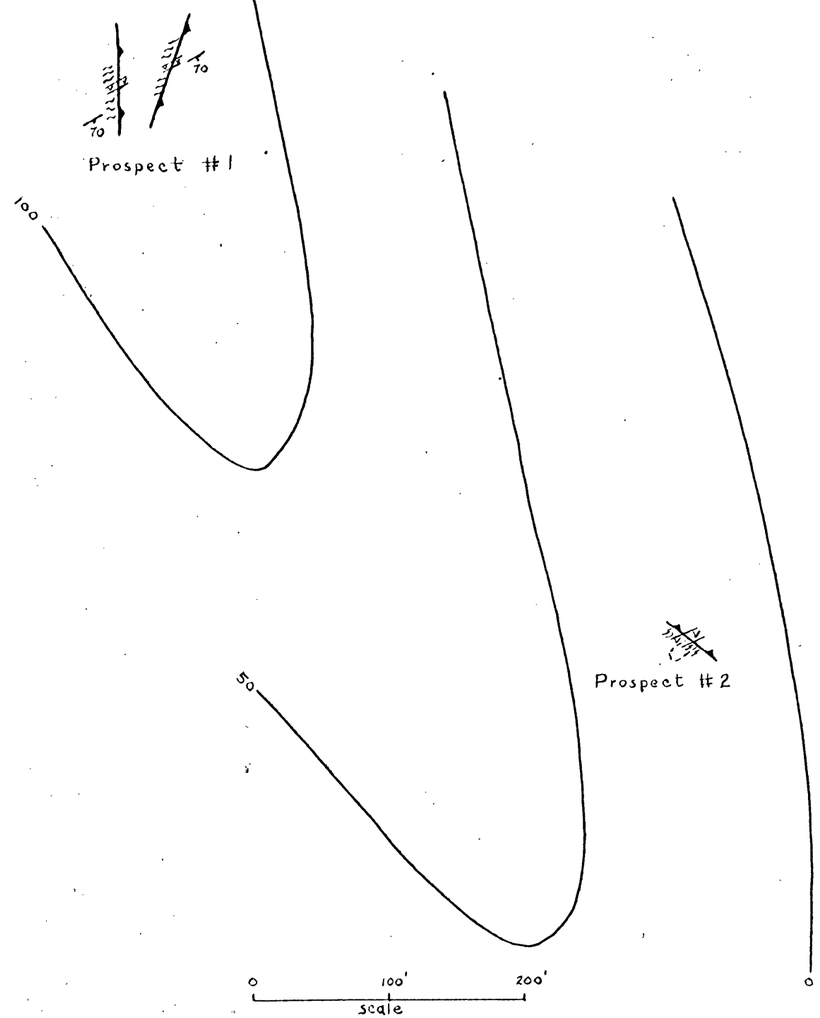
DMEA-3717 (mica)
April 21, 1955

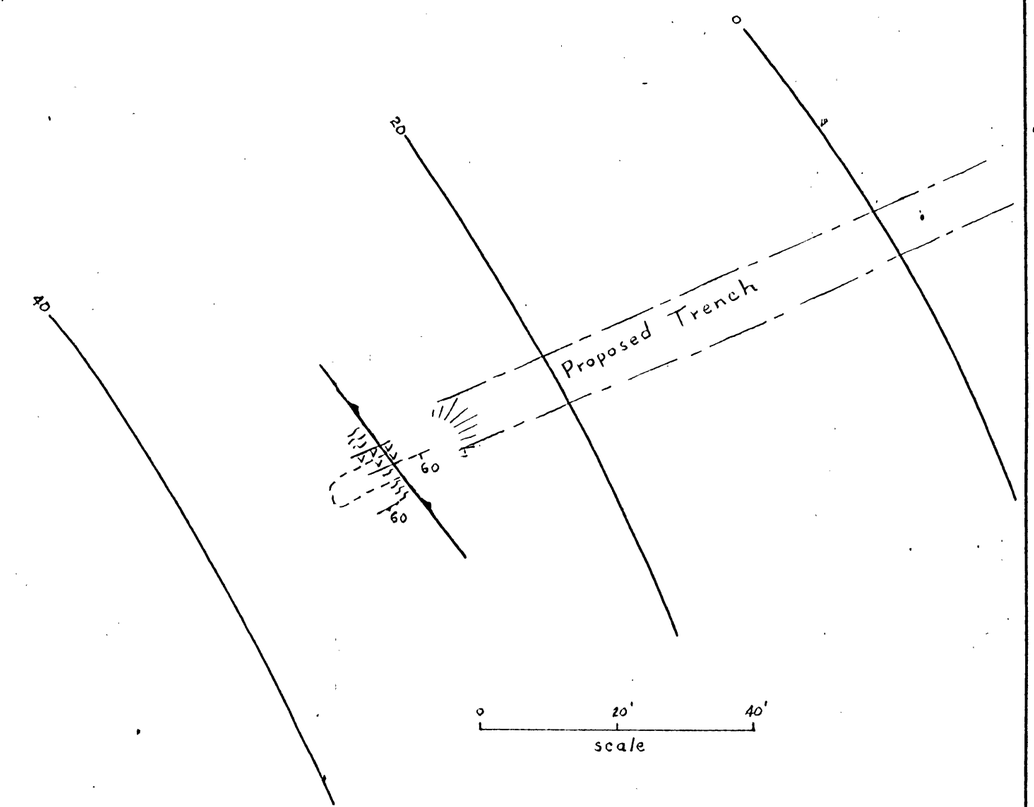


ARNOLD YOUNG PROSPECT
MITCHELL CO., N.C.

0 20 40 FEET
SCALE

DMEA-3717 (MICA)
10-24-55





N.

PROSPECT # 2

v v pegmatite
~~ mica schist
— contact
cut
strike & dip of foliation
strike & dip of contact
--- outline of adit
dump

SKETCH OF
ARNOLD YOUNG PROS.
MITCHELL CO., N.C.

DMEA-3717 (mica)
April 21, 1955