DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE — Idm-E NO. 814 — DMEA NO. 3740

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [x] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [x] Royalty Audits
- [x] Certification of Discovery
- [x] Closing ~~Letter~~ Memo.
- [x] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [x] Contract Amendments
- [x] Contract with all exhibits and annexes
- [x] Owner's Consent to Lien and Subordination Agreement
- [x] Application and attachments

Right Side

- [x] Project summary (final)
- [x] Work Completed analysis (final)

All other material filed in chronological order including the following reports if checked:

- [x] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab)
- [x] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [x] On-site Exam Report (Tab)
- [x] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. _____ : Reports
- [ ] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

- [x] ~~Field Team Semi-~~Annual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] Operator's Monthly Reports with transmittal, narrative and maps.

Folders No. _____ : Maps (Use pocket folder or envelope)

Folders No. _____ : Settlement Sheets

Folders No. _____ : Drill Logs

Folders No. _____ : Royalty material

17963

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-8814, Docket DMEA-3740 (mica), dated June 10, 1955, with

Roy Grindstaff, B. G. Thomas, and W. J. Boone
Route 3
Bakersville, North Carolina

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Conley Mine located in Mitchell County, North Carolina, during the period June 16, 1960, through August 27, 1962.

A certification of discovery or development was issued on April 13, 1956, and, in accordance with Article 8 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 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. An Audit Certificate dated February 1, 1956, indicated accepted costs under the exploration contract amounting to $4,488.00 with the Government's contribution on a 75 percent basis being $3,366.00.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review established the total sales subject to the Government's royalty for the period to be $285.25. Royalty payable to the Government at the rate specified in the contract is $14.26.

A prior Report of Royalty Review found the known sales subject to the Government's royalty through June 15, 1960, to be $5,157.07, which added to the sales for this subsequent period make a total of $5,442.32. The royalty account as of June 15, 1960, was:

Total Royalty Payable	$257.84
Total Royalty Paid	257.84
Balance of Royalty Due	$ -0-

As of August 27, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$272.10
Total Royalty Paid	272.10
Balance of Royalty Due	$ -0-

E. D. Talbert

E. D. Talbert, OME Auditor

August 30, 1962

Idm-2814 Grindstaff, Thomas, & Boone DMEA-3740

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operators, as principal if the producer and as surety if not the producer, shall pay the Government's percentage royalty on all mineral production from the land thereunder. The Operators were in possession of the property at the time the contract was entered into by virtue of a March 18, 1955, lease from John Conley, Route 3, Bakersville, North Carolina. The landowner executed a Consent to Lien on May 11, 1955.

The prior Report of Royalty Review dated February 5, 1962, which covered the period from February 20, 1958, through June 15, 1960, was based on the inclusion of this contract in Region IV listings of inactive North Carolina mica projects. The last such listing in the files indicates this project as one of a number "checked at the Government Purchasing Depot, Spruce Pine, N. C., or by contacting the Operators or by inquiring in and around the vicinity" during the period of June 15 through 15, 1960. However, an examination of the Depot's records by a Contract Administration and Audit Division representative during the week of June 18, 1962, disclosed a January 27, 1960, settlement in the amount of $265.65 for 25.5 lbs. of trimmed mica produced by Parsley & Grindstaff from the Conley Mine.

Demand upon the Operators for payment of the $13.18 royalty due on this sale, plus any additional royalty on unreported commercial sales, resulted in the receipt from Ray Grindstaff on August 27, 1962, of a $14.26 check. This remittance covered the 5% royalty on approximately 800 lbs. of scrap and washer mica, as well as the 25.5 lbs. of trimmed mica.

A summary of sales from the date of the contract through August 27, 1962, follows:

Sheet mica	128.45 lbs.	$1,743.36
Hand-cobbed mica	10,365.00 lbs.	3,448.76
"Mine-run" block mica	762.00 lbs.	228.60
Washer mica	200.00 lbs.	12.00
Scrap mica	600.00 lbs.	9.60
Totals	12,055.45 lbs.	$5,442.32
Royalty @ 5%		$ 272.10

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) Examination of the Mica Purchase Depot's records, prior inspections of the property, and inquiries have not disclosed any production on which royalty has not been paid; and

(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-8814, Docket DMEA-3740 (Mica), dated June 10, 1955, with

Roy Grindstaff, B. G. Thomas, and W. J. Boone
Route 3
Bakersville, North Carolina

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Conley Mine located in Mitchell County, North Carolina, during the period February 20, 1958, through June 15, 1960.

A certification of discovery or development was issued on April 13, 1956, and, in accordance with Article 8 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 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. An Audit Certificate dated February 1, 1956, indicated accepted costs under the exploration contract amounting to $4,488.00 with the Government's contribution on a 75 percent basis being $3,366.00.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review established the total sales subject to the Government's royalty reported during the period to be $228.60. Royalty payable to the Government at the rate specified in the contract is $11.43.

A prior Report of Royalty Review found the known sales subject to the Government's royalty through February 19, 1958, to be $4,928.47, which added to the sales for this subsequent period make a total of $5,157.07. The royalty account as of February 19, 1958, was:

Total Royalty Payable	$246.41
Total Royalty Paid	246.41
Balance of Royalty Due	$ -0-

As of June 15, 1960, the royalty account of this project was found to be:

Total Royalty Payable	$257.84
Total Royalty Paid	257.84
Balance of Royalty Due	$ -0-

E. D. Talbert

February 5, 1962

E. D. Talbert, OME Auditor

Idm-E814 Grindstaff, Thomas, & Boone DMSA-3740

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operators, as principal if the producer and as surety if not the producer, shall pay the Government's percentage royalty on all mineral production from the land thereunder. The Operators were in possession of the property at the time the contract was entered into by virtue of a March 18, 1955, lease from John Conley, Route 5, Bakersville, North Carolina. The landowner executed a Consent to Lien on May 11, 1955.

The prior Report of Royalty Review dated March 18, 1958, was limited to a check of reported sales with the records of the G.S.A. Mica Purchase Depot, Spruce Pine, North Carolina. Subsequently, a sale of "mine-run" block mica to another producer (C. R. Phillips) was reported and royalty thereon paid. A corrected summary of sales follows:

Sheet Mica	104.93 lbs.	$1,479.71
Hand-cobbed Mica	10,365.00 lbs.	3,448.76
"Mine-run" Block Mica	762.00 lbs.	228.60
Total Sale	11,251.93 lbs.	$5,157.07
Royalty @ 5%		$ 257.84

The mine was shut down and all equipment removed during 1956. An examination of the property on October 22, 1957, found the property inactive. Subsequent Region IV listings of inactive North Carolina mica projects include this project. The last such listing in the files shows this project as one of a number "checked at the Government Purchasing Depot, Spruce Pine, N. C., or by contacting the Operators or by inquiring in and around the vicinity" during the period of June 13 through 15, 1960.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) The files indicate that the property was inactive during the period covered by this review;
(2) All sales, excepting possible scrap and punch, have been reported and proper royalty thereon paid; and
(3) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the records of the Executive Officer, DMEA Field Team, Region V, Knoxville, Tennessee, pertaining to Contract Idm-E814, Docket No. DMEA-3740 (Mica), dated June 10, 1955, with

Roy Grindstaff, B. G. Thomas, and W. J. Boone, partners
Route 3
Bakersville, North Carolina

for the purpose of determining the amount of royalty due the U. S. Government on sales of mica from property referred to as John Conley Mine, located in Mitchell County, North Carolina, during the period June 10, 1955, to February 19, 1958.

A certificate of discovery or development was issued on April 13, 1956, and, in accordance with the contract, royalty is payable on the net proceeds realized from production as a result of such discovery or development during a period of 10 years from the date of the contract or until the amount of the Government's contribution to exploration costs has been repaid, without interest, whichever occurs first. An audit report and certificate dated February 1, 1956, indicated accepted costs under the exploration contract amounting to $4,488.00 with the Government's contribution, on a 75 percent basis, being $3,366.00. The scope of this royalty review and the reasons therefor are stated on Schedule "A" attached.

My review established the total sales of mica to be $4,928.47. Royalty due the Government at the 5 percent rate specified in the contract is $246.41. The royalty paid and balance due are as follows:

Total Royalty Due	$246.41
Total Royalty Paid	246.41
Balance of Royalty Due	$ - 0 -

C. E. Fisher
C. E. Fisher, Auditor

March 18, 1958

Schedule "A"

Contract Idm-8814, Docket No. DMEA-3740 (Mica)
Report of Royalty Review

This review was limited to the listing of sales of sheet and hand-cobbed mica to the Mica Purchase Depot, Spruce Pine, North Carolina, shown by the records of the DMEA Region V office pertaining to production from John Conley Mine on which royalty was received by the regional office. This list, which is filed with my audit work papers, was checked with the purchase records of the Depot. A summary of the indicated production, sales, and royalty paid to the Government follows:

Item	Production (Pounds)	Sales
Sheet mica	104.93	$1,479.71
Hand-cobbed mica	10,365.00	3,448.76
Totals	10,469.93	$4,928.47
Royalty due @ 5%		$ 246.41

It is recommended that the regional office ascertain the quantities and value of any scrap or punch mica recovered and sold in connection with this project together with the amount of royalty due to the Government on such sales.

The mine has not been operated since 1956.

An on-site royalty audit was not made at this time because the administrative costs to the Government would be excessive in relation to the amount of possible additional royalty which might be disclosed.

Check Sheet of Examining Engineer

Operator's Name Roy Grindstaff, B. G. Thomas & W. J. Boone

Address R#3, Bakersville, N. C.

John Conley Mine, Mitchell County, N.C.

Exploration Contract No. Idm-E814 Docket No. DMEA-3740

	Check One Yes	No
1. (a) Does the Operator stockpile ore subject to royalty repayment?		x
(b) If so, is segregation and identification procedure adequate?		
2. (a) Does Operator commingle production subject to DMEA royalties with exempt production?		x
(b) If so, do you consider the allocation of the commingled production equitable?		
3. (a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		x
(b) If so, are adequate records maintained on such material to protect the Government's interest?		
4. Do you consider the assay controls in effect are adequate?	x	
5. Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	x	
6. Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA royalties?	x	
7. Does the Operator buy from or sell to other Operators?		x

8. Comment on any item 2 (b) to 6 if answer is No.

Mine not in operation.

W A Beck

Wm. A. Beck, Mining Engineer

Date 2-19-58

82448

DOCKET COPY
Surname:
Anderson
Houk
Rubin
Singer
"Appr. Int. Off."
Chambers
Dietrich
Moto
Nelson
Selfridge
Johnson

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

CERTIFICATION BY THE UNITED STATES OF AMERICA OF A DISCOVERY OR DEVELOPMENT UNDER AN EXPLORATION PROJECT CONTRACT

To: Messrs. Roy Grindstaff, E. G. Thomas and W. J. Boone
Route #3
Bakersville, North Carolina

Pursuant to the provisions of Exploration Project Contract No. DMA-5314, dated June 20, 1955, Docket No. DMEA-5740, hereinafter called the "contract", between Roy Grindstaff, E. G. Thomas, and W. J. Boone and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows: Shaft sinking and subsequent drifting on the 50-foot level exposed a continuous, mica-bearing pegmatite cutting hornblende gneiss. Sufficient data were obtained to calculate indicated and inferred reserves of strategic mica.

THE UNITED STATES OF AMERICA

By C D Mitchenors
Administrator, Defense Minerals Exploration Administration

Dated APR 1 3 1956

Mr. John Conley, LAND OWNER
Admr. R. File
Certification File

Field Team, Region V
Finance Office
Mr. Killsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Anderson

WCAnderson:ms 4/2/56
Copy to: Docket
Operating Committee
Mr. Johnson
Mr. Chambers
Mr. Clarence A. Fredell, EPS, GSA

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

AUDIT CERTIFICATE

I have examined the records and transactions of

Roy Grindstaff, B. G. Thomas, and W. J. Boone, partners
Route 3
Bakersville, North Carolina

pertaining to Exploration Project Contract No. Idm-E814, Docket No. DMEA-3740, dated June 10, 1955, including Amendment No. 1, covering a project for the exploration of mica on property known as the Conley Mine located in Mitchell County, North Carolina, for the period July 5 to December 13, 1955, inclusive.

My examination was made in accordance with generally accepted standards applicable in the circumstances.

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

Total cost as billed by contractor		$5,114.50
Exceptions (see audit report for details):		
Prior to this audit	$ -0-	
During this audit	626.50	626.50
Total Accepted Cost		$4,488.00

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 Three thousand three hundred sixty-six and no/100 Dollars,

"$3,366.00"

is valid and proper.

This certificate is issued on the provision 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.

C. E. Fisher
C. E. Fisher, Auditor

February 1, 1956

AUDIT REPORT

I. INTRODUCTION

On January 26 and 27, 1956, a final audit (covering operations for the period July 5 to December 13, 1955) was made of the records and transactions pertaining to Exploration Project Contract No. Idm-E814, Docket No. DMEA-3740, dated June 10, 1955, including Amendment No. 1 with

Roy Grindstaff, B. G. Thomas, and W. J. Boone, partners
Route 3
Bakersville, North Carolina

covering a project for the exploration of mica on property known as the Conley Mine located in Mitchell County, North Carolina.

The original records under this contract were maintained by and were in the custody of Mrs. Mary P. Banner at her home. She brought the records to the office of Mr. Samuel L. Phillips, Spruce Pine, North Carolina, for the inspection of the auditor. Mr. B. G. Thomas, one of the parties to the contract was present during parts of the audit work. Mr. William A. Beck, Mining Engineer, DMEA Field Team, Region V, Knoxville, Tennessee, accompanied the auditor and assisted in the audit. The cooperation of all concerned greatly facilitated the audit work.

II. GENERAL INFORMATION ON RECORDS

The accounting records of the partnership consist of a cash receipts and disbursements register, cancelled checks, timebooks, Federal income and withholding tax returns, liability insurance policies, and copies of paid invoices. These records were made freely available for any necessary inspection by this auditor and were found to be well kept and they are considered to be thoroughly reliable.

This partnership also operated the George Howell Mine (which is not subject to any DMEA contract) during the period of the exploration at the Conley Mine. The cash receipts and disbursements register listed all receipts and disbursements applicable to both properties in order of the date of such receipt or disbursement. No difficulty was experienced in allocating costs between the two mines because all operations were conducted separately; the basic documents were plainly marked with the name of the mine to which applicable; and transactions relating to the Conley Mine were marked as such in the cash receipts and disbursements register.

The Operator's Monthly Report and Voucher Forms MF-104 were prepared by Mrs. Banner and were signed by Mr. B. G. Thomas. The original MF-104's were found to be adequately supported by copies of paid invoices and payroll summaries, with exception of the costs pertaining to category (6) New Buildings, Improvements, etc.

III. SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs shown in the "Totals to Date" column of the Form MF-104, Operator's Monthly Report and Voucher, for the months of November and December, 1955.

The audit disclosed a considerable amount of improper distribution of charges to the "Items of Cost" shown on the Form MF-104. Therefore, the audit findings presented below are those resulting after correction of the cost distribution.

(1) Independent Contracts

This category of cost is not applicable to this contract.

(2) Labor and Supervision

The basic record for labor costs consisted of time books maintained by the working foreman at the mines. The time books indicated the names of the employees and the time worked at each mine. Wages were paid on a biweekly basis, Mrs. Barner transcribing the information from the time books to the cash receipts and disbursements register and issuing checks for the wages due.

Verification of all wages paid, applicable to the Conley Mine, was made during the audit.

This contract does not provide for any costs of supervision or technical services but does specify maximum hourly rates of pay for labor as follows:

Miners	$1.50 per hour
Hoistmen	1.25 " "
Laborers	1.00 " "

Labor costs, determined by audit to be allowable, are shown in the following summary:

Class	Hourly Rate	Claimed Hours	Claimed Amount	Allowed Hours	Allowed Amount
Miners	$1.50	-0-	$ -0-	-0-	$ -0-
Hoistmen	1.25	303	371.13	303	378.75
Laborers	1.00	2,118	2,075.64	2,020	2,020.00
Reporting error			2.00		-0-
Totals		2,421	$2,448.77	2,323	$2,398.75

The following audit adjustments were made in arriving at the allowed costs shown above:

(a) A transfer of $2.00 to (7) Payroll Taxes to adjust difference in amounts brought forward on September 1955, MF-104, under categories (2) and (7);

(b) A transfer of $96.00 to (6) New Buildings, Improvements, etc. for 96 hours of labor constructing toolhouse, powder magazine and exploder magazine;

(c) An additional allowance of $49.93 for amount of old age benefit taxes erroneously deducted from amount claimed for wages of employees; and

(d) An additional allowance of $.05 to adjust error in reporting wages of Morgan Buchanan, Hoistman, during October 1955.

(3) Operating Materials and Supplies

The costs chargeable to this category were determined by a detailed audit of paid vendors' invoices and are summarized as follows:

Item	Claimed	Allowed
Explosives	$1,056.29	$1,017.84
Steel and supplies	883.94	-0-
Drill steel	-0-	426.25
Gasoline and oil	-0-	270.39
Other	-0-	162.30
Totals	$1,940.23	$1,876.78

In determining the allowed costs shown above, amounts aggregating $63.45 paid to Mitchell Distributing Company for repair parts for a jackleg rented from Mr. B. G. Thomas have been disallowed.

The details of the several items of costs allowed by this audit are presented below:

Explosives-Allowed cost $1,017.84

3,050	pounds 40% DuPont Special Gelatin 1-1/8x8	$ 702.08
1,100	Caps - Various	259.96
1	DuPont #30 Blasting Machine	43.50
9	Spools Connecting Wire	11.25
300	Tamping Bags	1.05
	Total	$1,017.84

Drill steel-Allowed cost $426.25

The allowed cost under this item represents amounts paid for 28 pieces of various sizes of drill steel and carbide bits.

Gasoline and oil-Allowed cost $270.39

Represents cost of gasoline, motor oil and prestone used in operation of compressor, hoist and pump.

Other-Allowed cost $162.30

200' 2" Plastic hose	$ 50.00
Waterproof clothing	28.64
Hand tools	26.86
Line oiler, 1 pint capacity	21.20
Boom pole iron	12.24
Clamps, pipe, carbide lamp, etc.	23.36
Total	$162.30

By letter dated February 6, 1956, the Executive Officer, DMEA Field Team, Region V, waived the Government's interest in any small tools and supplies remaining unexpended at the conclusion of the project.

(4) Operating Equipment

(a) Rental

The accepted costs under this subcategory are as follows:

Item	Period	Rate	Amount
1 Jackleg	2 months	$10.00/mo.	$ 20.00
1 Pump	3-3/4 "	50.00/mo.	187.50
Total			$207.50

The above equipment was rented from Mr. B. G. Thomas. The number of each object rented, the monthly rental rates, and the total of the item are all within the maximums provided by the contract. The actual exploration work extended over a period of slightly more than 5 months (July 5 to December 13, 1955).

While there may be some doubt as to the propriety of allowing as exploration costs the charges for rental of equipment owned by one of the partners under the contract, the charges are considered to be direct, reasonable and necessary costs in this instance for the following reasons:

1. The amounts were actually paid from partnership funds; and

2. The costs are in line with a reasonable "depreciation allowance" for use of owned equipment of like character which would be allowable in connection with an exploration project requiring more than 5 months for completion.

(b) Purchase

This subcategory of cost is not applicable to this contract.

(c) Depreciation

The claimed and accepted costs under this subcategory, amounting to $225.00 and representing 3-3/4 months depreciation at $60.00 per month, conform to maximums set forth in the contract.

(5) Initial Rehabilitation and Repairs

This category of cost is not applicable to this contract.

(6) New Buildings, Improvements, etc.

Under the provisions of the contract the estimated amount of $113.00 for the construction of a toolhouse, powder magazine, and exploder magazine is the maximum allowable cost to which the Government may contribute. Both the Operator and the Field Team misinterpreted this provision of the contract as calling for Government participation on basis of a fixed unit cost for the three buildings. Consequently, the Operator claimed $113.00 under this category without substantiating the charge by documentation.

The audit determined that no charges were included in costs under category (3) Operating Materials and Supplies in which the Government participated for value of lumber and other materials used in such construction. The auditor and Mr. B. G. Thomas agreed that such material used had a value of approximately $64.15. This valuation was also agreed to by Mr. Beck as being reasonable. In addition, it was determined that 96 hours of labor at $1.00 per hour amounting to $96.00 had been included in costs claimed under category (2) Labor and Supervision, on which old age benefit and liability insurance premium amounting to $1.96 and $8.82, respectively, had been claimed under (7) Miscellaneous. Thus the actual costs of such construction were estimated to amount to $172.93 which was in excess of the allowable maximum under the contract.

The following audit adjustments were therefore made to arrive at acceptable costs for this item:

(a) Disallowance was made of the $113.00 claimed without substantiation of the expenditures on Form MF-104 for July and August, 1955;

(b) Transfers of labor charges, old age benefit taxes, and liability insurance premiums aggregating $108.78 were made to this category from categories (2) and (7);

(c) An allowance was made in the amount of $64.15 for value of lumber and other material used in the construction but not previously claimed on Form MF-104; and

(d) Disallowance was made in the amount of $59.93 being the amount of the excess of estimated actual cost ($172.93) over allowable maximum ($113.00).

By letter dated February 7, 1956, the Executive Officer, DMEA Field Team, Region V waived the Government's interest in all property acquired under the contract.

(7) Miscellaneous

Payroll Taxes

The only costs incurred by the Operator under this item were for Federal old age benefit taxes based on 2 percent of gross payrolls. The claimed and accepted costs amounted to $47.93 and $47.97, respectively. Audit adjustments were made as follows:

(a) A transfer of $2.00 from (2) Labor and Supervision to adjust difference in amount brought forward on September 1955, MF-104; and

(b) A transfer of $1.96 to (6) New Buildings, Improvements, etc., representing 2 percent of $98.00 labor costs distributed to that category.

Liability Insurance

The Operator carried liability insurance with Hartford Accident and Indemnity Company, the premiums being at the rate of $9.00 per $100.00 of wages paid to the covered employees.

The claimed and accepted costs under this item amounted to $132.07 and $215.89, respectively. Audit adjustments were made as follows:

(a) A transfer of $8.82 was made to (6) New Buildings, Improvements, etc., representing liability insurance premiums, based on rate of $9.00 per $100.00 of payroll, applicable to $98.00 labor included in that category; and

(b) An additional allowance of $92.64 was made for liability insurance premiums incurred, but not claimed on Forms MF-104 submitted by the Operator.

Other Observations

No inventory was taken of unexpended materials and supplies on hand at the conclusion of the exploration project. It is believed that the failure to take such inventory and adjust project costs for value of any unexpended material and supplies which might have been disclosed by such inventory has not resulted in overstatement of costs to which the Government will contribute in this instance. A comparison of the various items of cost provided by Exhibit "A" of the contract with accepted costs determined by the audit, as set forth below, indicates that the expenditures in excess of those contemplated by the contract relate principally to category (3) Operating Materials and Supplies:

	Estimated Costs per Exhibit "A" of contract	Accepted Costs as determined by audit	Excess Costs
(2) Personal Services	$2,570.00	$2,398.75	$(171.25)
(3) Operating Matl's. & Supp.	1,192.50	1,876.78	684.28
(4) Operating Equipment			
Rental	207.50*	207.50	-0-
Depreciation	225.00*	225.00	-0-
(6) New Buildings, etc.	113.00*	113.00	-0-
(7) Miscellaneous	180.00	263.86	83.86
Totals	$4,488.00*	$5,084.89	$ 596.89
Excess costs disallowed by audit		596.89	
Net accepted costs		$4,488.00	

*Allowable maximums

The disallowance of $596.89 is considered to be far in excess of any valuation which might be placed on any material and supplies which may have been unexpended at the end of the exploration work.

IV. CONCLUSIONS

The audit disclosed that all costs charged to this project, with the exception of net disallowances aggregating $29.61 as itemized in the preceding section of this report, were reasonable and proper under the terms of the contract. However, the total allowable cost provided by the contract amounts to $4,488.00, whereas the total, as determined by audit, amounts to $5,084.89, or an excess of $596.89, which amount was also disallowed making total disallowances amounting to $626.50.

The adjustments between "Items of Cost" as shown on the November and December, 1955, Form MF-104, the additional allowances and disallowances, and the accepted costs as disclosed by this audit are summarized below:

	Totals Nov. & Dec. MF-104	Corrected Distribution	Allowances and (Disallowances) by Audit	Accepted Costs
(2) Labor & Supervision				
(c) Labor	$2,448.77	$2,348.77	$ 49.98	$2,398.75
(3) Oper. Mat. & Supp.				
Explosives	1,056.29	1,017.84		1,017.84
Steel & Supplies	883.94			
Drill Steel		426.25		426.25
Gasoline & Oil		270.39		270.39
Other Supplies		225.75	(63.45)	162.30
(4) Operating Equipment				
(a) Rental	207.50	207.50		207.50
(c) Depreciation	225.00	225.00		225.00
(6) New Bldgs., Improv., etc.	113.00	221.78	64.15	113.00
			(113.00)	
			(59.93)	
(7) Miscellaneous				
Payroll Taxes	47.93	47.97		47.97
Liability Insurance	132.07	123.25	92.64	215.89
Totals	$5,114.50	$5,114.50	$(29.61)	$5,084.89
Excess over contract			(596.89)	(596.89)
Adjusted Totals	$5,114.50	$5,114.50	$(626.50)	$4,488.00

This contract contained numerous items, the estimated costs of which were indicated as being maximums for contribution by the Government. The hourly wage rates for labor provided by subcategory (2) (c); the number of each object of rented equipment, the rate of rental, and the total of subcategory (4) (a); and the time periods, rate of depreciation, and the total of subcategory (4) (c), claimed by the Operator were all within such allowable maximums. In addition, audit adjustments have been made in this report to bring the accepted costs for toolhouse, powder magazine, and exploder magazine within the allowable maximum provided by category (6).

At the conclusion of the audit the findings were discussed with Mrs. Banner and Mr. Thomas. On January 30, 1956, the findings were discussed with Mr. R. A. Lawrence, Executive Officer, DMEA Field Team, Region V.

C. E. Fisher

C. E. Fisher, Auditor

February 1, 1956

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

RECEIVED
DEC 14 1955

December 12, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer - DMEA - Region V - Knoxville

Subject: Amendment No.1. DMEA-3740, Idm-E814 (mica) John Conley Mine-
Roy Grindstaff, B. G. Thomas and W. J. Boone

Transmitted are three signed copies of the subject amendment.

The usual distribution of the other copies has been made.

Robert A. Laurence
Robert A. Laurence

Office
Shirley
Files

7

Docket Copy

Robin Dunger 1/10/6

RECEIVED
DEC 14 1955

EXPLORATION PROJECT CONTRACT
AMENDMENT No. 1
Docket No. DMEA-3740
Idm-E814 (nica)
JOHN COMLEY MINE (Mitchell County, N. C.)

Contract Idm-E814, Docket No. DMEA-3740, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration and Roy Grindstaff, B. G. Thomas and W. J. Boone, c/o B. G. Thomas R#3, Bakersville, North Carolina, dated June 10, 1955 is amended as follows:

1. Article 3 is amended to read....." and shall bring the project to completion within a period of seven months (7) from date of contract.

Dated: November 23, 1955.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be obligated to pay, or the percentage of the cost which the Government may be obligated to pay, under the provisions of Article 5 of the contract form.

ROY GRINDSTAFF, B. G. THOMAS,
AND W. J. BOONE, Partners
Operators

Roy Grindstaff (Partner

B G Thomas (Partner)

W J Boone (Partner)

UNITED STATES OF AMERICA

By: Robert A. Lawrence
Executive Officer, DMEA
Field Team, Region V

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

RECEIVED
JUN 20 1955

June 17, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: Acting Executive Officer, DMEA - Region 5, Knoxville, Tenn.

Subject: Signed Contract: Idm-E811, DMEA-3740 (mica)
Roy Grindstaff, B. G. Thomas and W. J. Boone, ptnrs.
Bakersville, N. C.

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

V. J. Lynch

Docket copy

RECEIVED
JUN 20 1955

MF-200
(Revised June 1954)

Docket No. DMEA 3740

Commodity Mica

Contract No. Idm-E 814

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 10th 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] Roy Grindstaff, B. G. Thomas, and W. J. Boone, 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-200), the attached Exhibit "A," Annex I, and

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: none

(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

[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."

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consent to Lien of owner.

(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 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(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 November 25, 1955 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

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) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *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.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $4,488.00 The Government shall contribute ..... percent of the allowable costs as they are incurred in a total sum not in excess of $3,366.00: *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 or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(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. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; but except for any such necessary excesses in categories, subcategories, or items thereunder the Operator is not obligated to incur more than his agreed percentage of the estimated, total allowable cost of the work.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 9.

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the 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. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. 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. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved 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 detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and 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 related costs incurred.

(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 8. *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 7) 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 therof 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 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *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: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) 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.

(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: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) 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 10 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 11. *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 12. *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 13. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. A. Mitchell
Administrator, Defense Minerals
Exploration Administration

ROY GRINDSTAFF, B. G. THOMAS,
and W. J. BOOME, partners
(Operator)

By Roy Grindstaff (Partner)

By B. G. Thomas (Partner)

By W J Boome (Partner)

Appd. Sol. Off.
Anderson
Hook
Chandler
Selfridge
Johnson

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

EXPLORATION PROJECT CONTRACT
GRINDSTAFF, THOMAS, & BOONE
DOCKET NO. DMEA-3740

RECEIVED
JUN 20 1955

ANNEX I

The land referred to in Article 2 of the contract form is known as the Conley Mine and was leased for mining purposes to Roy Grindstaff, B. G. Thomas, and W. J. Boone by John Conley in an instrument dated March 18, 1955. It is located on the west side of Burns Mountain at the head of Silvers Hollow, 2.8 airline miles due south of Bakersville, Mitchell County, North Carolina, and is described as follows:

> Lying and being in Snow Creek Township, Mitchell Co., N.C., BEGINNING on a stake, W. J. Boone and John Conley line and runs N. 30° E 324' to a Dogwood near John Jarrett Spar Mine, thence N. 45° W. 700' to R. B. Phillips line; thence with R. B. Phillips line due West 690' to the road and J. W. Boone's corner; thence with J. W. Boone's line S. 10° E. to a Maple on the ridge; thence with Boone and Conley line S. 75° E. 950' to the beginning.

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JUN 2 0 1955

EXPLORATION PROJECT CONTRACT
GRINDSTAFF, THOMAS, & BOONE
DOCKET NO. DMEA-3740

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 Conley Mine, Mitchell Co., N. C. DMEA-3740 (mica)," attached hereto and made a part hereof, as follows:

1. Construct:

(a) A toolhouse, approximate dimensions 7 feet by 8 feet by 10 feet.

(b) A powder storage magazine, approximate dimensions 4 feet by 3 feet by 2½ feet.

(c) An exploder storage magazine, approximate 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 bound 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 burgproof lock.

2. Sink on the pegmatite a 2-compartment inclined shaft to a depth of approximately 50 feet.

3. From the inclined shaft, explore the pegmatite by driving a total of approximately 80 feet of drifts and/or crosscuts.

The inclined shaft, and the drifts and/or crosscuts shall be timbered as necessary, and shall have maximum dimensions of 5 feet by 7 feet in the clear of timber.

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

Estimated Costs of the Project
(In addition to the maximums set forth in the contract form, an asterisk indicates maximum.)

Category (1)	Independent Contracts - None	
Category (2)	Personal Services	
	(a) & (b) Supervision and Technical Services - None	
	(c) Labor Miners @ $1.50/hour* Hoistman @ $1.25/hour* Laborers @ $1.00/hour*	$2,570.00
Category (3)	Operating Materials and Supplies	1,192.50
Category (4)	Operating Equipment	
	(a) Rental	
	1 jackleg @ $10.00/mo.	20.00
	1 pump @ $50.00/mo.	187.50
	(b) Purchases - None	
	(c) Depreciation	
	1 compressor, 1 drill, and 1 hoist @ $60.00/mo.* for the three items	225.00
Category (5)	Initial Rehabilitation and Repairs - None	

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Category (6)	Dry Buildings, Fixtures, and Installations	
	Toolhouse, powder magazine, and exploder magazine	$ 113.00
Category (7)	Miscellaneous - None except liability insurance and Social Security	180.00
	Estimated Total Cost of Project	$4,488.00
	Government Participation @ 75%	$3,366.00

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E
Contract Date

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 12 1955

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of Mitchell, State of North Carolina, described as follows:1/ Lying and being in Snow Creek Township, Mitchell County, N.C. BEGINNING on a stake, W. J. Boone and John Conley line and runs N. 30°E 324' to a Dogwood near John Jarrett Spar Mine, thence N. 45° W. 700' to R.B. Phillips line; t once with R. B. Phillips line due West 690' to the road and J. W. Boone's corner; thence with J. W. Boone's line S. 10° E. to a Maple on the ridge; thence with Boone and Conley line S. 75° E. 950' to the beginning.

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

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 3-18-1953, and recorded in book 16 page 219 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/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: _____

Dated this _____ day of _____, 195_____.

John Conley [Seal] Rt. 3 Bakersville N.C.

_____ [Seal]

_____ [Seal]

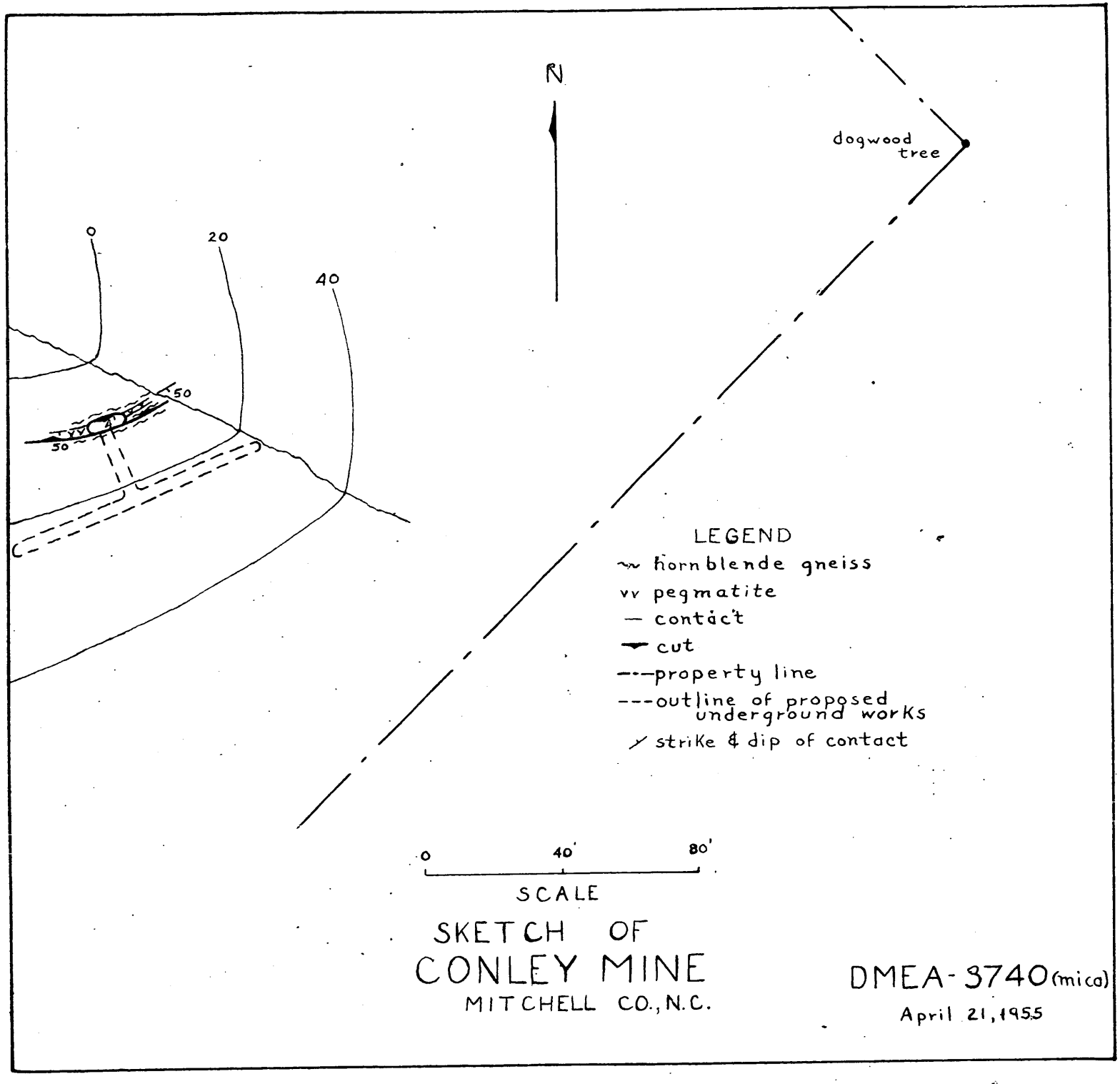
I, _____ certify that I am the _____ (Secretary, etc.) of the corporation named herein; that _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____ [Corporate Seal]

Kenneth R Buckner

Kenneth R Buckner

8/11/55



SKETCH OF
CONLEY MINE
MITCHELL CO., N.C.

DMEA-3740 (mica)
April 21, 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 5 SHIRK POST OFFICE BLDG.
KNOXVILLE 2, TENN.

Department of the Interior
Defense Minerals Administration
RECEIVED
MAR 28 1955

March 24, 1955

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: Application: Roy Grindstaff, Bakersville, N. C.; (mica)
Robert McKinney, Bakersville; W. J. Boone, Bandana, N.C.

Transmitted are three copies of the subject application with 5 copies of form MF-203, 4 copies of the Mining Lease and 3 copies of the cost of the exploration.

The forms MF-203 do not have the instructions added as required in Operating Committee Minutes No.469. If a contract is issued these will have to be returned to the principal for this addition.

V. J. Lynch

V. J. Lynch

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
MAR 28 1955

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

Not to be filled in by applicant

Docket No. 3740
Metal or Mineral Mica
Date Received 3-28-55
Estimated Cost $6,160
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: Roy Grindstaff, Bakersville, N. C., Rt. #3
Robert McKinney, Bakersville, N. C., Rt. #3
W. J. Boone, Bandana, N. C.

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

(*c*) If a corporation, add to above statement, titles, names and addresses of officers. Not Incorporated

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

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

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract: In Snow Creek Township, Mitchell Co. C.
Beginning on a stake In W.J.Boone and John Conley line and runs near N.E.324 ft to a dogwood near John Jarrett Spar mine, thence NW. course 700 ft. to R.B. Phillips line, known as the Hodge place near a small house, thence down with R. B. Phillips line to the road, thence with said road to W.J. Boone corner, thence with Boone line to a maple on top of rodge, thence with Boone and Conley line 1070 ft. to beginning

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

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

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

(*e*) If you own the land, describe any liens or encumbrances on it
John Conley owner, no emcumberances or liens

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

RECEIVED
MAR 24 1955
U. S. Geological Survey

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

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

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

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points. About 1500 ft. from Stae Road. 15 miles to shipping point.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.
Abundance of man power, also materials, equipment water and power is available.

16—66551-1

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

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

(*c*) The work will start within 60 days and be completed within 5 yr months from the date of an exploration project contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

[x] Money [x] Use of equipment owned by you [x] Other Labor & c

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated March 18th, 195-5

Roy Grindstaff
(Applicant)

By

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

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

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
RECEIVED
MAR 28 1955

(Supplement to MF-103, dated March 18th, 1955)

Roy Grindstaff, Bakersville, N. C., Rt. #3
Robert McKinney, Bakersville, N. C., Rt. #3.
W. J. Boone, Bandana (Partnership)

3 (a) Applicants property rights is under lease of Mar. 18, 1955, five yr.

4 (a) The applicants have done some work with buldozer, removing surface, etc, spent about $200 in such operation and exploration. The mine is about 1500 feet from State Road and can be reached by Jeep in reasonably dry weather.

4 (b) This is a new place, never before been worked, except such as has recently been done by these applicants.

4 (c) The property is on side of mountain, in highly mineralized pegmatite section, gash vein between two slate binders, from the work done by th ese applicants and exploration, the prospects for producing mica is very favorable. The quality of the mica is good.

4 (d) Property is about 1500 feet from State Road, and there is an access road to the mine, the shipping point would be Spruce Pine, N. C., a distance of about 15 miles, supply point would be same.

4 (e) The applicants have mining equipment and materials, supplies and c.

5 (b) Approximately a fifty foot deep shaft in solid rock, then a thirty foot heading each way from the bottom of shaft, or approximately so.

5 (d) All the applicants have had considerable mining experience and have been reasonably successful and are financiable able to furnish their share of the expenses and labor. Roy Grindstaff will supervise the operation and exploration work.

6 (a) None

6 (b)	Labor $1.oo per hr. Supervisor $1.50	$3,500.oo
(c)	Explosives $11.oo case, caps $6.oo, gasoline for power $4.50 per day	1,500.oo
(d)	Hoisting equipment and compressor, jack hammer drill and drill steel, will be furnished by the applicants at $60 per mo	360.oo
(e)	Buldozer for building road, installation &c	500.oo
(f)	Shop building and shed	300.oo
		$6,160.oo

(b) Roy Grindstaff will supervise the operations and will furnish equipment,
Robert McKinney and W. J. Boone will devote their entire time as laborers, black smith & c, each will furnish his necessary cash expense.

MINING LEASE

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 12 1955

State of North Carolina Mitchell County:

This indenture made this 18th day of March, 1955, ~~xxxx~~

between John Conley (Single)

of Mitchell County and State of North Carolina as party of the first part, and known as lessor, and Roy Grindstaff, B. G. Thomas and W. J. Boone

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

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

Lying and being in Snow Creek Township, Mitchell Co., N.C., BEGINNING on a stake, W.J. Boone and John Conley line and runs N. 30*E 324' to a Dogwood near John Jarrett Spar Mine, thence N. 45*W. 700' to R. B. Phillips line; thence with R. B. Phillips line due West690' to the road and J. W. Boone's corner; thence with J. W. Boone's line S. 10° E. to a Maple on the ridge; thence with Boone and Conley line S. 75* E. 950' to the beginning.

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

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 all mica taken from said premises and sold

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. All gaps at fences to be kept closed.

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:

John Conley (Seal)
Roy Grindstaff (Seal)
B. G. Thomas (Seal)
W J Boone (Seal)

State of North Carolina
Mitchell County

I, Kenneth R McKinney, Notary Public, Mitchell County, do hereby certify that John Conley, Roy Grindstaff, B. G. Thomas, and W. J. Boone, did personally appear before me, and acknowledge the due execution of the within Mining Lease for the use and purposes therein expressed.

Witness me hand and seal this 11th day of May, 1955.

Kenneth R McKinney
Notary Public

My commission expires: 8/11/55

MINING LEASE

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 12 1955

State of North Carolina Mitchell County:

This indenture made this 18th day of March, 1955 ~~19~~, between John Conley (Single)

of Mitchell County and State of North Carolina as party of the first part, and known as lessor, and Roy Grindstaff, B. G. Thomas and W. J. Boone

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

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

Lying and being in Snow Creek Township, Mitchell Co., N.C., BEGINNING on a stake, W.J. Boone and John Conley line and runs N. 30°E 324' to a Dogwood near John Jarrett Spar Mine, thence N. 45°W. 700' to R. B. Phillips line; thence with R. B. Phillips line due West690' to the road and J. W. Boone's corner; thence with J. W. Boone's line S. 10° E. to a Maple on the ridge; thence with Boone and Conley line S. 75° E. 950' to the beginning.

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

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 all mica taken from said premises and sold

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. All gaps at fences to be kept closed.

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.

John Conley

Witness: _____

Roy Grindstaff (Seal)

B. G. Thomas (Seal)

W. J. Boone (Seal)

State of North Carolina
Mitchell County

I, Kenneth R. McKinney, Notary Public, Mitchell County, do hereby certify that John Conley, Roy Grindstaff, B. G. Thomas, and W. J. Boone, did personally appear before me, and acknowledge the due execution of the within Mining Lease for the use and purposes therein expressed.

Witness me hand and seal this 11th day of May, 1955.

Kenneth R. McKinney
Notary Public

My commission expires: 8/4/55

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

Project Summary Report

April 2, 1956

By: Walter C. Anderson

1. Docket No. DMEA-3740-Mica
Contract No. Idm-E814
John Conley Mine
Mitchell County, North Carolina

Operators: Roy Grindstaff, B. G. Thomas and W. J. Boone
Route #3
Bakersville, North Carolina
Application: Form MF-103(April, 1952) received March 28, 1955
Work proposed: 50 feet of shaft and 60 feet of drifts
Amount requested:
$6,160.00
Operators' property rights:
Mining lease for 5 years on the John Conley property dated March 18, 1955.
Consent to Lien: dated May 11, 1955

2. Contract: Form MF-200(June, 1954) dated June 10, 1955
Work authorized:

Toolhouse, powder and exploder magazines	$ 113.00
50 feet of shaft and 80 feet of drifts and/or crosscuts	
Labor	2570.00
Operating materials and supplies	1192.50
Operating equipment	432.50
Miscellaneous	180.00
Estimated total cost of project	$4488.00
Government participation @ 75%	$3366.00

Amendments: No. 1, 11/22/55 - extends completion date from November 25, 1955 to December 10, 1955.
Work completed:

Toolhouse, powder and exploder magazines	$ 113.00
50 feet of shaft and 80 feet of drifts	
Labor	2448.77
Operating materials and supplies	1940.23

Operating equipment	432.50
Miscellaneous(Liability Ins. and Social Security)	180.00
Total cost as billed by Operator	$5114.50
Auditor's exception	626.50
Total Accepted Cost	$4488.00
Government Contribution	$3366.00

Work began on July 5, 1955 and completed on December 14, 1955.
Final Field Team Report received on January 9, 1956.
Operators' Final Report received on January 9, 1956.
Operators' Final Monthly Report and Voucher received March 14, 1956.
Production during operation - about 3000 lbs. "mine-run" mica
Royalty paid to date $30.00
No equipment purchased under the contract.

3. Audit: Report of Review issued February 1, 1956

Total Cost as billed by Operator	$5114.50
Exceptions	626.50
Total Accepted Cost	$4488.00
Government participation	$3366.00

4. Certification of Discovery issued Apr. 13, 1956.

Ore Reserves
"Run of Mine" Mica

	POUNDS	VALUE
Indicated	12,000	$8400.00
Inferred	9,900	6930.00
Total(conservatively rounded off)	20,000	$14000.00

5. Comments:

How conducted: all of the work in which the Government participated was acceptable.

Operation: good

Engineering: reporting by the Operators was better than average.

Geological Premise:

That the mica bearing pegmatite would continue in depth and laterally was substantitated by the exploration work.

Geological Criteria: upon which work was based:

1. Pegmatite averaging 2 feet in thickness and exposed for 30 feet along strike.
   Mica content - 10% of rock
   Wall rock - hornblende gneiss
2. Mica - strategic grade and abundant, distributed uniformly throughout pegmatite. Hard, clear, flat, free-splitting, light green color and no "A" structure.

5. Comments: (continued)

Criteria developed during project:

1. Pegmatite averaging 2.5 feet in thickness and continuing down dip for 50 feet and along strike for 85 feet.
2. Mica - green in color, generally flat "A", unstained and abundant.
3. Production during project - 3000 pounds of "mine-run" block green strategic mica.

Future possibilities:

Mining of mica, although limited, would be economically feasible.

Recommendation: The Nonmetallic Minerals Division concurs in the Field Team recommendation that this project should be certified.

The Commodity members of the Geological Survey and Bureau of Mines concur.

Walter C. Anderson

Walter C. Anderson
Nonmetallic Minerals Division

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/4	Selfridge	120
"	DEJ	110
		220

March 4, 1966

Memorandum

To: The File

From: Assistant Chief, Office of Minerals Exploration

Subject: DMEA-3740 (Mica)
Grindstaff, Thomas, and Boone
Conley Mine
Mitchell County, North Carolina
Contract Idm-E814

The subject contract, dated June 10, 1955, was to run ten years. The property was leased from John Conley and, although we have no definite information, undoubtedly the lease lapsed many years ago as most of the leases relating to mica did. During June 1962 a check of the mica depot's records disclosed production in January 1960 from the subject property. On August 27, 1962, a royalty check in the amount of $14.26 was received from Mr. Grindstaff. On February 28, 1964, Mr. Grindstaff returned MME Form 63 which was sent him by registered mail, return receipt requested. A similar form was mailed to him and received by Dorothy Grindstaff in September 1965, but was not answered.

There is little doubt about any production having taken place in the meanwhile. The docket can be closed without writing a release letter to Mr. Grindstaff.

George C. Selfridge
George C. Selfridge

cc to: Director's Reading File
Division File
Economic Geology File
Branch of Budget & Finance
OME File
OME Reading File
Mr. Selfridge
120M
R-1V

GCSelfridge/gla 3-4-66

23263

3740

INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Deliver *ONLY* to addressee

☐ Show address where delivered

(Additional charges required for these services)

RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE *(must always be filled in)*

Roy Grindstaff

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

Lora Grindstaff

DATE DELIVERED	SHOW WHERE DELIVERED *(only if requested)*
9/24/65	

C55—16—71548-5—F GPO

BAKERSVILLE
POST OFFICE
SE 24 1965
N. C.

INSTRUCTIONS: Fill in items below and complete instructions on other side, if applicable. Moisten gummed ends, attach and hold firmly to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 500069	NAME OF SENDER U. S. Geological Survey, OME
CERTIFIED NO.	STREET AND NO. OR P. O. BOX INTERIOR BUILDING, Room 4450
INSURED NO.	CITY, STATE, AND ZIP CODE WASHINGTON, D. C. 20242

POD Form 3811 Sep. 1963

548-6 —F

ZMEA 3740

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

September 21, 1965

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Re: DMEA-3740 (Mica)
Grindstaff, Thomas, and Boone
Conley Hine
Mitchell County, N. C.
Contract Idm-E814

Mr. Roy Grindstaff
Rt. 3
Bakersville, North Carolina

Dear Mr. Grindstaff:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Closed workback
Letter to Operator.

MME Form 63
Revised 7-65

[redacted]-3740
[redacted]-2814

REQUEST FOR INFORMATION ON CERTIFIED PROJECT
AND PROJECT UNDER ROYALTY AGREEMENT

1. From February 1964 to June 10, 1965 ~~Since~~ , has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☐

2. From February 1964 to June 10, 1965 ~~Since~~ , has there been any production from the land subject to the contract? Yes ☐ No ☐

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value
_____		
_____	_____	_____

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore	_____	Tons	_____	_____
Concentrates	_____	Tons	_____	_____
Other	_____	Tons	_____	_____

3. Since through workings (see of contract)? Yes ☐ No ☐

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value
_____	_____	_____

Submitted by:

Name _____ Title _____

Address _____ Date _____

#1-INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Deliver *ONLY* to addressee

☐ Show address where delivered

(Additional charges required for these services)

RETURN RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE *(must always be filled in)*

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

Dorothy Grindstaff

DATE DELIVERED

2/26/64

ADDRESS WHERE DELIVERED *(only if requested in item #1)*

C55—16—71548-4 GPO

3740

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

POSTMARK OF DELIVERING OFFICE
26
P.M.
1964

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO.	NAME OF SENDER
598197	DEPT OF INTR(MIN EXPL)
CERTIFIED NO.	STREET AND NO. OR P. O. BOX
	18th AND C.ST.N.W.
INSURED NO.	CITY, ZONE AND STATE
	WASHINGTON 25,d.c.

POD Form 3811 Jan. 1958

C55—16—71542-6

~~Original~~

320

DMEA 3740

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

February 24, 1964

Re: DMEA-3740 (Mica)
Grindstaff, Thomas, and Boone
Conley Mine
Mitchell County, N. C.
Contract Idm-E814

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Mr. Roy Grindstaff
Rt. 3
Bakersville, North Carolina

Dear Sir:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

W. R. Griswold, Chief
Division of Minerals

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 2 1964

DATE	INITIALS	CODE
3/2		800
3/2		100
		110
		500
		220

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since October 2, 1962, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

2. Since October 2, 1962, has there been any production from the land subject to the contract? Yes ☐ No ☒

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☒

   A. If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name Roy Grindstaff Title PARTNER

Address BAKERSVILLE N.C. RT 3 Date 2/28/64

4511

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

September 25, 1962

Re: DMEA-3740 (Mica)
Grindstaff, Thomas,
and Boone
Conley Mine
Mitchell County, N. C.
Contract Idm-E814

Messrs. Roy Grindstaff, B. G. Thomas,
and W. J. Boone
Route 3
Bakersville, North Carolina

Gentlemen:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

W. R. Griswold

W. R. Griswold, Chief
Division of Minerals

MME Form 63
Revised 3-62

DMEA-3740 (Mica)
Idm-E814

OFFICIAL FILE COPY
O. M. E
RECEIVED OCT 4 1962

DATE	INITIALS	CODE
10/4	amg	800
10-4	[illegible]	100
10/4	[illegible]	110
10/5	Mailed	500
	Yes ☐	No ☑
10.8	[illegible] S.P.H.	500
		220

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since **June 15, 1960**, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.

2. Since **June 15, 1960**, has there been any production from the land subject to the contract? Yes ☐ No ☑

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity	Estimated Grade	Location
Ore	None Tons		
Concentrates	None Tons		
Other	None Tons		

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☑

   A. If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name Tony Gundrisoff Title Partner

Address Bellingham Wash. Date 10-2-62

4511

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		120
8/31	eqn	225

AUG 3 1 1962

Memorandum

To: Chief, Fiscal Section, Division of Administrative Services, Office of the Secretary

From: Acting Chief, Division of Field Operations, OMS

Subject: DMEA-3740 (Mica)
Grindstaff, Thomas, and Boone
Conley Mine
Mitchell County, North Carolina
Contract Idm-E814

Enclosed for your files is the original of a Report of Royalty Review on the subject contract.

George C. Selfridge

Enclosure

GCSelfridge/hb
8/31/62
cc to: Docket DMEA-3740
Director's Reading File
CA&A Division
G. C. Selfridge
R. A. Laurence, USGS, Reg. IV, w/cy of Report of Royalty Review dtd 8/30/62 & orig. cy of memo dtd 8/30/62 to Chief, Division of Field Operations, from CA&A Division.
Avery Reed, USBM, Reg. IV, w/cy of ea. item sent to Mr. Laurence.

43683

OME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
8/30	EDA	220

August 30, 1962

Memorandum

To: Chief, Division of Field Operations

From: E. D. Talbert, Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: DMEA-3740 (Mica)
Grindstaff, Thomas, and Boone
Conley Mine
Mitchell County, North Carolina
Contract Idm-E814

Enclosed are the original and two copies of a Report of Royalty Review covering the subject Region IV contract. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary; and

(b) Two copies to Region IV files.

This report is for OME record purposes only; therefore, no copy has been provided for the Operator.

As evidence of your concurrence, a copy of your memorandum transmitting the original of the report to the Department's Fiscal Section should be furnished this Division. If for any reason you do not concur, the original and both copies should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 8-30-62

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

63683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

August 27, 1962

Memorandum

To: Chief, Fiscal Section
Division of Administrative Services
Office of the Secretary

From: E. D. Talbert, Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: DMEA-3740 (Mica)
Grindstaff, Thomas, and Boone
Conley Mine
Mitchell County, North Carolina
Contract Idm-E814

Enclosed for deposit to the subject DMEA account under symbol 14X4401 as a royalty receipt is an August 24, 1962, check drawn in the amount of $14.26 by Roy Grindstaff, Route 3, Bakersville, North Carolina, on The Northwestern Bank, Bakersville, N. C.

This check is in payment of royalty delinquently due the Government on mica produced from the property under the subject contract and sold by Parsley & Grindstaff, as follows:

GSA Mica Purchase Depot - 1/27/60 SPAD-154(a)		23.5 lbs.	$263.65
Commercial Sales -			
Scrap mica	approx.	600 lbs.	9.60
Washer mica	"	200 lbs.	12.00
Total			$285.25
Royalty @ 5%			$ 14.26

Enclosure

EDTalbert/ama 8-27-62

cc:
Docket
Director's Reading File
CA & A Division
Region IV Files (2)

43683

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

OFFICIAL FILE COPY
O. M.
RECEIVED
DATE
AUG 8/24 1962

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Messrs. Roy Grindstaff, B. G. Thomas,
and W. J. Boone
Route 3
Bakersville, North Carolina

Re: DMEA-3740 (Mica)
Grindstaff, Thomas, and Boone
Conley Mine
Mitchell County, North Carolina
Contract Idm-E814

Gentlemen:

The remittance requested by my July 5 letter, a copy of which is enclosed, has not been received. Your prompt remittance, by check or money order payable to the Office of Minerals Exploration, is solicited.

Your immediate attention to this matter will alleviate the need for further action by the Government to collect the delinquent royalty involved. If legal recourse is necessary, additional costs to you may result.

Sincerely yours,

Director

Enclosure

Enclosed is my check in the amount of $14.46 which includes 5% of sale of scrap and washed mica, as follows

scrap - approximately 600 lbs $9.60
washed - 10.00 10.00
11.60
5%
$11.08

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

DMEA - 3740
Odm - E814

POSTMARK OF DELIVERING OFFICE

1962

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article. RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO.	NAME OF SENDER
	DEPT OF INTR (MINERAL EXPL)
CERTIFIED NO.	STREET AND NO. OR P. O. BOX
598383	18th C ST. N.W.
INSURED NO.	CITY, ZONE AND STATE
	WASHINGTON 25, D.C.

POD Form 3811 Jan. 1958

C55—16—71548-4

#1-INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Deliver *ONLY* to addressee

☐ Show address where delivered

(Additional charges required for these services)

RETURN RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE *(must always be filled in)*

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

Dorothy Grindstaff

DATE DELIVERED

8/17/62

ADDRESS WHERE DELIVERED *(only if requested in item #1)*

C55—16—71548-4 GPO

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
7/3	Talbert	800
"	Holt	500
	Friend	500
7/5	Dy Have	120
"	Johnson	110
		~~100~~
		220

JUL 5 1962

Messrs. Roy Grindstaff, S. G. Thomas,
and W. J. Boone
Route 3
Bakersville, North Carolina

Re: DMA-3740 (Mica)
Grindstaff, Thomas, and Boone
Conley Mine
Mitchell County, North Carolina
Contract Idm-2314

Gentlemen:

Under terms of the referenced exploration project contract you agreed to pay, as principal if the producer or as surety if not the producer, a royalty to the Government on all minerals mined or produced from the land subject to the contract for a period of 10 years from the date of the contract or until the Government's contribution to exploration costs had been repaid. The contract is dated June 10, 1953, and the Government's contribution to exploration costs amounted to $3,360.00 of which $257.34 has been repaid to date.

Our files disclose that a purchase of 23.50 pounds of trimmed mica was made by the G.S.A. Mica Purchase Depot, Spruce Pine, North Carolina, for $263.65, reported as production from this property, on which the Government's 5 percent royalty amounting to $13.18 has not been received. This sale was made by Parsley & Grindstaff, c/o Roy Grindstaff, Route 3, Bakersville, North Carolina, covered by final settlement of the Depot as lot No. SPAO-154(a), approved January 27, 1960.

Please promptly remit the amount of $13.18, plus any additional royalty which may be payable to the Government on the value of scrap or punch mica recovered or on other sales of mineral production from the property subject to the contract. Your remittance should be made by check or money order payable to the Office of Minerals Exploration.

Sincerely yours,

CEFisher/ama 7-2-62

(signed) FRANK E. JOHNSON

ACTING Director

cc:
Docket
Director's Reading File
CA & A Division
Region IV Files (2)

43683

OFFICIAL FILE COPY

Date	Category	Code
	[illegible]	500
		120
		110
		[illegible]
		320

[illegible], 1962

Memorandum

To: S. B. Talbert, Acting Chief
Contract Administration and Audit Division

From: G. E. Fisher, OMS Auditor

Subject: Audit Trip to Spruce Pine, North Carolina

I left Washington, D. C., via Southern Railway train No. 47 at 9:00 p.m., EST, June 17, 1962. Arrival in Asheville, N. C., was about [illegible] a.m., June 18. There I secured an automobile from Avis Rent-a-Car and drove to Spruce Pine, N. C. Left Spruce Pine at [illegible] a.m., June 23, and arrived back in Washington at 3:00 a.m., June 24, via Southern Railway train No. 16.

Most of the time in Spruce Pine was spent in reviewing the purchase records of the G.S.A. Mica Purchase Depot for the purpose of determining whether any unreported purchases had been made by that Depot of production from mines on which DMEA had entered into exploration permit contracts. A total of 97 contracts were assigned for this investigation.

The last purchase by the Depot under the Mica Purchase Program was made on June 7, 1962. Mr. J. P. McKinney, Depot Superintendent, stated that processing the mica on hand and making final settlements with vendors will take another 60 to 90 days before the Depot is finally closed. Mr. McKinney also advised that 2,972 Participation Certificates were issued and 21,609 lots of mica were purchased during the program. At June 15 the yield of strategic mica amounted to 1,316,795.75 pounds. This will increase some when all processing is completed. As of June 1 the total payments to vendors amounted to $[illegible],326,000. This amount will be increased when final settlements have been completed.

My review of the Depot records disclosed 13 contracts under which the Government may be entitled to royalty as hereinafter discussed. The investigation failed to disclose any purchases of production from the properties covered by the remaining 44 contracts. Memoranda for the files have been prepared for this latter group of contracts.

During the early stages of the exploration program, that is until 1957/8, two or more Government representatives were supervising exploration work in this mica region. They made frequent inspections of the various properties and were aware of what was happening. Mr. Beck made regular trips through the area and reminded the various parties of their royalty obligations. He checked the Depot records and often collected royalty. Several audit trips were made by representatives of this office, the last being my trip in February 1958. Mr. Beck continued his visits to the Depot and to the various operators through 1959 and subsequent investigations have been made by Messrs. Lynch and Lesure.

I believe that the reduction in royalty collections in the past 3 or 4 years may be accounted for by several circumstances:

First, a typical contract resulted in production during the exploration period and sometimes a little longer. Most of the mica exploration contracts were completed prior to 1958.

Second, nine of the mica exploration contracts had repaid their entire Government advance prior to 1958 and, of course, had no further royalty obligation. (For example, Pinkhole Mines, Idm-E364, DMEA-2379, operated right up to the day the Depot stopped buying.)

Third, there was a tendency on the part of the individual miners and some of the larger operators to work properties not subject to the Government lien for royalty. I noticed some instances where the name of the mine indicated that the production came from properties where DMEA had issued letters of no discovery. If the Government was not paying most of the mining expense in the form of contributions to exploration costs, why not work a property not subject to the Government's 5% royalty?

I visited the Spruce Pine Mica Company and met Mr. Lawrence Conley, who has been with that company and in the mica business for many years. He informed me that the only mica from the White Face Mine (Contract Idm-5662, DMEA-3255) his company had purchased were the two lots sold by John Carroll in 1954. Mr. Beck and I collected $13.34 royalty applicable to these sales from the property-owner, W. Howard Simpson, president of Non-Metallic Minerals Corp., on March 16, 1955. Mr. Conley expressed the opinion that no work had been done on the property since John Carroll was there.

The Spruce Pine Mica Company operates a fabricating plant. They primarily depend upon imported mica and this was especially true during the Government purchase program when everyone was

[illegible] the local
material [illegible] spot. Mr.
[illegible] in to "talk"
about the [illegible] "considering"
the matter. [illegible] land-owner farmers
[illegible] felt the
need for [illegible]

[illegible] to the
[illegible] continue
[illegible] ly and, fur-
[illegible] continued.
[illegible] (pre-
[illegible] had not used
[illegible]

[illegible] afternoon at
[illegible] station had
[illegible] much to be
[illegible] visited
[illegible] called my
[illegible] interested
[illegible] refrained
[illegible] he, and
[illegible] government
[illegible] discussion
[illegible]

[illegible] the area were
[illegible] ically
[illegible]. The big opera-
[illegible] ish to be
[illegible] cannot afford
[illegible] ly [illegible] st of the mining
[illegible] spar was sold.
[illegible] Mines,
[illegible] to Mr.
[illegible] completion of the
[illegible]

[illegible] royalty in
[illegible] contracts [illegible]

[illegible]

[illegible] copy [illegible] statement for
[illegible], approved [illegible] 14. [illegible] purchase from

Frank W. [illegible] pounds [illegible] pounds of trimmed [illegible], for which [illegible] Report of Royalty [illegible] unpaid royalty applicable to this [illegible] the document was obtained to complete the [illegible] files. [illegible] production subsequent to "abandonment" by the [illegible] under the contract. [illegible] ruling by the [illegible] royalty is not collectible unless the original [illegible] the property [illegible] the delayment petition.

Contract Ide[illegible], [illegible]-2575, Doug[illegible] Pine Nest

Final settlement statement for lot [illegible] July 20, 1956, under [illegible], Asheville, N. C., [illegible] "Summer" [illegible] the lot [illegible] contract covered [illegible] tract [illegible] Summer, [illegible] file in the [illegible] by Mr. [illegible] from [illegible] under the [illegible] on the settlement sheet.

On March 1[illegible], 1[illegible], [illegible] Summer whose address [illegible], Asheville, N. C., and found [illegible] about sales from the [illegible] as owner of the [illegible] the sale by [illegible] which the Government [illegible] because of [illegible].

Contract [illegible]

Final settlement statement was [illegible]-279(a), approved August 6, 19[illegible], under wh[illegible] Box 962, Sylva, N. C., received payments [illegible]. The settlement statement shows the [illegible] but does not give the location of the [illegible] contract [illegible] at the Shell Ridge [illegible] Sylva is the county seat.

Contract [illegible]-459, [illegible]-2579, Mica [illegible]

Final settlement sheets [illegible]-47(a) [illegible] 2, [illegible], and [illegible]-69(a), approved December 23, [illegible] payments [illegible]ating

$206.[illegible] and [illegible], respectively, for mica sold by Baird Cove Mining Co., Route 3, c/o Ralph Cunningham, Franklin, N. C. The name and location of the mine are shown as Baird Cove Mine, Macon County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-[illegible]95, DMEA-2793, Burns-Spangler Construction Co.

Final settlement sheet SPAP-157(a), approved September 18, 1958, covered payments aggregating $136.64 to [illegible] Burleson, Box 265, Bakersville, N. C. The name and location of the mine are shown as Lee Cornwell, Cleveland County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-[illegible]548, DMEA-2921, Fred Taylor, Julian Greene & Johnnie Greene

Final settlement sheet SPAR-547(a), approved May 8, 1959, covered payment of $214.14 to Lewis Aldridge, Spruce Pine, N. C. The name and location of the mine are shown as Cow Camp, Avery County, N. C., which is in agreement with the description of the mine in the exploration contract.

Contract Idm-E557, DMEA-3000, B. T. R. Mining Company

Check dated June 14, 1962, from B-K Associates brought royalty receipts under this contract up to $4,279.39 or within $130.61 of the total Government contribution.

The Depot records indicated additional purchases from B-K Associates as follows:

Date	Lot No.	Amount	
6/7/62	SPAR-496	$2,145.16	Final
6/15/62	" -512	1,214.58	"
4/5/62	" -523	1,100.98	Preliminary
4/12/62	" -530	1,181.30	"
4/19/62	" -537	950.82	"
4/26/62	" -542	875.89	"
5/3/62	" -547	966.57	"
5/10/62	" -560	842.03	"
5/18/62	" -566	917.21	"
6/1/62	" -591	435.49	"
6/5/62	" -599	236.26	"
6/7/62	" -607	279.04	"
4/5/62	SPAO-156	222.24	"
4/12/62	" -161	296.28	"

Contract Idm-[illegible], [illegible]-5132, Dixie [illegible]

Royalty has not been paid to the Government in connection with the following settlement statements:

Lot No.	Date Approved	Seller	Amount
SPAR-257(a)	11/5/58	S. P. Lett, Rt. 1, [illegible], Ala.	$2,019.20
" -270(a)	12/30/58	" " " "	455.57
" -333(a)	12/19/58	" " " "	861.37
" -414(a)	3/16/59	L. T. Rounds, Rt. 2, Columbiana, Ala.	157.82
" -511(a)	3/25/59	" " "	649.37
" -780(a)	6/23/59	" " "	356.95

Contract Idm-5664, DMEA-3247, Newland Sucanan, et al.

Final settlement sheet for lot No. [illegible]BR-163(a), approved August 24, 1960, covered payments aggregating $854.94 to [illegible]. Burleson & Frank W. Phillips Co., c/o Mitchell Lumber Co., Spruce Pine, N. C. The name and location of the mine are shown as Johnson Mine, Mitchell County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-5814, DMEA-3740, Roy Grindstaff, et al.

Final settlement sheet for lot No. [illegible]AO-154(a), approved January 27, 1960, covered payments aggre[illegible] $[illegible] to Hersley & Grindstaff, [illegible], c/o Roy Grindstaff, Bakersville, N. C. The name and location of the mine are shown as [illegible]ley, Mitchell County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-6977, DMEA-4337, Hawk Mining Company

Royalty has not been paid to the Government in connection with the following settlement statements:

Lot No.	Date Approved	Seller	Amount
SPAO-475(a)	4/18/59	J. E. Wilson, c/o Mitchell Lumber Co., Spruce Pine, N.C.	$ 114.80
" - 12(a)	7/24/59	" " " "	594.62
" - 51(a)	8/24/59	" " " "	1,070.75*
" - 80(a)	1/9/62	" " " "	302.37*

* Includes production from various mines. Amounts applicable to Hawk Mine are $195.57 and $9.[illegible], respectively.

Contract Idm-8665, DMEA-3216, Hector Mining Company

Final settlement sheets for lots SPAO-10(a) and SPAO-14(a), approved September 7, 1960, covered payments aggregating $195.70 and $141.11, respectively, to Dan Allen, Route 2, Burnsville, N. C. The name and location of the mine are shown as Hector Mine, Yancey County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-8734, DMEA-3452, Howard Boone & John Jarrett

Final settlement sheet for lot SPAR-359(a), approved December 1, 1959, covered payments aggregating $101.31 to Persley & Grindstaff, c/o Roy Grindstaff, Route 3, Bakersville, N. C. The name and location of the mine are shown as Putman, Mitchell County, N. C., which is in agreement with the description of the mine in which exploration was performed.

The following is furnished for your use in the unlikely event you may find it necessary to secure additional information regarding purchases by the Spruce Pine Depot.

Mr. McKinney stated that he does not know what is to become of the Spruce Pine Depot records when the Depot is finally closed. He is recommending that the copies of settlement statements and supporting papers maintained at the Depot be destroyed as they are duplicates of original documents on which disbursements were made. The original documents are in the custody of:

General Services Administration, Region 3
Office of Regional Comptroller
Document Control and Collections Section
Room 6238, Regional Office Building
7th and D Streets, S. W.
Washington 25, D. C.

During the purchase program it was the practice to furnish copies of all settlement sheets to:

Mr. Avery H. Reed, Jr., Chief
Knoxville Field Office
Division of Mineral Industries
Bureau of Mines
404 Hamilton Bank Building
Knoxville 2, Tennessee

I understand that these copies were used by the Bureau of Mines to compile statistical data relating to production from the various mines. I do not have any information regarding the ultimate disposition made of these copies.

CWFisher/ama 6-27-62

cc:
Mails and Files
Director's Reading File
CA & A Division
Region IV Files (2)

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
2/7	GCS	120
		2.20

FEB 7 - 1962

Memorandum

To: Chief, Fiscal Section, Division of Administrative Services, Office of the Secretary

From: Chief, Division of Field Operations, OME

Subject: DMEA-3740 (Mica)
Grindstaff, Thomas, and Boone
Conley Mine
Mitchell County, North Carolina
Contract Ldm-2814

Enclosed for your files is the original of a Report of Royalty Review on the subject contract.

/s/ George C. Selfridge

(2/8)

Enclosure

GCSelfridge/hb
(2/7/62)

cc: Docket DMEA-3740
Director's Reading File
CA&A Division
GCSelfridge
R.A.Laurence, Region IV, w/cy of Report of Royalty Review dtd 2/5/62 & orig. cy of memo dtd 2/5/62 by Chief, Div. of CA&A to Chief, Div. of Field Operations.
V.J.Lynch, Reg. IV, w/cy of ea. item sent to Mr. Laurence

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
		220

FEB 5 - 1962

Memorandum

To: Chief, Division of Field Operations

From: E. D. Talbert, Acting Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: DMEA-3740 (Mica)
Grindstaff, Thomas, and Boone
Conley Mine
Mitchell County, North Carolina
Contract Idm-E814

Enclosed are the original and two copies of a Report of Royalty Review covering the subject Region IV contract. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary; and

(b) Two copies to Region IV files.

This report is for OME record purposes only; therefore, no copy has been provided for the Operator.

As evidence of your concurrence, a copy of your memorandum transmitting the original of the report to the Department's Fiscal Section should be furnished this Division. If for any reason you do not concur, the original and both copies should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 2-5-62

cc:
Docket
Director's Reading File
CA & A Division
Mr. Rothrock

43683

Page-3. Semi-annual report on inactive projects, North Carolina

OMEA No.	[illegible]	[illegible]	Date [illegible]
3432	734	[illegible] Garrett (Marsh Putnam)	June 13 thru 19, [illegible]
[illegible]	737	A. Ward (Elmore Mine)	
[illegible]	757	C. R. Phillips (Sugar Dave Mine)	
[illegible]	762	Keller Mining Co. (Royster Mine).	
[illegible]	811	Roy Grindstaff (Conley Mine)	
[illegible]	835	T. B. Vance (Shuffle Vance Mine)	
[illegible]	865	Ed Boone (Gang Rock Mine)	
3924	882	J. R. Beam & J. Phillips (Little Ray Mine)	
3942	900	Sam Smith (Lee Hill Mine)* Royalty due-$27.04	
	968	Sam Phillips (Old Buchanan)	
	1005	John Phillips (Roby Mine)	
[illegible]	[illegible]	John Phillips (Fisher Prospect)	
	977	Hawk Mining Co. (Hawk Mine)	
	1042	Clifton D. Buchanan (Boone Prospect)	
	1069	Sam L. Phillips (Black Mountain Pros)	

The above listed projects were checked at the Purchasing Depot, Spruce Pine, N. C., on by contract Operators or by inquiring in and around the vicinity.

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 25 1959

DATE	INITIALS	CODE
11-25	gad.	176
"	[illegible]	110
4/30	[illegible]	800
"	gla	400
	[illegible]	225

OFFICE OF MINERALS EXPLORATION

Semi-Annual Report on Certified Prospects

INACTIVE SINCE LAST INSPECTION

Commodity: Mica

Reporting Period: July 1, 1959 to December 31, 1959

The following certified prospects in the [illegible] were checked at the Government Purchasing [illegible] during the Operator, always directly [illegible] during the first [illegible] months of [illegible]

[illegible]	Label	[illegible]	[illegible]
[illegible]	181	Yancey Mica Mines, Inc.	Cattail
[illegible]	349	Robinson & West	[illegible]
[illegible]	519	Twiggs, Glen & Green	[illegible] Mine
[illegible]	560	Murphy Mining Co.	[illegible]
[illegible]	636	Ellis & Grindstaff	Byrd
[illegible]	694	W.B. Christian	[illegible]
[illegible]	[illegible]	Buchanan & Cook	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible] & [illegible]	[illegible]
[illegible]	734	[illegible] & Johnston	[illegible]
[illegible]	757	G. R. Phillips	Sugar [illegible]
[illegible]	814	Ray Grindstaff	[illegible]
[illegible]	882	J.R. Bean & John Phillips	Little Ray
[illegible]	962	Sam Phillips	Old Buchanan

W. J. Lynch, Mining Engineer
Bureau of Mines [illegible]

[illegible] 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
ROOM 2-B POST OFFICE BLDG.
KNOXVILLE 2, TENN.

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR 11 1959

DATE	INITIALS	CODE
3/11	C	220
3/12	[illegible]	600

March 9, 1959

Memorandum

To: Finance Officer, Region V (OME) Norris, Tenn.

From: Acting Executive Officer, OME - Region V

Subject: Royalty Payment - DMEA-3740, Idm-E814-mica
Thomas & Grindstaff, Bakersville, N.C.
Conley Mine, Mitchell County, N.C.

Attached is a receipt for 760 pounds of mica at 30¢ per pound sold to C. R. Phillips by D. S. Buchanan in the amount of $228.60. Also attached is a check for royalty on the sale in the amount of 11.43 to be credited to the contract.

V. J. Lynch

zm
cc

F. Johnson-OME
Lynch
Files

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3/19	Fisher	800
3/19	C	220
		600

MAR 19 1958

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

Re: Docket No. DMEA-3740 (Mica)
Gridstafff, Thomas, and Boone
John Conley Mine
Mitchell County, North Carolina
Contract No. Idm-E814

Dear Mr. Laurence:

I am enclosing the original and two copies of Mr. Fisher's report of royalty review dated March 18, 1958, pertaining to the subject contract.

If you concur with the findings, the original should be forwarded to the Regional Finance Officer, a copy should be retained in your files, and a copy should be sent to the landowner.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

Enclosures

CEFisher/ama
March 19, 1958

Copy to: Docket
Admr. Reading File
Helen R. Miller
Mr. Chambers

8623

DMEA Form 18
Feb. 58

DEFENSE MINERALS EXPLORATION ADMINISTRATION

ANALYSIS OF SEMIANNUAL REPORT OF CERTIFIED PROJECT

Prepare in duplicate. File original in Official Docket. Send copy

To: Statistics Branch (Code 210)

Report Period 10/22/57 - 3/2/58

From: Division of Nonmetallic Minerals

DMEA No.	Operator	Contract No.
3740	Thomas & Grindstaff	Idm-E814

ORE ESTIMATES

	Tons	Analysis	
DMEA	11 tons	@ $600	$6,600
Operator to date			
Total			
Production to date	8.2		$4,928.47
Ore in ground	2.8		

INVESTMENT

Type	Size		Feet	Cost
Shafts				
Winzes				
Drifts and Crosscuts				
Raises				
Drilling	Type			
Rehabilitation	Description			

FACILITIES

Mine Plant		
Mill		
Roads		

REMARKS

Prepared by Lawrence G. Houk Date

31398

$3,366			$4,488		$3,366	
ANALYSIS	Mica	MR				
ORE		DMEA	OPERATOR	TOTAL	PRODUCTION	AVAILABLE
MINERAL Mica		22,000 lbs		22,000	16,400	5,600

DMEA
RECEIVED NOV 6 1957
DATE | INITIALS | CODE
11/6 | gb | 220

EXPLORATION PROJECT

SEMI-ANNUAL REPORT OF CERTIFIED PROJECT

On

DMEA-3740, Idm-E814 (mica) JOHN CONLEY MINE
Mitchell County, North Carolina

Reporting Period: January 1, 1957 to July 1, 1957

Operator: Roy Grindstaff, B. G. Thomas and W. J. Boone, Ptnrs.
Route #3, Bakersville, North Carolina

This mine was visited October 22. No work had been done since the last visit.

Wm. A. Beck, Mining Engineer
Bureau of Mines

Z

SEMI-ANNUAL REPORT OF CERTIFIED PROJECT

Reporting Period: 7-1-56 to 1-1-57. Date of Examination: 4-24-57

Operators: Roy Grindstaff, B. G. Thomas and W. J. Boone, Ptnrs.
R#3, Bakersville, N.C.

Mine Name: Conley Mine. County: Mitchell. State: North Carolina

Docket No. DMEA-3740. Contract: Idm-E814. Commodity: Mica

Date of Contract: 6-10-55. Date of Certification: 4-13-56

Expiration Date of Royalty Payments: June 10, 1965

Total Amount of Contract: $4,488.00

Total Expenditures Under Contract: $4,488.00

Amount of Government Participation at 75%..$3,366.00

Royalty Payments this Period: $246.41 . Previous Royalty Paid: None

Total Royalty Paid to Date: $246.41

Government Participation Repaid XX - 7.32%. Royalty Due: None

Royalty Remarks: Mine not operating.

Original Estimate of DMEAReserves (Field TeamlFinal Report)

Indicated - 12,000 lbs.,Mine-run block mica
Inferred - 9,900 lbs mine-run block mica

Production DMEA ore (this period).

Sheet mica	104.93 lbs	$1,479.71
Hand cobbed,	10,368.00 lbs	3,448.76
Total	10,472.93 lbs	$ 4,928.47

Previous Production: None

Production to date: Same as above

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 27 1957

DATE	INITIALS	CODE
5/27	C	220
5/27	CBM	100

REMARKS: This property was visited by the writer April 24, 1957. No equipment was on the property and the shaft was full of water.

Wm. A. Beck

Wm. A. Beck, Mining Engineer
Bureau of Mines

z

Mittenhoff

GENERAL SERVICES ADMINISTRATION

FINAL SETTLEMENT

MICA PURCHASING DEPOT, SPRUCE PINE, N. C.

COPY

DATE PURCHASED: 9-7-56

ACCEPTANCE NO.: A04-251

CERTIFICATE AUTHORIZATION NO.: EPS-4-215A

LOT NO.: SP AO-251

VOUCHER NO.:

	TOTAL WGT (LBS)	LBS. - G. S.	LBS. - STAINED	LBS.-HY. STAINED	TOTAL VALUE
PROCESSED FOR PAYMENT	49.01	22.68	17.75	8.58	679.56
PROCESSED - NO PAYMENT					
THINS					
BLACK - DOTS SPOTS STAIN					
UNDERSIZED					
PROCESS - ~~GAIN~~ LOSS	.11				
TOTAL LBS. PURCHASED	29.12				

FOR USE OF CERTIFYING OFFICER

LESS: INITIAL PAYMENT - VOUCHER NO. SCH. NO. 481.69

BALANCE DUE GOVERNMENT [ ] SELLER [X] 197.87

SELLER'S NAME AND ADDRESS

Roy Grindstaff
Route 3
Bakersville, N. C.

NAME OF MINE AND LOCATION

Conley

APPROVED

(Sgd.) J. P. McKinney 9-21-56

DEPOT SUPERINTENDENT DATE

Form R4-T36, May 1956

MR 660

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DATE 4/15/57

REFERRED TO:
1. ~~Matter of~~
2.
3. 600
4.

FOR:

..... Action	..... Recommendation
..... Approval	..... Record of .....
..... Comment	..... Referring to .....
..... Conference	..... Reply for signature of .....
..... Consideration	..... Rewriting
..... Filing	..... Signature
..... Instructions	..... Suggestions
..... Investigation	..... Your information
..... Initials	
..... Mailing	
..... Previous correspondence	

REMARKS: Sales slip to be attached to DMEA-3740 - Conley Mines (See our memo dated 4/9/57)

Check (X) before the items needing attention.

AS
Initials of sender.

GPO 16—63815-1

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

April 9, 1957

Memorandum

To: Finance Officer, DMEA, Region V

From: Executive Officer, DMEA, Region V

Subject: Royalty Payment, DMEA-3740, Idm-E814, Thomas & Grindstaff, Bakersville, N. C., Conley Mine, Mitchell County, N. C.

Enclosed is a check in the amount of $33.98 for payment of royalty on sales of mica from the Conley Mine. No sales slips were submitted with the check.

Robert A. Laurence

VJL/as
cc
Mittendorft
Lynch
Files

OFFICIAL FILE COPY
RECEIVED
DATE
4/11
C
220
600

Date	Lot	Pounds	Brok. Wtg.	Selling Fee	Net
9-7-82	451	49.12	40169	19.07	[illegible]

Royalty due $33.77
$ 35.98

Make check payable to
Dakota Minerals Exploration Limited
No: 1 ☆
Robert A. Lawrence, Earth's office
DMEL
Box 10 Rt. 8
Mountain, Iowa

DMEL
Stop
Contact

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

RECEIVED
AUG - 6 1956

August 3, 1956

Memorandum

To: Finance Officer, Region V - Norris, Tennessee

From: Executive Officer, DMEA - Region V

Subject: Royalty payment - Idm-E814, DMEA-3740, Thomas & Grindstaff, Bakersville, N.C. Conley Mine, Mitchell County, N.C.

Transmitted is a bill-of-sale in the amount of $591.09, for mica sold from the subject mine, and a check for $29.55 which is 5% royalty due the Government.

Robert A. Laurence

ZM.
cc:
Lynch
Mittenderf
Shirley
Files

Copy

RECEIVED
AUG - 6 1956

GENERAL SERVICES ADMINISTRATION WARRANTY, ACCEPTANCE AND INVOICE MICA PURCHASING DEPOT, SPRUCE PINE, N. C.		DATE PURCHASED 7-11-56 ACCEPTANCE No. None
EPS-4-78A CERTIFICATE AUTHORIZATION No.	LOT No.	VOUCHER No.
RUBY NON-RUBY X	TOTAL LBS. PURHCASED	VALUE - INITIAL PAYMENT
PRELIMINARY PAYMENT	55.81	591.09
GENERAL SERVICES ADMINISTRATION		
By:	NAME OF MINE John Conley	COUNTY - STATE Mitchell N.C.
	DMEA No. 3740	Idm-E 814
	Seller: Thomas & Grindstoff	
	Address: Bakersville, N.C	
	Title: Partners	

Mr. Hardy

Copy

RECEIVED
SEP - 6 1956

GENERAL SERVICES ADMINISTRATION FINAL SETTLEMENT Mica Purchasing Depot, Spruce Pine, N. C.				Date Purchased 7-11-56 Acceptance No. AO-4 52(a)	
Certificate Authorization No. 78 A	LOT No. SP- 52(a)			VOUCHER No.	
	TOTAL Wt. Lb	Lbs-G.S	Lbs-Stained	Lbs-Hy-Stained	Total Value
Processed for Payment	55.62	26.93	17.31	11.38	800.15
No Processed Pay't					
THINS					
BLACK Dots Spots Stains					
Undersized					
Process- Gain Loss	.19				
Total Lbs Purchased	55.81				

Less: Initial Payment - Voucher No.	Sch. No.	591.09
Balance Due Government	Seller X	209.08

Seller's Name: Thomas + Grundstaff

NAME OF MINE: Conley

DMEA No. 3740 Idm-E 814

Address: Bakersville, N.C

Approved

Date:

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

RECEIVED
JUN 20 1956

June 18, 1956

Memorandum

To: Helen Miller, Ass't Administrative Officer, Region V

From: Acting Executive Officer, DMEA - Region V - Knoxville

Subject: Royalty Payment - Idm-8814, DMEA-3740, Thomas & Grindstaff (mica) Conley Mine, Certified Project

Transmitted is a bill-of-sale in the amount of $971.46, and a check for $48.57 for 5% royalty due the Government.

V. J. Lynch

LM.
ec:
Lynch
Mittenderf
Files

Copy

GENERAL SERVICES ADMINISTRATION
MICA PURCHASING DEPOT, SPRUCE PINE, N. C.

DATE: 5-25-56

Acceptance No. B04-176(a) $540 Maximum

Certificate of Authorization No. 135 B

LOT No. 176(a)

RUBY [ ] NON-RUBY [X]	TOTAL LBS.	Lbs of G.S. & Better	Lbs. Stained Mica	TOTAL VALUE
TOTAL PAYMENT	9030.00	109.94	81.75	2438.10
LESS INITIAL PAYMENT		44.00	160.00	1466.64
AMT DUE Gov [ ] SELLER [X]				971.46

DMEA-3740 IDm-E 814

Seller: Thomas & Grindstaff

MINE; Conley Mine Address Spruce Pine, N.C.

Mitchell County N.C.

RECEIVED
JUN 20 1956

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

April 30, 1956

Memorandum

To: Helen Miller, Ass't Administrative Officer, Region V

From: Acting Executive Officer, DMEA- Region V

Subject: Royalty Payment- DMEA-3740, Idm-8814, Grindstaff, Thomas and Boone- Conley Mine (mica) Mitchell County, N. C.

Transmitted is a bill-of-sale in the amount of $1466.64 and a check for 5% royalty in the amount of $73.33 to be credited to the subject contract.

V. J. Lynch

RECEIVED
MAY 2 - 1956

ZM.
Mittenedrf
Lynch
Shirley
Files

Copy

GENERAL SERVICES ADMINISTRATION
MICA PURCHASING DEPOT, SPRUCE PINE, N. C.

DATE: 3-26-56

Acceptance No. B04-176 max. $40/lon

Certificate of Authorization No. EPS-4-13513

LOT No. SPS-0 176

RUBY [ ] NON-RUBY [X]	TOTAL LBS.	Lbs of G.S. & Better	Lbs. Stained Mica	TOTAL VALUE
TOTAL PAYMENT	9030.00	44.00	160.00	1466.64
LESS INITIAL PAYMENT				
AMT DUE Gov [ ] SELLER [ ]				

DMEA- 3740 IDm-E 814

Seller: Grindstaff & Thomas

MINE; Conley Address Bakersville, N.C.

Mitchell County, N.C

APR 1 6 1956

600

Mr. Clarence A. Fredell, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration
7th and D Streets, S. W.
Washington, 25, D. C.

Re: Docket No. DMEA-3740-Mica
Roy Grindstaff, B. G. Thomas
and W. J. Boone
John Comley Mine
Mitchell County, North Carolina
Contract No. I[illegible]-E[illegible]

Dear Mr. Fredell:

I am enclosing one copy of a certification of discovery or development relating to the subject contract.

The exploration contract was signed on June 10, 1955, with the Government participation to the extent of 75 percent of $4,488.00 or $3,366.00. The project was started on July 5, 1955, and completed on December 14, 1955, after the expenditure of $4,488.00, which is the total net accepted cost according to the Audit Review. The Government paid 75 percent of the total accepted cost or $3,366.00.

The work performed on this project consisted of the construction of a toolhouse and powder and exploder magazines, 50 feet of incline and 85 feet of drifts (80 feet under contract). The incline and the drifts followed a continuous pegmatite averaging 2½ feet in thickness.

About 3,000 pounds of "mine-run" block mica was produced during the operation. The project work furnished sufficient data to calculate the following types of strategic mica reserves:

Indicated - 12,000 pounds "mine-run" block mica
Inferred - 9,900 pounds "mine-run" block mica

The DMEA is of the opinion that the project work was of definite benefit to the property and, therefore, we have certified that a discovery or development resulted from the work.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

Mr. Killgoard, 5222
Mr. Bisterich, 3061
Mr. Houk
Mr. Anderson
Admr. R. File
Certification File

FGlinkerscoins 4/3/56
Copy to: Docket
Operating Committee
Mr. Johnson
Mr. Chambers
Field Team, Region V

600

APR 16 1956

Mr. John Conley
Route #3
Bakersville, North Carolina

Re: Docket No. DMRA-3740-Mica
Roy Grindstaff, B. G. Thomas
and W. J. Boone
John Conley Mine
Mitchell County, North Carolina
Contract No. Idm-8214

Dear Mr. Conley:

Transmitted herewith for your information is a copy of the certification of discovery or development issued as a result of the exploration program under the above-referenced contract.

The property as set forth in the contract is the same property referred to in the Owner's Consent to Lien, dated May 11, 1955, and signed by John Conley of Bakersville, North Carolina.

Also enclosed is a copy of our letter to Messrs. Roy Grindstaff, B. G. Thomas and W. J. Boone.

Sincerely yours,

C. O. Mitchell

Administrator

WCAnderson:ms 4/3/56

Copy to: Docket
Operating Committee
Mr. Johnson
Mr. Chambers
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Anderson
Admr. R. File
Certification File

Enclosures: 2

DOCKET COPY
Surname:
Anderson
Houk
Chambers
Dietrich
Moore
Selfridge
Kelton
Johnson

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

600

APR 16 1956

Messrs. Roy Grindstaff, B. G. Thomas
and W. J. Boone
Route #3
Bakersville, North Carolina

Re: Docket No. DMEA-3740-Mica
Roy Grindstaff, B. G. Thomas
and W. J. Boone
John Conley Mine
Mitchell County, North Carolina
Contract No. Idm-E814

Gentlemen:

Transmitted herewith is a certification of discovery or development under Contract No. Idm-E814 on the John Conley Mine, Mitchell County, North Carolina.

By the terms of the Exploration Project Contract and of the certification, all production from the date of the Exploration Project Contract, June 10, 1955, is subject to the Government's percentage royalty as set forth in the contract until the sum of $3,366.00 is paid or until June 10, 1965, whichever occurs first.

You should continue to make royalty payments to Mr. Robert A. Laurence, Executive Officer, DMEA Field Team, Region V, Room 13, Post Office Building, Knoxville, 2, Tennessee, as you have in the past and checks should be drawn payable to the Defense Minerals Exploration Administration.

Also, royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets showing quantity and grade of ore sold, the name of the purchaser, and the price and charges certified to be correct by the purchaser.

You are requested to notify Mr. Laurence of any changes in ownership or production rights that may have any effect on the Government's right to its percentage royalty. Also, if production ceases at any time for any extended period, please notify Mr. Laurence at six-month intervals that no production has been made.

Sincerely yours,

C. O. Mitterdorf

Administrator

Enclosure

WCAnderson:ms 4/9/56
Copy to: Docket
Operating Committee
Mr. Johnson
Mr. Chambers
Field Team, Region V
Mr. Kilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Anderson
Admr. R. File
Certification File
Mr. John Conley, LAND OWNER

RCL.

DOCKET COPY
Surname:
Anderson
Houk
Robin
Chambers
Dietrich
Moto
Nelson
Selfridge
Johnson

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

APR 3 1956

Mr. John Conley
Route #3
Bakersville, North Carolina

Re: Docket No. DMEA-3740-Mica
Roy Grindstaff, B. G. Thomas
and W. J. Boone
John Conley Mine
Mitchell County, North Carolina
Contract No. Idm-2814

Dear Mr. Conley:

Transmitted herewith for your information is a copy of the certification of discovery or development issued as a result of the exploration program under the above-referenced contract.

The property as set forth in the contract is the same property referred to in the Owner's Consent to Lien, dated May 11, 1955, and signed by John Conley of Bakersville, North Carolina.

Also enclosed is a copy of our letter to Messrs. Roy Grindstaff, B. G. Thomas and W. J. Boone.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures: 2

WCAnderson:ms 4/3/56
Copy to: Docket
Operating Committee
Mr. Johnson
Mr. Chambers
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Anderson
Admr. R. File
Certification File

DOCKET COPY
Surname:
Anderson
Shark
Dwyer
Chambers
Dietrich
Moto
Nelson
Selfridge
Johnson

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

Mr. Clarence A. Fredell, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration
7th and D Streets, S. W.
Washington, 25, D. C.

APR 16 1956

Re: Docket No. DMEA-3740-Mica
Roy Grindstaff, B. G. Thomas
and W. J. Boone
John Conley Mine
Mitchell County, North Carolina
Contract No. Idm-E814

Dear Mr. Fredell:

I am enclosing one copy of a certification of discovery or development relating to the subject contract.

The exploration contract was signed on June 10, 1955, with the Government participation to the extent of 75 percent of $4,488.00 or $3,366.00. The project was started on July 5, 1955, and completed on December 14, 1955, after the expenditure of $4,488.00, which is the total net accepted cost according to the Audit Review. The Government paid 75 percent of the total accepted cost or $3,366.00.

The work performed on this project consisted of the construction of a toolhouse and powder and exploder magazines, 50 feet of incline and 85 feet of drifts(80 feet under contract). The incline and the drifts followed a continuous pegmatite averaging 2½ feet in thickness.

About 3,000 pounds of "mine-run" block mica was produced during the operation. The project work furnished sufficient data to calculate the following types of strategic mica reserves:

Indicated - 12,000 pounds "mine-run" block mica
Inferred - 9,900 pounds "mine-run" block mica

The DMEA is of the opinion that the project work was of definite benefit to the property and, therefore, we have certified that a discovery or development resulted from the work.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

Mr. Kilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Anderson
Admr. R. File
Certification File

WCAnderson:ms 4/3/56
Copy to: Docket
Operating Committee
Mr. Johnson
Mr. Chambers
Field Team, Region V

R.C.S.

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

RECEIVED
APR 13 1956

April 11, 1956

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: DMEA-3731, Idm-E815 (mica) Ed Hoskins and Fred Gage, Randolph Prospect, Mitchell County, N. C.

Reference is made to your letter of March 16 in which you requested comments on the project cost analysis by Mr. C. E. Fisher, Auditor.

Mr. Fisher's memorandum and his cost analyses have been carefully studied and the following comments are offered:

There are two factors which are largely responsible for substantial differences in the project costs. These are - (1) efficiency of the Operator and his crew, (2) type of rock.

In the specific cases mentioned in the analyses, Contract Idm-E805, Coward Mine, the Operator had both factors against him; he was an inefficient Operator, he had difficulty maintaining a full crew, and the job was in fairly hard pegmatite. The result was a project that got completely out of line as regards costs, too much so to even be comparable to other contracts on mica exploration in the district.

So far as Contracts E-814 and 815 are concerned, both contractors were good Operators and had good crews. The difference in the costs of these contracts is largely due to the type of rock they were working in. The Conley Mine, contract E 814 in hard unweathered pegmatite, while the Randolph Mine, contract E 815 was in fairly soft altered pegmatite. As a result, at the Conley Mine the cost of labor, explosives, and drill steel were much higher than in the Randolph Mine.

Taking the elements individually the analyses shows the following:

Labor: Because of the harder rock, more man-hours were required to sink the Conley shaft 50 feet than to sink the Randolph shaft 60 feet. The cost per foot for labor in the Conley was there-

fore $5.46 more than in the Randolph with a corresponding increase in OAB taxes. Some operators carry liability insurance, others do not. In these cases, the operator at the Conley did carry this insurance, while the Randolph did not. This added $1.87 per foot to the Conley labor costs making the total labor cost of the Conley $7.57 a foot higher than the Randolph. We do not think there was enough difference in the efficiency of the Operators or their crews to make any difference in labor costs.

The same reasons hold true for the labor cost per foot in the drift of both mines. The cost of labor per foot of drifting in the Conley Mine was $5.56 greater than that in the Randolph.

Timber: The only timber used in the Conley Mine were the stulls and lagging of the manway and the ladders. Round timbers cut from the nearby woods were used in the Conley, the only cost being the labor. In the Randolph the shaft was completely lagged at a cost of $2.67 per foot. No timber was used in the drifts of either mine.

Explosives and Drill Steel: Both items are higher in the Conley, both for shaft sinking and drifting. The higher costs at the Conley Mine can be accounted for by the greater hardness of the rock.

Gasoline, Oil and other Supplies: Differences in these items are hard to account for but probably much of it is due to the condition of the equipment, and how and when the various purchases are charged to the job. In some cases material purchased for shaft sinking operations are not paid for immediately and are later paid for and charged to drift work.

No check was made of inventories at the end of the projects. This would, as stated, be very interesting, but without enlarging our staff, it is impossible to obtain this kind of data.

We believe that a firm cost figure of about $250.00 per month for Operating Equipment Rental, as suggested would be better than the present method of charging one rate for rental and another for use allowance. It would be equitable in most cases, though it might work a hardship on some smaller operators who own no equipment and must rent it from the larger equipment dealers.

Robert A. Laurence,
Executive Officer, DMEA
Region V

VJL/sm
cc:
Lynch
Finance Office
Files

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

Mr. Selfridge.

Randolph Mine used 3 men throughout the exploration. One miner and 2 laborers during shaft sinking. When drifting started, one of the laborers became a hoistman and his pay was increased from $1.00 to $1.25 per hour.

Conley Mine used 3 men during shaft sinking. All were paid $1.00 per hour during shaft sinking. When drifting started a 4th man (hoistman) was added at $1.25 per hour.

Conrad Mine used 4 men throughout the exploration. Two were paid $1.35 per hour (miners). The other 2 were paid 90¢ per hour (laborer rate) or $1.10 per hour (hoistman rate).

C. E. Stokes

Cowan Mine

2 miners @	$1.35	1122.5 hrs	=	$1,515.36
1 Hoistman @	1.10	733.5 ✓	=	806.85
1 Laborer @	.90	149.5 ✓	=	134.55
		2005.5		$2,456.76

Conley Mine

2 miners @	$1.00	1,467 hrs	=	1,467.00	during period of drifting
1 hoistman @	1.25	303 ✓	=	378.75	
1 laborer @	1.00	553 ✓	=	553.00	
		2,323 ✓		2398.75	

Randolph Mine

1 miner @	$1.50	538 hrs	=	$807.00	during period of drifting
1 hoistman @	$1.25	386 ✓	=	482.50	
1 laborer @	$1.00	682 ✓	=	682.00	
		1,606 ✓		$1,971.50	

Conley Mine - DMEA 3740

Steel

July-Aug.	16 pcs. Drill Steel	$ 150.00
Sept.	1 pc. 2 ft. Steel w/1-5/8" carbide bit	20.90
"	1 pc. 4 ft. " w/1-9/16" " "	22.85
"	2 pcs. 6 ft. " w/1-1/2" " "	47.30
Oct.	2 pcs. 4 ft. " w/1-9/16" " "	45.20
	Total	$ 286.75

Invoices

12-2-55	1 pc. 4 ft. Steel w/1-9/16" carbide bit	$ 22.85
"	1 pc. 4 ft. " w/1-1/2" " "	23.65
12-8-55	2 pcs. 4 ft " w/1-9/16" 4 ft " "	45.70
"	2 pcs. 6 ft. " w/1-1/2" " " "	47.30
	Total	$ 139.50

$ 286.75
139.50
$ 426.25

Conley Mines - DMEA 3740

Powder

650#	$150.48	July - Aug.
200#	46.30	Sept.
400#	92.60	Oct. 10-19-55
400#	92.60	Oct 10-27-55
1650	381.98	

Caps

00	July Aug.	$16.50
50	July Aug.	12.00
50	Sept.	7.88
50	Sept	12.00
50	Sept.	13.00
50	Sept.	13.25
100	Oct. 10-19	25.25
100	Oct 10-19	25.75
50	Oct 10-27	8.50
50	Oct 10-27	13.37
650		147.50

Invoices

300#	11-2-55	69.45
400#	11-9-55	92.60
200#	12-2-55	42.30
500#	11-30-55	115.75
1400		320.10

50	11-2-55	8.50
50	"	12.62
50	"	12.87
50	"	13.12
50	"	13.37
50	11-9-55	12.62
50	"	12.87
50	"	13.12
50	11-20-55	13.37
450		112.46

Recap (Powder)

1650	381.98
1400	320.10
3050	702.08

Recap (caps)

650	147.50
450	112.46
1100	259.96

Recap Powder & Caps

3050	702.08
1100	259.96
4150	962.04

DOCKET COPY
Surname:
Anderson
Houk
Putnam
Johnson
Chambers

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

Messrs. Roy Grindstaff, B. G. Thomas
and W. J. Boone
Route #3
Bakersville, North Carolina

Re: Docket No. DMEA-3740-Mica
Roy Grindstaff, B. G. Thomas
and W. J. Boone
John Conley Mine
Mitchell County, North Carolina
Contract No. Idm-E814

Gentlemen:

Transmitted herewith is a certification of discovery or development under Contract No. Idm-E814 on the John Conley Mine, Mitchell County, North Carolina.

By the terms of the Exploration Project Contract and of the certification, all production from the date of the Exploration Project Contract, June 10, 1955, is subject to the Government's percentage royalty as set forth in the contract until the sum of $3,366.00 is paid or until June 10, 1965, whichever occurs first.

You should continue to make royalty payments to Mr. Robert A. Laurence, Executive Officer, DMEA Field Team, Region V, Room 13, Post Office Building, Knoxville, 2, Tennessee, as you have in the past. Checks should be drawn payable to the Defense Minerals Exploration Administration. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward check to the Executive Officer.

Royalty payments to the Government should be accompanied by suitable evidence, such as copies of settlement sheets showing quantity and grade of ore sold, the name of the purchaser, and the price and charges certified to be correct by the purchaser.

You are requested to notify Mr. Laurence of any changes in ownership or production rights that may have any effect on the Government's right to its percentage royalty. Also, if production ceases at any time for any extended period, please notify Mr. Laurence at six-month intervals that no production has been made.

Sincerely yours,

Administrator

Enclosure

WCAnderson:ms 4/3/56
Copy to: Docket
Operating Committee
Mr. Johnson
Mr. Chambers
Field Team, Region V
Mr. Kilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Anderson
Admr. R. File
Certification File
Mr. John Conley, LAND OWNER

Docket Copy
Chambers
Selfridge
Hopkins
Mitchenbergf

3-16-56

600

Mr. Robert A. Laurence
Executive Officer, DMEA
Field Team, Region V
Knoxville, 2, Tennessee

Re: Docket No. DMEA-3731-Mica
Ed Huskins and Fred Cage
Randolph Prospect
Mitchell County, North Carolina
Contract No. Idm-2515

Docket No. DMEA-3740-Mica
Ray Grimsteff, B. G. Thomas
and W. J. Boone
John Conley Mine
Mitchell County, North Carolina
Contract No. Idm-2514

Dear Mr. Laurence:

Please find herewith two copies of a memorandum from Mr. C. E. Fisher, Auditor, to Mr. Jay L. Chambers, Chief, Contract Administration and Audit Division, which sets forth a comprehensive and detailed analysis and discussion, from an auditing standpoint, of the costs incurred under the subject "actual cost" contracts.

This memorandum points out the substantial differences between the overall unit costs under these contracts, and also that some of these differences are more striking when the various elements entering into the overall costs are compared. Various factors are cited which may have contributed, in a large measure, to these differences, but it is highly probable that there are other masked factors that are better known to the examining engineer and geologist, who made periodic inspection visits while the work was in progress.

Please let us have your comments, with whatever explanations are available, for every element and factor that entered into the costs of these projects, including comments on type of work, timbering, efficiency of operator and final inventories of supplies.

In the matter of labor costs, which are slightly under 50% of the total costs, please note that the memorandum states, "the principal differences in the unit costs are explained by the very substantial variations in the hours of labor required for each foot of advance under the two contracts." These substantial variations should be readily explainable by those who were familiar with the personnel employed on each contract.

In regard to explosives, we wish you to comment on the difference between the average cost per foot of this item, under these two contracts, and the average of estimated costs of the "unit cost" contracts: E825, E832, E840, E844, E846, E848, E852, E855, E876 and E894. The average cost of explosives under these ten "unit cost" contracts is $3.02 per foot for drifting and $3.16 per foot for sinking, as compared to $6.71 per foot for drifting and $5.86 per foot for sinking under Contracts E814 and E815.

In the case of all long form contracts, inventories of the remaining small tools and supplies should be supplied this office. The inventories should be taken whether the Government's interest is to be waived or a salvage value assigned to them. It would have been enlightening to know the quantities of explosives and drill steel remaining at the end of these projects.

Please note the comments on Operating Equipment Rental. We wish to have your comments on using a firm cost figure for all "unit cost" contracts, instead of one figure for rental and another for use allowance. To be most equitable, it is thought that the firm cost figure should be about the average between the rental ($125.00 per month) and the use allowance plus repairs and maintenance ($175.00 per month) or about $150.00 per month depending upon the size and amount of equipment.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

Approved:

/s/ Robert W. Geehan (JHB)

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey (JHB)

Enclosures: 2

Hopkins:mm 3/15/46

Copy to: Docket (DMEA-3740)
Operating Committee
Mr. Chambers
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Hook
Mr. Hopkins
Admr. R. File

MAR 1 6 1956 600

Mr. Robert A. Laurence
Executive Officer, DMEA
Field Team, Region V
Knoxville, 2, Tennessee

Re: Docket No. DMEA-3731-Mica
Ed Hoskins and Fred Gage
Randolph Prospect
Mitchell County, North Carolina
Contract No. Idm-4815

Docket No. DMEA-3740-Mica
Ray Grimstaff, E. G. Thomas
and W. J. Boone
John Conley Mine
Mitchell County, North Carolina
Contract No. Idm-4814

Dear Mr. Laurence:

Please find herewith two copies of a memorandum from Mr. C. E. Fisher, Auditor, to Mr. Jay L. Chambers, Chief, Contract Administration and Audit Division, which sets forth a comprehensive and detailed analysis and discussion, from an auditing standpoint, of the costs incurred under the subject "actual cost" contracts.

This memorandum points out the substantial differences between the overall unit costs under these contracts, and also that some of these differences are more striking when the various elements entering into the overall costs are compared. Various factors are cited which may have contributed, in a large measure, to these differences, but it is highly probable that there are other unshed factors that are better known to the examining engineer and geologist, who made periodic inspection visits while the work was in progress.

Please let us have your comments, with whatever explanations are available, for every element and factor that entered into the costs of these projects, including comments on type of work, timbering, efficiency of operator and final inventories of supplies.

In the matter of labor costs, which are slightly under 50% of the total costs, please note that the memorandum states, "the principal differences in the unit costs are explained by the very substantial variations in the hours of labor required for each foot of advance under the two contracts." These substantial variations should be readily explainable by those who were familiar with the personnel employed on each contract.

In regard to explosives, we wish you to comment on the difference between the average cost per foot of this item, under these two contracts, and the average of estimated costs of ten "unit cost" contracts: I823, I832, I840, I844, I846, I848, I852, I853, I876 and I894. The average cost of explosives under these ten "unit cost" contracts is $3.02 per foot for drifting and $3.16 per foot for sinking, as compared to $6.71 per foot for drifting and $5.46 per foot for sinking under Contracts I814 and I815.

In the case of all long form contracts, inventories of the remaining small tools and supplies should be supplied this office. The inventories should be taken whether the Government's interest is to be waived or a salvage value assigned to them. It would have been enlightening to know the quantities of explosives and drill steel remaining at the end of these projects.

Please note the comments on Operating Equipment Rental. We wish to have your comments on using a firm cost figure for all "unit cost" contracts, instead of one figure for rental and another for use allowance. To be most equitable, it is thought that the firm cost figure should be about the average between the rental ($325.00 per month) and the use allowance plus repairs and maintenance ($175.00 per month) or about $250.00 per month depending upon the size and amount of equipment.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

/s/ Robert W. Geehan

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

Enclosures: 2

Mapkins:ms 3/15/56

Copy to: Bechtel
Operating Committee
Mr. Chambers
Mr. Kiilsgaard, 5222
Mr. Dietrich, 1061
Mr. Hook
Mr. Napkins
Adm. R. File

RECEIVED

MAR 14 1956

P. O. Box 217
March 12, 1956

Memorandum

To: Jay L. Chambers, Defense Minerals Exploration Administration, Interior Building, Washington 25, D. C.

From: Administrative Assistant, Electrotechnical Experiment Station, Bureau of Mines, Region V, Norris, Tennessee

Subject: Monthly report and voucher

We are enclosing two copies of the following monthly report and voucher:

Idm-E-814 Grindstaff, Thomas & Boone
Docket No. DMEA-3740
4th and final payment - months of November and December
Completion Date: 12-13-55
Amount $956.37

Helen R. Miller

Attachments
/hbm
Copies to R. A. Laurence
V. J. Lynch
Norris files
Day files

Form MF-194 (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-

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Nov. & Dec. 1955 Docket No. DMEA 3740 Contract No. K-5314

Operator's Name Roy Grindstaff, D. G. Thomas & W. J. Boone Minerals Mica

Address Route 3, Bakersville, N.C.

RECEIVED MAR 14 1956

Contract Amount, $ 4488.00 Government Participation: 75 % Amount, $ 3366.00

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:	* Approved accepted cost in accordance with audit certificate dated 2/1/56 - however, this amount is $596.89 in excess of contract - payment to contractor $956.37, which is 75% of					
Drilling	$1275.16 ($1872.05 less $596.89)					
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	1056.44	1392.33	2448.77	1006.42	1392.33	2398.75
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives	432.56	623.73	1056.29	394.11	623.73	1017.84
Pipe						
Track						
Steel & Supplies	306.21	577.73	883.94	281.21	577.73	858.94
(4) Operating Equipment:						
Rental	37.50	170.00	207.50	37.50	170.00	207.50
Purchase						
Depreciation	45.00	180.00	225.00	45.00	180.00	225.00
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.		113.00	113.00		113.00	113.00
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance	2.39	129.68	132.07	86.21	129.68	215.89
Social Security	21.56	26.37	47.93	21.60	26.37	47.97
(8) Contingencies (specify):						
TOTALS	1901.66	3212.84	5114.50	1872.05 *	3212.84	5084.89 *

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

Date 12-22-55 *Payee D. G. Thomas

Per D. G. Thomas 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:

$ 956.37

Signature Helen R. Muller
(Authorized Certifying Officer)

Date MAR 12 1956 Vou. No. 80
(See other side)

(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. E814 in accordance with the terms of the contract.

Signature Sheldon C. Bergman Title Geologist USGS Date 3/9/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature V. J. Lynch ACTING Title EXECUTIVE OFFICER DMEA REGION V Date MAR 9 1956

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
MAR 14 1956

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Nov.&Dec. 1955 Docket No. DMEA 3740 Contract No. [illegible]
Operator's Name Roy Grindstaff, B. G. Thomas & W. J. Boone 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	Ft.	1901.66	50	2707.55	60	34.24		
Crosscutting								
Raising								
Shafts				2213.95	50	44.11		
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1901.66		5021.50				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				113.00				
Total Costs		1901.66		5134.50				

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 12-22-55 Operator B. G. Thomas, et. al.

Per B. G. Thomas 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: Totals have been arranged on ~~form~~ MF-104 to agree with final audit SCB

(For Government use only)

W J Lynch
Mining Eng.
1/30/56

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

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MAR 14 1956

OPERATOR'S

Monthly Progress Report

November and December, 1955

DPEA-3740
Work Ended: 12-13-55
Idm-E 814

Work Accomplished:

We completed 50 feet of drift during November and the first part of December, encountering no particular difficulty. The drift was in vein all the way, with the vein narrowing slightly toward the end. Some small mica was recovered, and in the whole operation, a total of about 2,000# of small mica was recovered. Work was finished on December 13, 1955.

Daily Notes:

November 1 - 10: Pumped water, drilled, shot and mucked. Vein continued to narrow slightly, but looked much the same.

November 14-18 : Pumped water. Repeated drilling and shooting. Mucked out waste, and recovered some small mica.

November 21-30 : Work in drift continued in same direction, still in vein varying very little. Some mica recovered in regular operations as listed above.

December 1-2 : Pumped water, mucked. Worked on equipment. Extremely cold weather slowed progress.

December 5-13 : Repeated routine operations. Continued to recover some mica, but the vein had narrowed noticeably. By Dec. 13 the contract work had been completed.

About 2000# small mica recovered in all. //

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

March 8, 1956

Memorandum

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

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

Subject: DMEA-3740, Idm-E814-Mica. Roy Grindstaff, B. G. Thomas and W. J. Boone. John Conley Mine, Mitchell County, N. C.

Reference is made to your letter of February 27.

Indicated reserves were calculated as follows:

Strike length	92 feet
Dip length	50 feet (-60° slope)
Thickness	2 ft., average
Total pegmatite volume,	9,200 cu. ft.
Less volume removed during contract	1,990 cu. ft.
Volume of pegmatite in place above drift floor	7, 210 cu. ft.

During the project, 1990 cu. ft. of pegmatite from the shaft and drift yielded 3000 lbs. of mine-run block mica. Therefore, indicated reserve in 7,210 cu. ft. would be approximately 12,000 lbs. Assuming 5% of this at the average price of $14 (Spruce Pine Depot), would be valued at $8400.00. This, of course, makes no allowance for pillars or other losses in mining. Value of scrap and punch would be additional.

Inferred reserves were calculated thus:

Assume continuity for 10 feet down dip and 20 feet along strike beyond each end of the drift. This gives three blocks with the following dimensions-

	A	B	C	Total
Strike length, ft.	130	20	20	
Dip length ft.	10	50	50	
Average thickness	2	2	2	
Volume, cu. ft.	2600	2000	2000	6600

Assuming the same mica content as in the shaft and drift, this gives an inferred reserve of approximately 9,900 lbs of block mica, with a potential sheet value of $6,930.

To be conservative, the total indicated and inferred, 21,900 lbs. was rounded off to 20,000 lbs. Value of the potential strategic sheet mica in this would be 1000 lbs worth $14,000.

A diagrammatic section in the plane of the pegmatite is enclosed.

Robert A. Laurence

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

V. J. Lynch

V. J. Lynch, Member
Bureau of Mines

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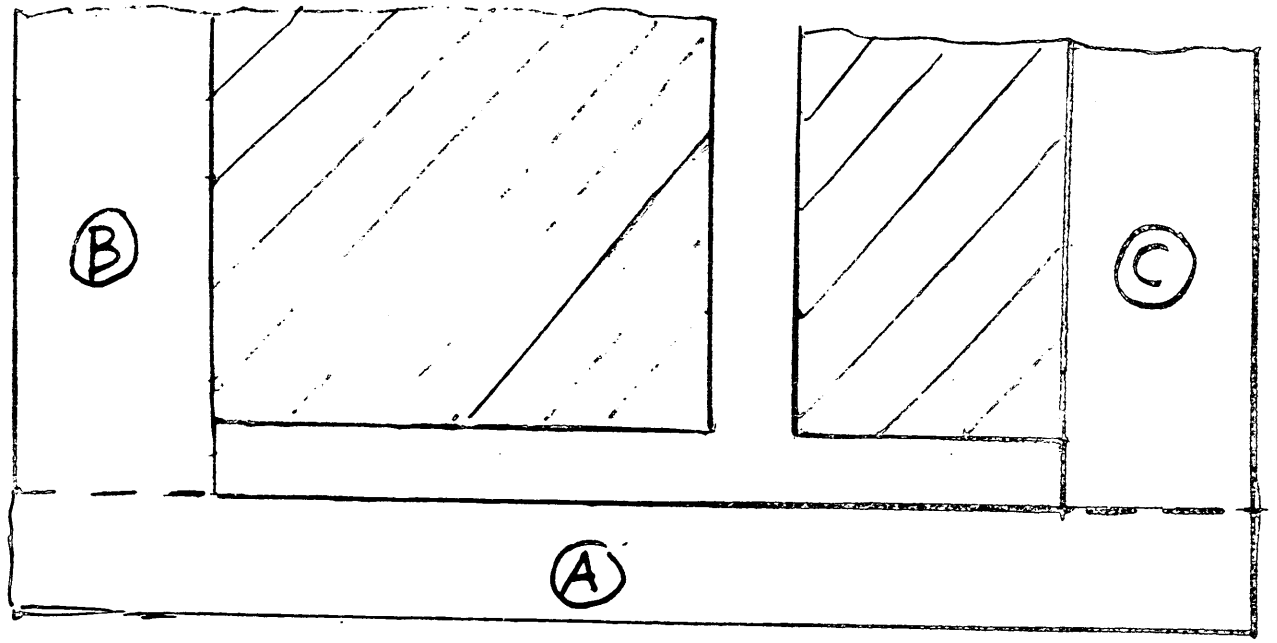
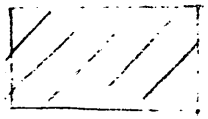
MAR 12 1958





Indicated

Inferred

1" = 40 ft.

DMEA 3740
CONLEY MINE

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 3740, Idm-E814
Roy Grindstaff, et al.
John Conley Mine
Mitchell Co., N. C.
$4,488.00 - 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 authorized the spending of $4,488.00 on the pegmatite from a pit on which a sample of good material had been obtained. The narrow 2.5- to 3-foot mica-bearing vein is continuous in the 50-foot shaft and most of the 85-foot drift. The shaft and drift were driven under contract at a cost of $3,212.84.

A reported 3,000 pounds of mine-run green strategic block was produced and royalty of $30.00 has been paid.

The examiners estimate the reserves to be 20,000 pounds of mine-run block and with the Field Team recommend certification of the property.

I concur with that recommendation.

N. E. Nelson

N. E. Nelson

DOCKET COPY
Surname:
Anderson
Houk
Selfridge
Johnson
Mattendorf

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

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

FEB 27 1956

Re: Docket No. DMEA-3740-Mica
Roy Grindstaff, B. G. Thomas
and W. J. Boone
John Conley Mine
Mitchell County, North Carolina
Contract No. Idm-E814

Dear Mr. Laurence:

Reference is made to the Final Field Team Report and the recommendation for a certification of discovery on the subject contract.

The Report states "Indicated reserves up-dip and to the NE from the drift are fair, while the inferred reserves down-dip are good. A conservative estimate of reserves is about 20,000 pounds of 'mine-run' block." We would like to know how the examining engineers arrived at their estimate. We would appreciate having their estimate of the indicated and inferred reserves separately. Also the value of the mica reserves should be estimated. A section in the plane of the pegmatite showing the block below the drift and the block above the drift would be helpful.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Approved:

/s/ Robert W. Geehan
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

WCAnderson:ms 2/20/56
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Anderson

RCK

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

February 27, 1956

Memorandum

To: Mr. Jay L. Chambers, Chief
Contract Administration and Audit Division

From: C. E. Fisher, Auditor

Subject: Analysis of costs under contracts for exploration for mica.

Cost audits have been made and audit reports issued pertaining to the following "actual cost" contracts covering exploration for mica in the State of North Carolina:

Mine	DMEA	Contractor	Mine	Type of Audit
1805	3720	White, White and Morris	Conard	Interim
1814	3740	Grindstaff, Thomas and Deane	Conley	Final
1815	3731	Hawkins and Gage	Randolph	Final

From the information developed during these audits, determinations have been made of average unit costs per foot of shaft work accomplished and per foot of advance by drifting and/or cross-cutting. Also hours of labor per foot of such work accomplished and average labor costs per hour, including OAE taxes and employer's liability insurance, have been determined for each contract as shown in the following tabulation:

	White	Grindstaff	Hawkins	Hawkins	Hawkins
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average Costs per foot					
Labor	$76.77	$20.82	$15.36	$26.47	$13.12
OAE taxes	1.04	.12	.18	.14	.36
Liability Insurance	-0-	1.87	-0-	1.53	-0-
Total labor costs	$77.81	$22.31	$15.54	$28.14	$13.48
Material & Supplies:					
Timber	$ -0-	$ -0-	$ 2.87	$ -0-	$ -0-
Explosives	7.55	6.32	5.48	8.17	4.46
Drill steel	6.27	4.82	2.49	2.32	.19
Gasoline and oil	6.53	1.78	1.97	1.17	1.73
Other supplies	5.84	2.28	.77	.48	1.58
Total Mat. & Sup.	$26.19	$15.21	$13.78	$13.14	$ 8.15

	Shafts			Drifts	
	R803	R814	R815	R814	R815
Operating Equipment:					
Rental	$28.44	$ 2.40	$ 9.67	$ 1.09	$ 7.25
Depreciation	-0-	2.40	-0-	1.31	-0-
Total Oper. Equip.	$28.44	$ 4.80	$ 9.67	$ 2.40	$ 7.25
Totals	$132.54	$43.12	$38.91	$35.20	$28.68
Man/hours per foot of advance	62.67	20.82	12.76	16.03	10.50
Average costs per man/hour					
Labor	$ 1.24	$ 1.11	$ 1.22	$ 1.18	$ 1.36
Mat. & Sup.	.42	.73	1.07	.87	.78
Equipment	.45	.23	.76	.15	.69
Total	$ 2.11	$ 2.07	$ 3.05	$ 2.20	$ 2.73

Total accepted costs disclosed by the interim audit of contract Ldm-R803 amounted to $4,407.51 with the Government's proportion on a 75 percent basis being $3,305.63. These amounts were within $532.49 and $399.37, respectively, of total costs and Government participation contemplated by the contract. The remaining work under the contract terms amounted to 8 feet of winze sinking and 80 feet of drifting. The remaining funds are obviously inadequate to complete the contract. The unit costs developed under this contract are so far out of line as to be of little or no value in any analysis to determine what may be fair and reasonable unit costs of shaft sinking and drifting in connection with mica exploration projects in North Carolina.

Contracts R814 and R815 have been completed and the costs appear to be somewhat in line with what may be considered fair and reasonable. It is noted that there are substantial differences between the over-all unit costs under these contracts and that some of the differences are more striking when the various elements entering into the over-all costs are compared. It is possible that these differences may be explained to a large extent by such factors as operating conditions, such as type of ground, or by the efficiency and skill of the operators. These matters are not deemed to be proper for discussion by the auditor and this report will deal with a consideration of the various elements included in costs from an auditing standpoint.

The total accepted costs under R814 were approximately 12.5 percent in excess of the amount provided by the contract and such excess has been disallowed in computing the Government's contribution to the cost. In contrast, the total accepted costs under R815 were approximately 15.5 percent less than the amount allowed as the estimated total cost of the project.

Discussion of the various elements included in the unit costs follows:

Labor

Both contracts provided for maximum wages as follows:

Miners	$1.50
Hoistmen	1.25
Laborers	1.00

The Operator under E814 paid its employees at the rate of $1.00 per hour, except when a hoistman was used in connection with the drifting operations, he was paid $1.25 per hour; whereas, the Operator under E815 paid its employees the maximum rates provided by the contract.

OAB taxes

These amount to 2 percent of wages paid. One of the partners under E815 worked on that project and the OAB tax was not applied as a cost of the project in connection with his wages.

Liability insurance

Both contracts provided that employer's liability insurance premiums would be an allowable cost of the project. Such insurance was not carried in connection with E815, but amounted to 9 percent of the wages paid under E814.

Total labor costs
Hours per foot of advance
Average labor costs per hour

The total labor costs per foot of shaft sinking or drifting was approximately 50 percent higher under E814 than under E815, although the average per hour cost under the latter contract was slightly higher than under E814. The principal differences in the unit costs are explained by the very substantial variations in the hours of labor required for each foot of advance under the two contracts. This is not a matter for accounting interpretation but interposes a question to be answered by the inspecting engineer who may be in possession of information indicating reasons for such discrepancies.

Timber

There were no costs for timber claimed in connection with E814 although the contract provides, "The inclined shaft, and the drifts and/or crosscuts shall be timbered as necessary." The reason for omission of charge for timber was not ascertained during the audit.

All lumber purchased under E815 was procured during the shaft sinking operations and was charged to that operation. It is possible that some portion of the timber cost under this contract was applicable to the drifting costs.

Explosives
Drill steel

The unit costs under E614 are substantially in excess of those under E615 for these items. It was noted that both operators purchased these supplies at about the same time and at similar prices. Thus the differences are due primarily to differences in quantities used for each foot of advance. The explanation of the difference in cost experience would appear to relate to such factors as type of rock in the two projects or the relative efficiency of the operators.

Sampling and sil
Other sampling

No comments.

Operating equipment

Both contracts provided allowable maximum charges for use of operating equipment and the maximum allowable amount was claimed in each instance. The amount under E614 was $432.50 for sinking 50 feet of 2-compartment inclined shaft and 80 feet of drifts and/or crosscuts. The allowance under E615 was $1,160.00 for sinking a 60 foot 2-compartment shaft and 80 feet of drifts. Thus the allowance under E615 was $727.50 greater than the allowance under E614 whereas the additional work consisted only of 10 feet of 2-compartment shaft. As a result, the claimed and accepted unit costs under E615 were more than twice those under E614.

Similar equipment was used in both projects. The difference in the allowed costs was due primarily to the contract provisions which made substantially higher allowances for use of equipment rented from other parties over the depreciation allowance for similar equipment owned by the Operator. All of the equipment used in connection with E615 was rented by the Operator, whereas, the Operator under E614 received a depreciation allowance for a compressor, drill and hoist owned by the Operator and rental allowance only in connection with a jackleg and pump.

It would seem that, in computing a fair unit cost, any allowance for use of equipment should be based on the type of equipment used and the period during which it is needed rather than upon who may happen to be the owner of the equipment. This is especially true with respect to those mine exploration projects where the items of required equipment are very well established and where the equipment is apt to be rented from a partner in the project or from a near relative.

In the case of E615 the equipment rental accounted for approximately 25 percent of the accepted costs, whereas, under E614 the charge for use of equipment was slightly less than 10 percent of the costs. Mr. Sam Phillips and Mr. John Phillips were partners with the Operators under E615. This partnership was known as Randolph Mining Company whose sole activity was the exploration under this contract. The equipment used in the exploration was rented from Cecil Phillips.

The jacking and pump rented and used in 1954 were owned by Mr. B. G. Thomas, one of the partners under that contract.

SIGNED

C. E. Fisher, Auditor

CEFisher/vb
February 27, 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM POST OFFICE BUILDING
KNOXVILLE, 2, TENNESSEE

COPY

February 17, 1956

Memorandum

To: Helen Miller, Ass't Admin. Officer, Region V

From: Executive Officer, DMEA - REGION V - Knoxville

Subject: Royalty payments - DMEA Projects Region V

Transmitted are sale vouchers and checks on the following:

Idm-E840, DMEA-3799, J.R. Beam, sale $296.28, Royalty check $14.81

Idm-E814, DMEA-3740, Grindstaff, Thomas & Boone, sale $410.67, Check $20.53.

Robert A. Laurence

ZM.
cc:
Mittendorf
Lynch
Files
Shirley

copied by ms 2/20/56

Copy

GENERAL SERVICES ADMINISTRATION
MICA PURCHASING DEPOT, SPRUCE PINE, N. C.

DATE: 2-3-56

Acceptance No. 126(a)

Certificate of Authorization No. EPS-4-135B

LOT No. 126(a)

RUBY [ ] NON-RUBY [X]

	TOTAL LBS.	Lbs of G.S. & Better	Lbs. Stained Mica	TOTAL VALUE
TOTAL PAYMENT	1335.00	30.32	10.00	1010.66
LESS INITIAL PAYMENT		18.00	15.00	599.99
AMT DUE Gov [ ] SELLER [X]				410.67

DMEA-3740 IDm-E 814

C/o B.G. Thomas

Seller: Thomas & Grundstaff

MINE; Conley

Address Spruce Pine, N.C

Mitchell County, N.C

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

RECEIVED
JAN 26 1956

January 26, 1956

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA - 3740 (mica)

Applicant: Grindstaff, McKinney, Boone

Name and Location of Property: John Conley Mine, Mitchell Co. N. C.

Contract Number: Idm-E 814

Date of Field Team Report: 12/30/55

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 1/23/56

Field Team Recommendation: Recommend certification of discovery.

Comments:

1. About 3,000 pounds of "mine run" block green mica was produced during exploration.

2. Reserves are estimated at 20,000 pounds of "mine run" block mica.

3. Expenditures -

Total approved	$4,488.00
Total cost	3,212.84
Gov't. share of the cost	2,409.63
Value of production during operation	Unknown

Recommendation:

I concur with the field team's recommendation for certification of discovery.

W. F. Dietrich

W. F. Dietrich

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

January 11, 1956

Memorandum

To: Miss Curtin, Statistics and Control Division, DMEA

From: Hazel Berry, Operating Committee, DMEA

Subject: Amendments to Contracts

Attached are the following docket copies of amendments to contracts which have been reviewed and approved by the Commodity Divisions, Contract Administration and Audit Division, and the Legal Division. The official dockets are also attached.

Roy Grindstaff, et al., DMEA-3740, Idm-E814, Amendment No. 1.

T. B. Vance, DMEA-3813, Idm-E835, Amendment No. 1.

C. R. Phillips, DMEA-3816, Idm-E844, Amendment No. 1.

Attachments-3

Docket Copy
Surname:
Anderson
Houk
Talbert
Selfridge
Fishman
Mitchenoy

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

JAN 10 1956

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

Subject: Docket No. DMEA-3740 - Mica
Roy Grindstaff, B. G. Thomas,
and W. J. Boone
John Conley Mine
Mitchell County, North Carolina
Contract No. Idm-3814

Dear Mr. Laurence:

Reference is made to the Field Team Interim Report on inspection at the subject mine on December 14, 1955.

We note that the work has been completed in accordance with the terms of this long form contract, and that the Operators estimate that about 3,000 pounds of "mine-run" block mica was produced during the life of the contract. It is noted that sales of mica to the depot have been made and no royalty paid. You should withhold payment of the monthly voucher until the Operators pay the royalty due. The royalty is due in the month the sale is made or final settlement from the General Services Administration is received.

Special reference is made to the last sentence of the interim report. Certification is based on the work done under the contract and not on possible continued work done at the Operators' expense. It will be appreciated if you will not await the results of the Operators' own work to make a determination as to certification.

In connection with the Field Team Final Report we wish to suggest that the Operators' Final Report not be waived. It is important that we have the Operators' evaluation of work accomplished which should include ore reserve estimate and information on total production, yield and mica on hand.

Sincerely yours,

Approved:

/s/ Robert W. Geehan (GHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (GHB)
Member, Geological Survey

George C. Selfridge (GHB)
Chairman, Operating Committee

WCAnderson:gad 1/6/56
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Anderson

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

January 5, 1956

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: Final Reports - DMEA-3740, Idm-E814 (mica)
Roy Grindstaff, B. G. Thomas and W. J. Boone
John Conley Mine, Mitchell County, N. C.

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

We recommend certification of discovery.

The Operator's final voucher has been received, but is being held for final audit, and will be forwarded for payment as soon as it is approved by Mr. Fisher.

Robert A. Laurence

Robert A. Laurence,
Executive Officer, DMEA
Region V

V. J. Lynch

V. J. Lynch, Member
Bureau of Mines

RECEIVED
JAN 9 1956

Spruce Pine, North Carolina
December 27, 1955

Mr. Robert A. Laurence, Executive Officer
D. M. E. A., Region V
Room 13, Post Office Building
Knoxville, Tennessee

Re: DMEA-3740, Idm-E 814 (Mica)
Conley Mine, Mitchell Co.
Final Report

Dear Mr. Laurence:

Work began on the above contract in July, and was completed on December 13, 1955: We moved in equipment, constructed toolhouse and magazines and moved in necessary supplies. We sank a two-compartment incline shaft to a depth of fifty feet, in vein material all the way, which ranged in width from 8" to 28". We recovered several bags of small mica from the shaft, most of which was not of commercial value.

From the 50' depth we drifted a distance of 80', all this distance in vein; beginning with about 16" of vein and narrowing slightly all through the drift. We recovered small mica throughout the drift, recovering in the entire operation about 2000#. We encountered water throughout the operation. No major difficulty was found, but operation was slow. Vein material was hard, and required drilling and shooting all the way. Weather was extremely cold.

Work was completed on the contract on December 13. Three to five men worked during the contract period.

We wish to thank the field team for their assistance on the Conley project. If further information is necessary, please contact me.

Very truly yours,

B. G. Thomas

B. G. Thomas

RECEIVED
JAN 9 1956

Lost for covering memo.
H B.

B/b

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FINAL REPORT

FIELD TEAM, REGION V

On

DMEA-3740, JOHN CONLEY MINE (mica)
Mitchell County, N. C.

Reviewed by
DMEA OPERATING COMMITTEE
1-18-56
(date)

By

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

and

S. C. Bergman and A. R. Taylor, Geologists
U. S. Geological Survey

RECEIVED
JAN 9 1956

December 30, 1955

EXPLORATION PROJECT CONTRACT

FINAL REPORT

On

DMEA-3740, Idm-E814, JOHN CONLEY MINE (mica)

Operators: Roy Grindstaff, B. G. Thomas, and W. J. Boone
Route 3, Bakersville, North Carolina

Location: On the west side of Burns Mountain at the head of Silvers Hollow, 2.8 airline miles due south of Bakersville, Mitchell County, North Carolina

Work consisting of 85 ft of drift (80 ft under contract) and 50 of inclined shaft was completed by December 14, 1955. About 3,000 pounds of "mine-run" block green mica was produced under contract in a pegmatite which averaged 2.5 ft in thickness. The operators probably will continue mining. The field examiners recommend certification on the quantity and fairly good quality of strategic mica.

A 50 ft, compartmented, inclined shaft was driven southeast following the dip of a 2.5 ft pegmatite. The incline is on a -60° slope. From the shaft bottom a drift was driven along the strike of the pegmatite 33 ft N. 70° E. and 52 ft S. 70° W.

A pinching and swelling pegmatite exposed at the surface is about 1 to 3 ft thick over a strike length of 30 ft. It is a coarse-grained, na-feldspar, smoky quartz, muscovite, pegmatite with some sericite and garnet.

The pegmatite is continuous down-dip and along strike. It strikes N. 65° E. and dips 55-60° SE. Abundant green mica was produced by exploration, and the overhead and bottom of the drifts still contain much mica that could be mined.

The pegmatite maintained an average thickness of 2.5 ft in the drift except at the 27-ft point in the N. 70° E. heading, where it divided into a 6" thick, bare quartz-feldspar zone, and a 1 ft zone with small mica.

The best quality and most abundant mica was produced in the S. 70° W. drift where 6 in. wide and 1-2 in. thick exist in the overhead and floor.

A reported 3,000 lbs. of "mine-run" block green strategic mica was produced under contract. It is generally flat "A", green, and unstained.

The work was performed in a satisfactory manner. No equipment was purchased.

The field examiners recommend certification. Indicated reserves up-dip and to the NE from the drift are fair, while the inferred reserves downdip from the S. 70° W. drift are good. The operators may continue work in the SW direction and extend the shaft to drift from a lower level. A conservative estimate of reserves is about 20,000 lbs. of "mine-run" block.

Expenditures:

(a)	Total approved	$4,488.00
(b)	Total cost of project	3,212.84
(c)	Government's share of cost	2,409.63
(d)	Government's share unexpended	956.37
(e)	Royalty paid to date	30.00

December 30, 1955

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

and

S. C. Bergman and A. R. Taylor, Geologists
U. S. Geological Survey

RECEIVED
DEC 27 1955

INTERIM REPORT

DMEA-3740, Idm-E814 (mica) JOHN CONLEY MINE

OPERATOR: Roy Grindstaff, B. G. Thomas, and W. J. Boone, Route 3, Bakersville, N. C.

LOCATION: On the west side of Burns Mountain and at the head of Silvers Hollow, 2.8 airline miles due south of Bakersville, Mitchell County, N. C.

This contract has been completed in accordance with terms of the contract agreement. The Field Examiners are of the opinion that this pegmatite has been explored adequately and that no additional exploration with government participation is warranted.

Work completed consisted of sinking an inclined shaft to a total depth of 50 feet following the dip of the pegmatite on a 60° slope, and driving 85 feet of drifts from the shaft bottom (5 feet was at the operator's own expense). The shaft was timbered at the collar, and a separated manway with ladders was installed. No timber was required in the drift.

Pegmatite was continuous in all work completed but thinned and thickened along the strike and down dip. The average thickness of the body was about 2.5 feet and was rich in small sizes of muscovite mica throughout. The operator estimated that about 3,000 pounds of "mine-run" block was produced during the life of the contract. Some of the mica was sold in the block form to the GSA Depot, and initial payment was made to the operator. No final settlement on this mica had been made at the time of this visit, and the operator did not indicate when the remainder of mica on hand would be sold.

This project was conducted satisfactorily and efficiently. The operator indicated the possibility of continuing the incline to a deeper depth and benching or level work along the strike from this depth. Final production figures, sales, and possible continued work might be a basis for recommendation of certification of this contract.

L. E. Shirley

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

SCB

S. C. Bergman and A. R. Taylor, Geologists
U. S. Geological Survey

December 14, 1955

Worksheet - Cost of project

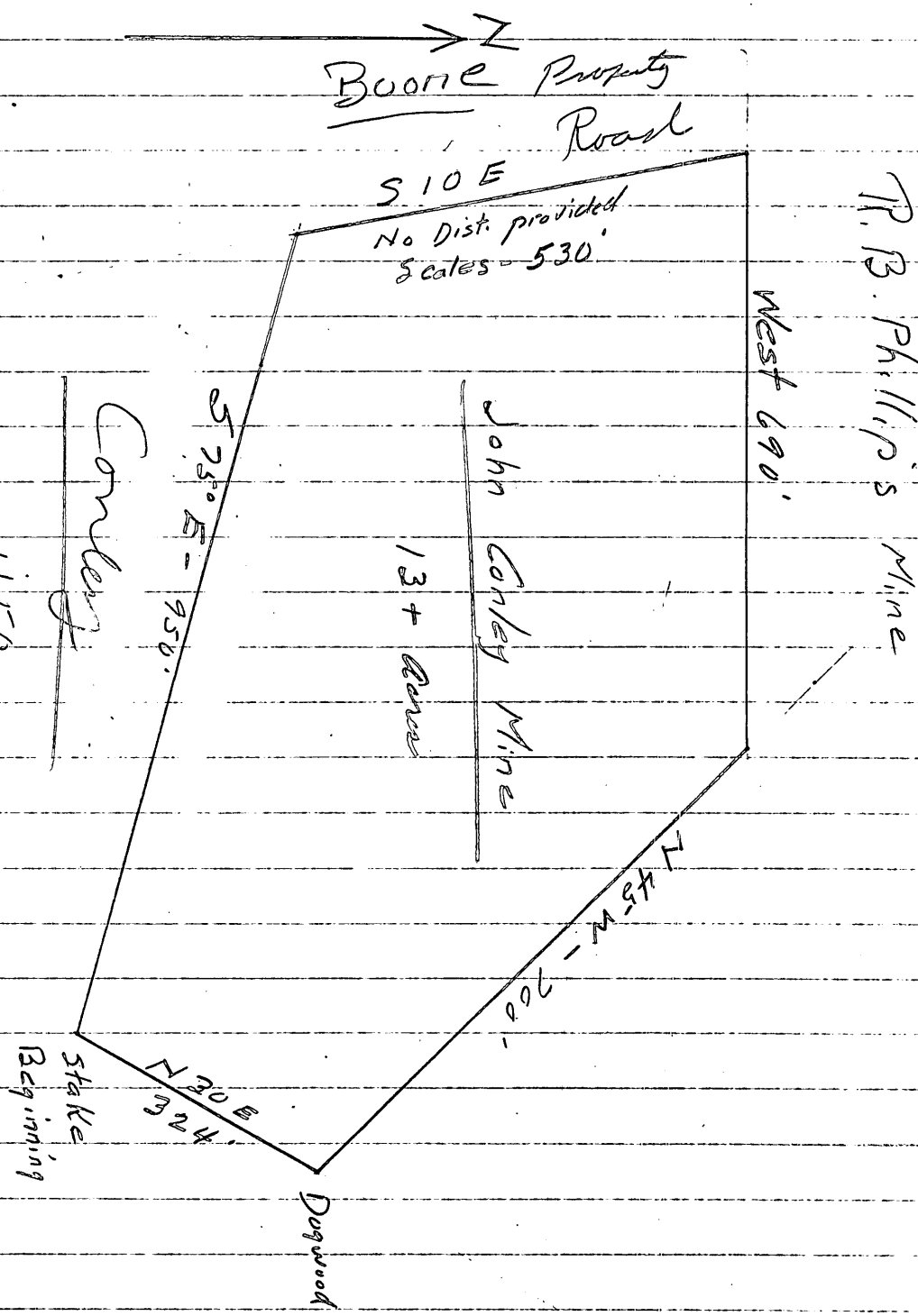
Roy Brindoff, et al. Denver - 3740

Category (2) Personal Services

(c) Labor (Includes liability and Social Security)

Shaft - 1 miner @ $1.50	420.00	
1 Hoisterman @ $1.25	350.00	
1 Laborer @ $1.00	280.00	
Drift - 1 miner @ 1.50	480.00	
1 hoisterman @ 1.25	400.00	
2 laborers @ $1.00	640.00	
Insurance & Social Sec.	180.00	
Total Cat. (2)		2,750.00
Category (3) Operating material & supplies		1,000.00
Category (4) (a) Use allowance		
Compressor, tools and drill @ $60/mo.		225.00
Rental pumps @ $50/mo.		187.50
Jack-leg @ $10/mo		20.00
Category (6) New Buildings etc.		
Tool house, powder mag & explosive mag.		113.00
Category (7) Miscellaneous		192.50
		4,488.00

John Conley Mine



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

December 15, 1955

Memorandum

To: Administrator

From: Nonmetallic Minerals Division

Subject: Amendment No. 1 - Docket No. DMEA-3740 - Mica
Roy Grindstaff, B. G. Thomas
and W. J. Boone
John Conley Mine
Mitchell County, North Carolina
Contract No. Idm-E814

The Nonmetallic Minerals Division concurs in Amendment No. 1 to the subject contract as written and executed in the field. This amendment extends the completion date from November 25, 1955, to January 10, 1956.

Amendment No. 1 is necessary because the Operators were unable to finish the project in the specified time and it is in the Government's interest to complete this exploration contract.

Walter C. Anderson
Walter C. Anderson
Nonmetallic Minerals Division

INTERIM REPORT

RECEIVED
DEC 15 1955

DMEA-3740, Idm-E814 (mica) JOHN CONLEY MINE

OPERATOR: Roy Grindstaff, B. G. Thomas, and W. J. Boone
Route #3, Bakersville, N. C.

LOCATION: On the west side of Burns Mountain and at the head of Silvers Hollow, 2.8 airline miles due south of Bakersville, Mitchell County, N. C.

Drifting continues on this contract and now totals 64 feet. Thirty-three feet have been driven N70°E, and the present face shows 2½ feet of pegmatite which thins to about 12 inches in the roof area and contains very little mica. Thirty-one feet have been driven S70°W from the incline bottom and has followed pegmatite which now has a thickness of about 3 feet, appears to thicken in the floor area, and contains considerable small mica. The operator was advised to drive remaining footage to the southwest.

Progress on this contract is satisfactory.

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

S. C. Bergman and A. R. Taylor, Geologists
U. S. Geological Survey

November 30, 1955

INTERIM REPORT

DMEA-3740, Idm-E814 (mica) JOHN CONLEY MINE

OPERATOR: Roy Grindstaff, B. G. Thomas, and W. J. Boone, Route #3, Bakersville, N. C.

LOCATION: On the west side of Burns Mountain and at the head of Silvers Hollow, 2.8 airline miles due South of Bakersville, Mitchell County, N. C.

Drifting continues on this contract and now totals 47.5 feet; 27 feet have been driven to the northeast, and 20.5 feet have been driven to the southwest. In the northeast heading a continuous but narrow bulge in the pegmatite has developed in the roof and on the northwest side of the drift and is separated from a discontinuous quartz stringer about 6 inches thick now in the middle of the face. In the southwest heading, the pegmatite is about 2.5 feet thick and is composed of quartz, feldspar, and is rich in small muscovite mica. The operator was instructed to emphasize drifting to the southwest, but to also continue the work to the northeast. Progress on this contract is satisfactory.

L. E. Shirley

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

RECEIVED
NOV 25 1955

S. C. Bergman

S. C. Bergman and A. R. Taylor, Geologists
U. S. Geological Survey

November 16, 1955

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

November 10, 1955

Memorandum

To: Helen Miller, Ass't Administrative Officer, Region V

From: Acting Executive Officer, DMEA - Region V - Knoxville

Subject: Royalty payment on - Idm-E814, DMEA-374O, Thomas & Grindstaff Conley Mine, Mitchell County, North Carolina

Transmitted is a bill-of-sale in the amount of $599.99, and a check for 5% royalty on the sale in the amount of $30.00 to be credited to the subject contract.

V. J. Lynch,

RECEIVED
NOV 14 1955

ZM.
cc:
Mittendorf
Lynch
Shirley
Files

Copy

GENERAL SERVICES ADMINISTRATION
MICA PURCHASING DEPOT, SPRUCE PINE, N.C.

DATE 9-15-55

ACCEPTANCE B04-126

Certificate Authorization No. 135-B

LOT NO. JPB-126

RUBY ☐ NON-RUBY ☒	TOTAL LBS'	LBS. of G. S. & Better	LBS. STAINED Mica	TOTAL VALUE
TOTAL PAYMENT				
LESS INITIAL PAYMENT	1335.00	18.00	15.00	599.99
AMT. DUE GOV. ☐ SELLER ☐				

DMEA-3740,
Dam.E-814.

MINE Conley
Mitchell County, N.C.

Seller: Thomas & Grundstaff

Address Spruce Pine,
North Carolina

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 NO.

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October 1955 Docket No. DMEA 3740 Contract No. Idn-E 814

Operator's Name Roy Grindstaff, B. G. Thomas & W. J. Boone Minerals Mica

Address Route 3, Bakersville, N. C.

Contract Amount, $ 4488.00 Government Participation: 75% Amount, $ 3366.00

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						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	493.63	898.70	1392.33			
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives	303.77	319.96	623.73			
Pipe						
Track						
Steel & Supplies	137.13	440.60	577.73	201.46		
(4) Operating Equipment:						
Rental	60.00	120.00	180.00	50.00		
Purchase						
Depreciation	60.00	120.00	180.00	350.00		
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.		113.00	113.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance	45.33	84.35	129.68			
Social Security Tax	10.07	16.30	26.37	56.05		
(8) Contingencies (specify):						
			3122.84			
TOTALS	~~1109.93~~	~~2112.91~~	~~3222.84~~	1099.93 ~~1109.93~~	2112.91	3222.84

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

Date 11-9-55 *Payee B. G. Thomas

Per B. G. Thomas 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:

$ 824.95 ~~832.45~~

Signature Helen R. Miller (Authorized Certifying Officer)

Date NOV 17 1955 Vou. No. 911

(See other side)

3

1109.93

(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. 814 in accordance with the terms of the contract.

Signature V. J. Lynch Title Mining Eng. Date 11/14/55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Vanderwalker Title EXECUTIVE OFFICER DMEA REGION V Date NOV 14 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

RECEIVED
NOV 21 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October 195 5 Docket No. DMEA 3740 Contract No. Idm-E 814

Operator's Name Roy Grindstaff, B. G. Thomas and W. J. Boone 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
30' Drifting	Ft.	~~895.89~~	30	~~895.89~~	30	~~29.86~~		
Crosscutting		885.89		885.89		29.53		
5' Raising								
Shafts	Ft.	214.04	5	2213.95	50	44.11		
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		~~1109.93~~ 1099.93		~~3109.84~~ 3099.84				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc				113.00 3212.84				
Total Costs		~~1109.93~~		~~3222.84~~				

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 11-9-55 Operator Roy Grindstaff, B. G. Thomas and W. J. Boone

Per B. G. Thomas 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)

V. J. Lepuch
Mining Eng.
Bureau of Mines

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

OPERATOR'S

Monthly Progress Report

October, 1955

DMEA-3740

Idm-8814

Work Accomplished:

Satisfactory progress has been made during October. Five feet of shaft was completed, and thirty feet of drift. The pegmatite is now 12-16" wide, and has a little mica in it. We have recovered about 400# of very small mica, of no commercial value, and several bags of small mica that may be sold.

Daily Notes:

October 3 - 7: Pumped water, drilled, shot and mucked. Completed the 50' of shaft as called for in the contract.

October 10 - 14 : Began drift from 50' level, drilling and shooting in vein. Mucked and pumped water.

October 17 - 21 : Continued in same direction with drift, picking up some mica, part of which is fair quality small size. Repeated operations as above.

October 24 - 31 : Pumped water. Drilled and shot. Vein narrowed to about 16". Continued to recover some mica. Mucked out waste.

P. O. Box 217
November 17, 1955

Mr. B. G. Thomas
Route 3
Bakersville, North Carolina

Reference: Grindstaff, Thomas and Boone Contract
Idm-F-814
DMEA-3740

Dear Mr. Thomas:

Reference is made to your MF-104 voucher covering the month of October 1955.

Adjustment in the amount of $10.00 has been made on "Rental of Operating Equipment". Your voucher claims the amount of $60.00 under this category, however, the contract calls for rental as follows:

1 jacklet at $10.00/mo.	$20.00
1 Pump at $50.00/mo.	187.50

The contract states that rental of operating equipment "the number of each object to be rented, the rate of rental, and the total of this subcategory are maximum", and to date a total of $20.00 has been allowed on your July-August and September vouchers for the jacklet.

Changes should be made as follows on your monthly report and voucher:

Monthly total	$1099.93
Totals previously reported	2112.91
Totals to date	3212.84

Sincerely,

Helen R. Miller
Administrative Assistant

/hbm
Copies to J. L. Chambers
V. J. Lynch
R. A. Laurence
Morris files

INTERIM REPORT

DMEA-3740, Idm-E814 (mica) JOHN CONLEY MINE

OPERATOR: Roy Grindstaff, B. G. Thomas, and W. J. Boone,
Route #3, Bakersville, North Carolina

LOCATION: On the west side of Burns Mountain and at the head of Silvers Hollow, 2.8 airline miles due south of Bakersville, Mitchell County, North Carolina

Drifting continues on this contract and now totals 32.5 feet; 18.5 feet have been driven N65°E, and 14 feet have been driven S65°W. The body is about 2.5 feet thick in the northeast drift face and contains added mica. On the southwest end the body is about 2 feet thick and larger blocks of mica have been recovered in last work. The pegmatite is composed of quartz, feldspar, and small to medium sized blocks of muscovite mica. The operator was advised to continue driving both headings until another visit can be made.

Timbering has been completed. A separated manway with permanent ladders has been installed from the collar to the shaft bottom. The operator was advised to scale the roof areas before doing any additional drilling.

L. E. Shirley

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

RECEIVED
NOV 14 1955

K. H. Teague S. C. Bergman A. R. Taylor

K. H. Teague, S. C. Bergman, and A. R. Taylor
Geologists
U. S. Geological Survey

November 2, 1955

RECEIVED
OCT 28 1955

INTERIM REPORT

DMEA-3740, Idm-E814 (mica) JOHN CONLEY MINE

OPERATOR: Roy Grindstaff, B. G. Thomas, and W. J. Boone, Route #3, Bakersville, N. C.

LOCATION: On the west side of Burns Mountain and at the head of Silvers Hollow, 2.8 airline miles due south of Bakersville, Mitchel Co., N.C.

Inclined shaft sinking has been completed on this contract, turn-off has been made from the shaft bottom, and drifting is in progress. The operator was advised to continue drifting until another visit can be made. The shaft was sunk to a total depth of 50 feet following the inclination of the pegmatite, which remained fairly constant. Upon completion of the shaft, turnoff was made to the northeast and southwest; 10 feet was driven N60°E following a body 12 to 14 inches thick, and 5 feet was driven S60°W following the same body which is 3.5 feet thick at this point. The pegmatite is very rich in small to medium-sized blocks of mustovite mica, and is composed of varying amounts of feldspar and mica. The operator was instructed to emphasize drifting on the thicker portion of the body, but to conduct drifting on both ends.

The examiners were assured that necessary timber work, which has been delayed because of sinking operations, would be completed within the next two weeks. The necessity for scaling both hanging wall and foot wall was pointed out to the operator. Progress on this contract is satisfactory.

L. E. Shirley

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

K. H. Teague

K. H. Teague, S. C. Bergman, and A. R. Taylor
Geologists, U. S. Geological Survey

October 19, 1955

Mr Thomas
Mr Anderson

P. O. Box 217
October 21, 1955

RECEIVED
OCT 24 1955

Memorandum

To: Jay L. Chambers, Defense Minerals Exploration Administration, Interior Building, Washington, D. C.

From: Administrative Assistant, Electrotechnical Experiment Station, Norris, Tennessee

Subject: Monthly report and voucher

We are enclosing two copies of the following monthly report and voucher:

Idm-E-814 Grindstaff, Thomas and Boone
DMEA Docket No. 3740
2nd payment - month of September
Amount $757.68

Helen R. Miller

Attachments
/hbm
Copies to V. J. Lynch
R. A. Laurence
Norris files
Day files

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- 32

OPERATOR'S MONTHLY REPORT AND VOUCHER

RECEIVED OCT 24 1955

Month of September 195 5 Docket No. DMEA 3740 Contract No. Idm-E814
Operator's Name Roy Grindstaff, B. G. Thomas & W. J. Boone Minerals Mica
Address Route 3, Bakersville, N. C.
Contract Amount, $ 4488.00 Government Participation: 75 % Amount, $ 3366.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	414.54	484.16	898.70			
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives	139.73	180.23	319.96			
Pipe						
Track						
Supplies & Steel	243.16	197.44	440.60			
(4) Operating Equipment:						
Rental	60.00	60.00	120.00			
Purchase						
Depreciation	60.00	60.00	120.00			
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.		113.00	113.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance	84.35	-	84.35			
Social Security Tax	8.46	7.84	16.30			
(8) Contingencies (specify):						
TOTALS	1010.24	1102.67	2112.91	1010.24	1102.67	2112.91

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 10-12-55 *Payee B. G. Thomas

Per B. G. Thomas 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:

$ 757.68

Signature Helen R Miller
(Authorized Certifying Officer)

Date OCT 21 1955 Vou. No. 87

(See other side)

252.56

(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 814 in accordance with the terms of the contract.

Signature W. J. Lynch Title Mining Eng. Date 10/20/55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION V Date OCT 20 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
OCT 24 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Sept. 195 5 Docket No. DMEA 3740 Contract No. Idm-E 814
Operator's Name Roy Grindstaff, B. G. Thomas, & W. J. Boone 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	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts		1010.24	17	1999.91	45	44.44	50	
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		1010.24		1999.91				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				113.00				
TOTAL COSTS		1010.24		2112.91				

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 10-12-55 Operator Roy Grindstaff B. G. Thomas and W. J. Boone

Per B G Thomas 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)

N. J. Lynch
Mining Eng.
Bureau of Mines

RECEIVED
OCT 2 1 1966

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
OCT 24 1955

OPERATOR'S

Monthly Report of Progress

September, 1955

DMEA-3740

Idm-E 814

Work Accomplished:

We completed 17' of shaft, making a total of 45 feet. We have about 22" of vein and are now recovering some small mica, of fair quality but extremely small. Satisfactory progress is being made. Three men working full time.

Daily Notes:

Sept. 1 and 2 : Pumped water, drilled, shot and mucked.

Sept. 5 - 9 : Continued down, having to drill and shoot a great deal. Still in vein.

Sept. 12 - 16 : Pumped water, drilled, shot and mucked. Began to recover some very small pieces of mica.

Sept. 19 - 23 : Continued down with shaft, pumping water each day. Material looks much the same, and we are still picking up some small mica.

Sept. 26 - 30 : Reached 45' level with shaft, and to date have recovered about 150# of small mica. Vein now about 22" wide.

Three men working full time.

RECEIVED
OCT 17 1955

INTERIM REPORT

DMEA-3740, Idm-E814 (mica) JOHN CONLEY MINE

OPERATOR: Roy Grindstaff, B. G. Thomas, and W. J. Boone, Route #3, Bakersville, N. C.

LOCATION: On the west side of Burns Mountain and at the head of Silvers Hollow, 2.8 airline miles due south of Bakersville, Mitchell Co., N. C.

Incline shaft sinking continues on this contract and is now at 46 feet. Four feet of shaft remains to be sunk under contract, and upon completion, the operator was advised to turn off from the bottom and drive simultaneous headings to the northeast and southwest. The pegmatite has thinned with depth and is now 2 feet thick on the southwest and 1 foot thick on the northeast ends of the shaft. Suggestions were made concerning necessary timber to be installed as soon as turnoff is complete. Progress on this contract is satisfactory.

L. E. Shirley

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

K. H. Teague

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

October 5, 1955

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 [illegible] OF PAYMENTS No. 825

OPERATOR'S MONTHLY REPORT AND VOUCHER

RECEIVED
OCT 7 - 1955

Month of July & August, 1955 Docket No. DMEA 3740 Contract No. [illegible] 314
Operator's Name Roy Grimstaff, D. G. Thomas & W. J. Thomas Minerals Mica
Address Route 3, Siloamville, N. C.
Contract Amount, $ 4400.00 Government Participation: 75 % Amount, $ 3366.00

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						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	482.16		482.16			
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives	100.23		100.23			
Pipe	5.25		5.25			
Track						
Supplies & Steel	192.19		192.19			
(4) Operating Equipment:						
Rental	60.00		60.00			
Purchase						
Depreciation	60.00		60.00			
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.	113.00		113.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Social Security	9.34		9.34			
(8) Contingencies (specify):						
TOTALS	1102.67		1102.67	1102.67		1102.67

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 9-12-55 *Payee D. G. Thomas
Per D. G. Thomas 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:
$ 827.00
Signature Helen R. Miller
(Authorized Certifying Officer)
Date OCT 5 1955 Vou. No. 65
(See other side)

275.67

(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. E814 in accordance with the terms of the contract.

Signature Kelton H. Teague Title Geologist, U.S.G.S. Date 9/26/55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A Lawrence Title EXECUTIVE OFFICER DMEA REGION V Date SEP 28 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
OCT 7 - 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of August 195 5 Docket No. DMEA 3740 Contract No. Idm-E314
Operator's Name Roy Grindstaff, B. G. Thomas & W. J. Boone 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	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts	Ft.	989.67	28	989.67	28	35.34		
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		989.67		989.67				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc		113.00		113.00				
TOTAL COSTS		1102.67		1102.67				

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 9-14-55 Operator Roy Grindstaff, B. G. Thomas and W. J. Boone

Per B. G. Thomas 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) Keyton 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

OPERATOR'S

RECEIVED
OCT 7 - 1955

Monthly Report of Progress
July & August, 1955

DMEA-3740

Idm-E814

Work Began: July 5, 1955

Work Accomplished:

We moved in equipment, set up mask and boom pole, constructed toolhouse and powder and exploder magazines, and lowered an incline shaft to a depth of 28 feet during July and August. Satisfactory progress was made, and the shaft is in about 24" of vein. No mica so far.

Daily Notes:

4 July 5 - 8 : Moved in equipment, set up equipment and mast and boom pole. Began work on toolhouse.

5 July 11-15 : Began to lower shaft on an incline and completed about four feet. Completed toolhouse and powder & exploder magazines.

5 July 18-22 : Had to lose some time and did not accomplish too much. Continued down with shaft on part time basis.

5 July 25-29 : Pumped water, drilled, shot and mucked. Made satisfactory progress, still in vein. No mica recovered.

10 Aug. 1 -12: Pumped water. Mucked out waste. Continued to drill, and shoot.

14 Aug. 15 -26: Repeated same daily operations of drilling, shooting and mucking. Vein widened some, and a few pieces of mica began to show.

2 Aug. 29-31 : Reached 28' level with the shaft, still in vein and still showing some bits of mica. Drilled, shot and mucked. Pumped water. Three men working full time.

40

INTERIM REPORT

DMEA-3740, Idm-E814 (mica) JOHN CONLEY MINE

OPERATOR: Roy Grindstaff, B. G. Thomas, and W. J. Boone, Route #3, Bakersville, N. C.

LOCATION: On the west side of Burns Mountain and at the head of Silvers Hollow, 2.8 airline miles due south of Bakersville, Mitchell Co., N. C.

Incline shaft sinking continues on this contract, and is now at 36 feet. All of the work has followed a fairly consistent body, in both thickness and dip, to this point, but it now appears that the body is "feathering out" with depth. Material encountered consists of biotite gneiss, and pegmatite composed of feldspar, quartz, accessory garnet, and green muscovite mica. Several blocks of mica were observed in the bottom in place, and recent production consisting of several large blocks containing "A" structure was observed on the surface. The operator was advised to continue sinking until definite proof exists as to whether the pegmatite is continuous or not. Another examination will be made in the near future. The operator was reminded that timber work should be completed as soon as practicable.

Messrs. V. J. Lynch and R. A. Laurence accompanied the Field Examiners on this visit to the mine.

L. E. Shirley

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

K. H. Teague

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

September 21, 1955

RECEIVED
SEP 19 1955

INTERIM REPORT

DMEA-3740, Idm-E814 (mica) JOHN CONLEY MINE

OPERATOR: Roy Grindstaff, B. G. Thomas, and W. J. Boone,
Route #3, Bakersville, North Carolina

LOCATION: On the west side of Burns Mountain and at the head of Silvers Hollow, 2.8 airline miles due south of Bakersville, Mitchell County, North Carolina

Incline shaft sinking continues on this contract, and is now at 28 feet. The body continues fairly uniform in inclination and thickness, but appears to contain added quartz, and is extremely rich in small scrap-sized mica. The operator estimates that approximately 600 pounds of "mine-run" block has been recovered to date.

No timbering has been accomplished to date, with the exception of that around the collar. Progress on this contract is satisfactory.

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

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

September 7, 1955

INTERIM REPORT

DMEA-3740, Idm-E814 (mica) JOHN CONLEY MINE

OPERATOR: Roy Grindstaff, B. G. Thomas, and W. J. Boone, Route #3, Bakersville, N. C.

LOCATION: On the west side of Burns Mountain and at the head of Silvers Hollow, 2.8 airline miles due south of Bakersville, Mitchell Co., N. C.

Incline shaft sinking continues on this contract and is now at 19 feet. No changes were noted in the pegmatite which is fairly regular down dip and tapers to the southwest. Some timber work has been accomplished at the surface opening to keep loose material from working into the shaft from the hanging wall and sides. Temporary ladders will be used until practicable to install permanent ones. Progress on this contract is satisfactory.

L. E. Shirley

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

K. H. Teague D. H. Amos

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

August 24, 1955

INTERIM REPORT

DMEA-3740, Idm-E814 (mica) JOHN CONLEY MINE

OPERATOR: Roy Grindstaff, B. G. Thomas, and W. J. Boone, Route 3, Bakersville, N. C.

LOCATION: On the west side of Burns Mountain and at the head of Silvers Hollow, 2.8 airline miles due south of Bakersville, Mitchell County, N. C.

Incline shaft sinking is in progress on this contract and is now at 9 feet. The exposed pegmatite dips about 60° and work is following this inclination. The body is about 2 feet thick on the northeast end and thins gradually to the southwest, and is composed of considerable quartz, a medium amount of feldspar, accessory garnet and occasional blocks of green muscovite mica. Enclosing country rock is biotite gneiss. Sinking will continue until another visit can be made.

A hoisting frame, a gasoline powered hoist, and a 105 c.f.m. Worthington air compressor with necessary drilling equipment is now in use at the mine. Powder and cap magazines have been built and placed in use, and a toolhouse is now being constructed. Progress on this contract is satisfactory.

RECEIVED
AUG 22 1955

L. E. Shirley

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

K. H. Teague D. H. Amos

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

August 10, 1955

RECEIVED
JUL 25 1955

INTERIM REPORT

DMEA-3740 Idm-E814 (mica) JOHN CONLEY MINE

OPERATOR: Roy Grindstaff, B. G. Thomas, and W. J. Boone,
Route #3, Bakersville, Mitchell Co., N. C.

LOCATION: On the west side of Burns Mountain and at the head of Silvers Hollow, 2.8 airline miles due south of Bakersville, Mitchell Co., N. C.

Work is underway on this contract, but little has been accomplished to date. Inclined shaft sinking is in progress, and is now at 4 feet. A conventional hoisting frame, consisting of straight leg and boom pole, has been erected, and a gasoline powered hoist is on the property. The incline was filled with water, and the bottom could not be examined. A later contact with the operator divulged that more constant work would begin in the coming week.

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

L. E. Shirley

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

D. H. Amos

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

July 13, 1955

Docket Copy
Surname:
Anderson
Houk
Talbot
Selfridge
Eplmson

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

600

JUN 10 1955

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

Subject: Docket No. DMEA-3740 - Mica
Roy Grindstaff, B. G. Thomas,
and W. J. Boone
John Conley Mine
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. 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.

Please bring to the attention of the Operators that this is an actual cost contract and they must keep copies of their payrolls and vouchers of purchases and get receipts for all cash payments not made by check. The original of the monthly Forms MF-104 must be supported by appropriate documentary evidence of the costs claimed.

This contract automatically makes maximums of the totals shown in Categories IV and VI but not the individual items in Category VI. Other maximums are shown by an asterisk.

After execution of the contract, the copies are to be distributed in the usual manner. Copies of memoranda from W. E. Nelson of the Geological Survey, dated May 9, 1955, and from W. F. Dietrich of the Bureau of Mines, dated May 16, 1955, are enclosed.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JLB)

Approved:

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

Thor H. Kiilsgaard (JLB)
Member, Geological Survey

Enclosures 10

WCAnderson:gad 6/2/55
Rewritten WCAnderson:gad 6/9/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Dietrich, 3061
Mr. Kiilsgaard, 5222
Mr. Houk

R.C.S.

Docket Copy
Surname:
Anderson
Houk
Chandler
Selfridge

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

600

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

Subject: Docket No. DMEA-3740 - Mica
Roy Grindstaff, B. G. Thomas,
and W. J. Boone
John Conley Mine
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.

Please fill in the starting date in Article 3 before the contract is signed by the Operators.

After execution of the contract, the copies are to be distributed in the usual manner. Copies of memoranda from N. E. Nelson of the Geological Survey, dated May 9, 1955, and from W. F. Dietrich of the Bureau of Mines, dated May 16, 1955, are enclosed.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JHB)

Approved:

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

Thor H. Kiilsgaard (JHB)
Member, Geological Survey

Enclosures 10

WCAnderson:gad 6/2/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Dietrich, 3061
Mr. Kiilsgaard, 5222
Mr. Houk

Government's copy

MF-200
(Revised June 1954)

Docket No. DMEA - 3740

Commodity Mica

Contract No. Idm-E

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this _____ day of _____, 195__, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Roy Grindstaff, B. T. Grindstaff, Thomas W. and Bonel J. Boone, partners,

_____,

whose mailing address is Route 33
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-200), the attached Exhibit "A," Annex I, and _____

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: none

(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

[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."

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consent to lien of other owner.

(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 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(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 ..... shall commence the work, and on or before November 25, 1955 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

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) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *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.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $~~5,164.00~~ $4,488.00 The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $~~3,873.00~~ $3,366.00 : *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

EXPLORATION PROJECT CONTRACT
GRINDSTAFF, THOMAS, & BOONE
DOCKET NO. DMEA-3740

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 Conley Mine, Mitchell Co., N. C. DMEA-3740 (mica)," attached hereto and made a part hereof, as follows:

1. Construct:

(a) A toolhouse, ~~minimum~~ approximate dimensions 7 feet by 8 feet by 10 feet.

(b) A powder storage magazine, ~~minimum~~ approximate dimensions 4 feet by 3 feet by 2½ feet.

(c) An exploder storage magazine, ~~minimum~~ approximate 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. Sink on the pegmatite a 2-compartment inclined shaft to a depth of approximately 50 feet.

3. From the inclined shaft, explore the pegmatite by driving a total of approximately 80 feet of drifts and/or crosscuts.

The inclined shaft, and the drifts and/or cross-cuts shall be timbered as necessary, and shall have ~~minimum~~ maximum dimensions of 5 feet by 7 feet in the clear of timber.

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

Estimated Costs of the Project
(In addition to the maximums set forth in the contract form, an asterisk indicates maximum.)

Category (1) Independent Contracts - None

Category (2) Personal Services

(a) & (b) Supervision and Technical Services - None

(c) Labor ~~(the rate per hour includes liability insurance and Social Security)~~

Miners @ $1.50/hour *	$2,570.00
Hoistman @ $1.25/hour*	~~$2,750.00~~
Laborers @ $1.00/hour*	

Category (3) Operating Materials and Supplies ~~1,000.00~~ 1,192.50

Category (4) Operating Equipment

(a) Rental

1 jackleg @ $10.00/mo.	20.00
1 pump @ $50.00/mo.	187.50

(b) Purchases - None

(c) Depreciation

1 compressor, 1 drill, and 1 hoist @ $60.00/mo.* for the three items	225.00

Category (5) Initial Rehabilitation and Repairs - None

Category (6) New Buildings, Fixtures, and Installations

Toolhouse, powder magazine, and exploder magazine	$ 113.00
	180.00
Category (7) Miscellaneous - None except liability insurance and Social Security	~~$192.50~~
Estimated Total Cost of Project	$4,488.00
Government Participation @ 75%	$3,366.00

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

Minerals Administration
RECEIVED
MAY 17 1955

May 16, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3740 (mica)

Applicant: Grindstaff, McKinney, and Boone

Name and Location of Property: John Conley Mine
Mitchell County, North Carolina

Date of Field Team Report: 4-28-55

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 5-6-55

Field Team Recommendation:

1. Approval of contract.

Comments:

1. This deposit appears to have possibilities for the development of strategic mica.

2. Pegmatite from 1-3 feet thick is exposed at head of a draw.

Recommendation:

I concur in the field team recommendation for an exploration project in the amount of $5,163.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

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

May 9, 1955

Re: DMEA-3740
Grindstaff, Thomas
and Boone
John Conley Mine
Mitchell County, N.C.
$5,163.00 - Mica

Memorandum

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

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

Subject: Review of Field Report

A good sample was obtained at this prospect. Taking an average thickness of 2 feet for the pegmatite, approximately 80 cubic feet, 3 cubic yards, were excavated in the 4 x 10 pit. From this the applicants report the sale of $166.00 worth of mica. The value would thus be $55.00 per yard and $110.00 per ton. Such material, if persistent, should make a mine. Further exploration is warranted.

I concur with the findings and recommendation of the Field Team.

N. E. Nelson

N. E. Nelson

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

WASHINGTON 25, D. C.

April 28, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: DMEA Field Team, Region 5, Knoxville, Tenn.

Subject: Field Examination Report - DMEA-3740 (mica) Roy Grindstaff, B. G. Thomas and W. J. Boone, John Conley Mine, Mitchell County, North Carolina

Enclosed are four copies of the subject examination report and six extra copies of the map. We are in agreement with the recommendation for approval of a contract as outlined in the report. This is a recently discovered pegmatite.

It is suggested that this is a good project to consider for an actual-cost contract. Previous experience with Mr. B. G. Thomas indicates that he is an efficient Operator who keeps good records.

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

V. J. Lynch
V. J. Lynch
Member, Bureau of Mines

Reviewed by
DMEA OPERATING COMMITTEE
5-6-55

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD EXAMINATION REPORT
REGION V

On

DMEA-3740, JOHN CONLEY MINE (mica)
Mitchell County, N. C.

BY

Kefton H. Teague, Geologist
U. S. G. S.
and
Dewey H. Amos, Geologist
U. S. G. S.

and
V. J. Lynch, Mining Engineer
U. S. B. M.

5-6-55

April 21, 1955

FIELD EXAMINATION REPORT
On

DMEA-3740, JOHN CONLEY MINE (mica)

Applicants: Roy Grindstaff, B. G. Thomas, and W. J. Boone, c/o Roy Grindstaff, Route # 3, Bakersville, N. C.

This is a new prospect which offers excellent possibilities for the discovery of a worthwhile deposit. The mica is of strategic grade and the pegmatite is rich in mica. Mineral composition is favorable. Exploration assistance is recommended.

The deposit was examined on April 21, 1955. Messrs. W. J. Boone, B. G. Thomas, Jr., and Roy Grindstaff accompanied the examiners on the inspection which required two hours.

The John Conley Mine is on the west side of Burns Mountain and at the head of Silvers Hollow, 2.8 airline miles due south of Bakersville, Mitchell County, North Carolina. Access is possible at all times by jeep. The mine is about 1400 feet southwest of the R. B. Phillips Prospect (DMEA-3422).

All of the applicants are competent to conduct the proposed work. One of the original applicants, Robert McKinney, has sold his interest in the lease to B. G. Thomas. The applicants requested the Field Examiners to have this change made in the application and also if a contract is prepared B. G. Thomas' name should appear in place of that of Robert McKinney.

The applicants lease the property under consideration. The legal description as given in the original lease is indefinite; however, the applicants are having this situation corrected. The leased area is adequate for the proposed work. The shallow pit in which the pegmatite is exposed is 265 feet S. 72° W. of the "dogwood near John Jarrett Spar Mine" referred to in the lease.

Only limited work has been done at this place. It was discovered recently in searching by bulldozer trenching for the source of pegmatite float found in a stream bed. The pegmatite has been stripped on the strike for about 30 feet. One pit 4 feet deep and 10 feet long has been made in the pegmatite.

A pegmatite from 1 to 3 feet thick is exposed at the head of a draw. It is continuous on strike over the 30 feet exposed and will probably average about two feet in thickness, although there is noticable pinching and swelling of the pegmatite on the strike. The pegmatite contains occasional

thin streaks (up to 6 inches thick) of quartz and small mica, otherwise the pegmatite is rather uniform in composition and is coarse-grained. It is composed of soda feldspar, gray to smoky quartz, muscovite, sericite and individuals and clusters of red garnet, listed in order of abundance.

The pegmatite is in hornblende gneiss and conformable to it. It trends from N. 55° to 70° E. and dips about 50° SE. There is a suggestion that the dip is quite variable. Mica is distributed uniformly throughout the exposed pegmatite. It is of excellent quality and is abundant, although the size is relatively small. It is estimated that the mica content of the pegmatite constitutes approximately 10 percent of the rock. The mica is hard, clear, flat, free splitting, light green in color, and no "A" structure was observed. The applicants report that they sold $166.00 worth of mica from the small pit.

This pegmatite is similar in composition to the one worked successfully under DMEA-3422, although the mica appears to be of superior quality. The examiners are of the opinion that this deposit warrants exploration. The following program of exploration is recommended:

Construct a toolhouse and two magazines.
Sink a 50-foot incline on pegmatite.
Drive 80 feet of level from the shaft.

Estimated Cost:

Toolhouse	$75.00	
Powder magazine	25.00	
Exploder magazine	13.00	$ 113.00
Sink 50-foot incline on pegmatite (35 shifts)		
Labor:		
1 - Miner @ $1.50/hr.	$420.00	
1 - Hoistman @ $1.25/hr.	350.00	
1 - Laborer @ $1.00/hr.	280.00	
Equipment (rental):		
Compressor, drill, pump @ $240/Mo.	420.00	
Hoist @ $50/Mo.	87.50	
Supplies:		
Explosives	150.00	
Timber, 2000 b.f. @ $60/M	120.00	
Gasoline and oil	100.00	
Drill steel	75.00	
Small Tools	75.00	
Miscellaneous	72.50	
Insurance and Social Security	100.00	$2,250.00

$45/ft.

Drive 80 feet of level (40 shifts)

Labor:		
1 - Miner @ $1.50/Mo.	$480.00	
1 - Hoistman @ $1.25/hr.	400.00	
2 - Laborers @ $1.00/hr.	640.00	
Equipment (rental):		
Compressor, pump, drill & jackleg @ $250/Mo.	500.00	
Hoist @ $50/Mo.	100.00	
Supplies:		
Explosives	240.00	
Gasoline and oil	160.00	
Drill steel	100.00	
Small tools	50.00	
Miscellaneous	50.00	
Insurance and Social Security	80.00	$2,800.00
Estimated Total Cost.....		$5,163.00

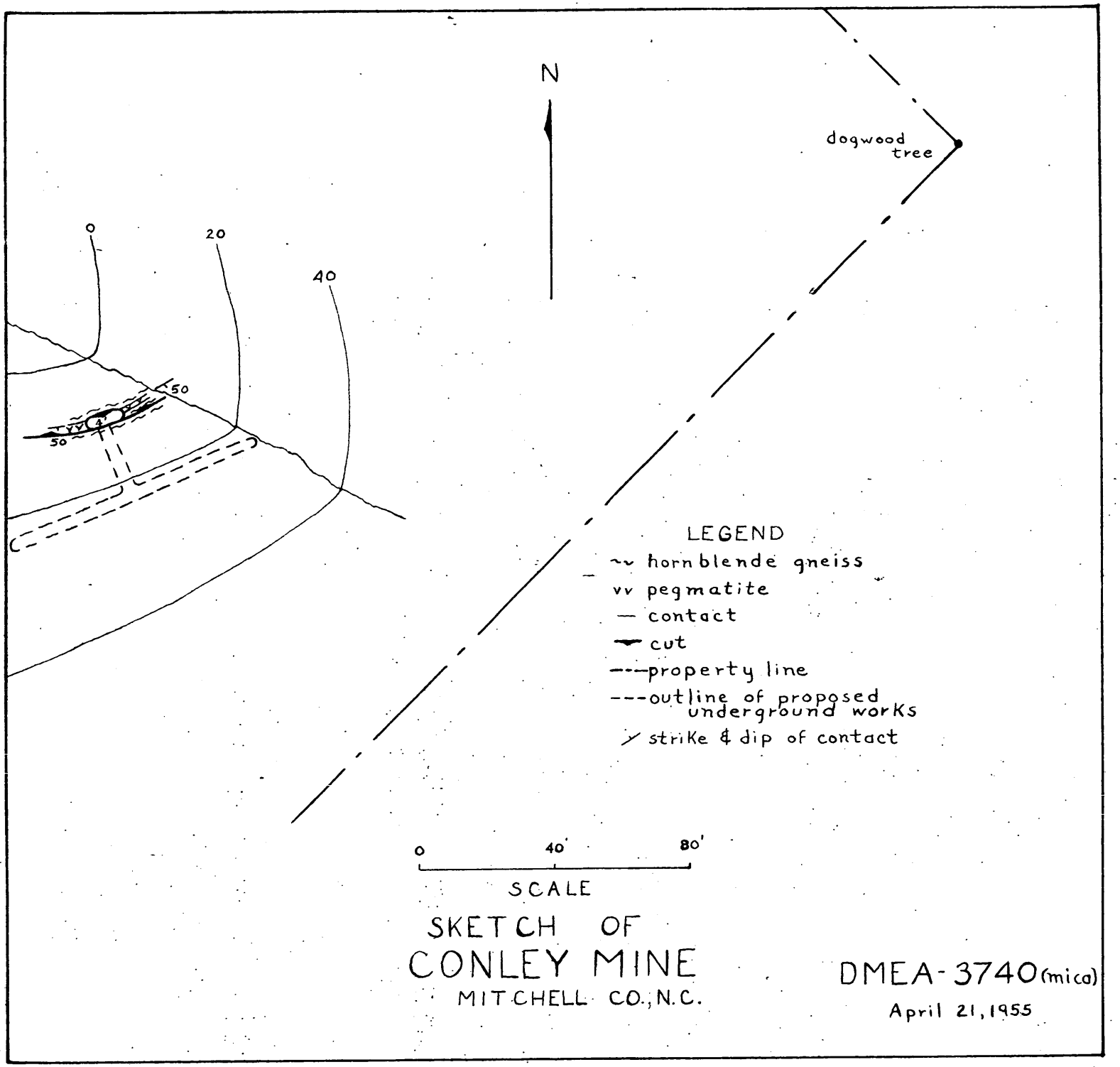
April 21, 1955.

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

and

V. J. Lynch, Mining Engineer
U. S. Bureau of Mines

z



SKETCH OF
CONLEY MINE
MITCHELL CO., N.C.

DMEA-3740 (mica)
April 21, 1955

Docket Copy
Surname:
Anderson
Houk
Kilsgaard
Hedges
Schlidge
Fehlman

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

APR 11 1955

Messrs. Roy Grindstaff,
Robert McKinney and W. J. Boone
Route 3
Bakersville, North Carolina

Re: Docket No. DMEA-3740 - Mica
Roy Grindstaff, Robert McKinney,
and W. J. Boone
John Conley Mine
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 two copies of lease and the five copies of Owner's Consent to Lien for correction of the land description. Enclosed are seven copies of revised Owner's Consent to Lien forms. Do not return the old copies. Please fill out and obtain the necessary signatures on these revised forms and return six copies to this office and a copy of the lease with an adequate land description. Please have the owner place his address after his name.

An adequate land description is a legal description that gives the bearings and distances of the lines which enclose the property to be explored. The property must be referenced to a permanent and identifiable landmark, natural or artificial, as the center of a shaft, adit, building, benchmark, etc. This description must be written on the lease and the Owner's Consent to Lien. If insufficient room is provided in the space allotted you may use the back of the forms or an attachment.

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

HCanderson:gad 4/7/55
Copy to: Admr. R. File
Docket
Field Team, Region V
Operating Committee
Mr. Kilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

R.G.L.

Docket Copy
Surname:
Anderson
Houk
Selfridge
Johnson

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

APR 11 1955

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

Subject: Docket No. DMEA-3740 - Mica
Roy Grindstaff, Robert McKinney,
and W. J. Boone
John Conley Mine
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 W. F. Dietrich of the Bureau of Mines, dated April 4, 1955, and from E. L. Newcomb of the Geological Survey, dated April 4, 1955, are enclosed for your information.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JHB)

Approved:

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

Thor H. Kiilsgaard (JHB)
Member, Geological Survey

Enclosures 4

mCAnderson:gad 4/7/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

K.C.J.

IN REPLY REFER TO:

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR - 5 1955

April 4, 1955

Re: DMEA-3740
Grindstaff, McKinney
and Boone
(John Conley Mine)
Mitchell Co., N. C.
$6,160 - Mica

Memorandum

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

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

Subject: Review of application

The operators propose to sink a 50 foot shaft and drift 60 feet in pegmatite body which apparently has recently been exposed by bulldozing.

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

Inasmuch as the applicants have previously been on other DMEA projects, it is likely that this new prospect is familiar to the Field Team examiners.

I recommend this application be referred to the Field Team for their review and a possible examination.

E. L. Newcomb
E. L. Newcomb

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR - 5 1955

April 4, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3740 (mica)

Applicant: Grindstaff, McKinney, and Boone

Name and Location of Property: John Conley Mine
Mitchell County, North Carolina

Date Application Rec'd. by Br. of Ceramic & Fert. Mtls.: 3/29/55

Comments:

1. Work done by the applicants has exposed pegmatitic materials.
2. No map was attached to the copy of the application received by this office.
3. It is difficult to determine from the information furnished by the applicants if a project is justified.
4. All applicants have had experience in operating under other DMEA projects.
5. Some preliminary work appears to be warranted.

Recommendation:

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

W. F. Dietrich

W. F. Dietrich

March 29, 1955
Subject: DMEA 3740
Re: Exploration Assistance
John Conley mine

Messrs. Roy Grindstaff, Robert
McKinney, and W. J. Boone
Route 3
Bakersville, North Carolina

Gentlemen:

The receipt of your application dated March 18, 1955 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA 3740 and referred to the Nonmetallic Minerals Division.

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

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

60932

March 29, 1955

Memorandum

To: Executive Officer, DMEA Field Team, Region V

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

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

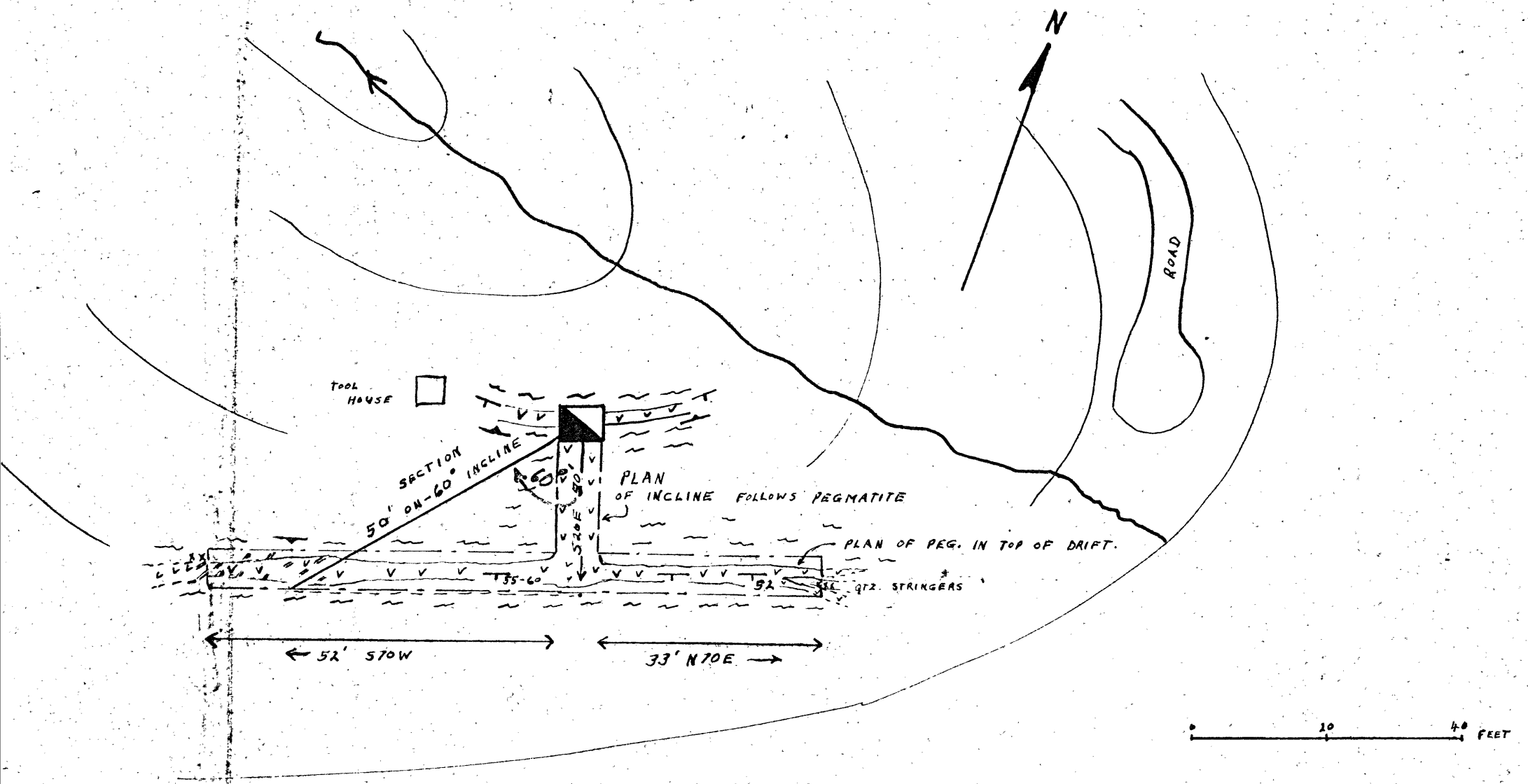
DMEA- 3740 Roy Grindstaff, Robert McKinney, W. J. Boone

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

Sketch of the

CONLEY MINE
Mitchell Co., N.C.

DMGA-374)
-IC-



biotite-hornblende gneiss
feldspar-muscovite-quartz pegmatite
plan of underground works
contact of pegmatite with country rock
shaft
strike & dip of foliation
strike & dip of pegmatite
massive quartz

Dec., 1955, Taylor

Roy Grindstaff, B. G. Thomas, and N. J. Boone — Idm-5814
Summary of MF-104's and Audited Costs — Dmca 3746

Hook —

4488 / 130 = 4452

No Timbol

Conley Mine	1955 July & August	September	October	November & December	Total Costs Claimed	Certifying Officers Exceptions	Total Less C.O. Exceptions	Auditor's Corrections	Corrected Total	Auditor's Exceptions	Accepted Cost
(2) Labor and Supervision											
Labor	$ 4841.6 / 17.29	$ 4145.4 / 44.38	$ 4936.3 / 14.10	$ 10564.4 / 21.13	$ 24487.7 / 18.83		$ 24487.7	$ (c) 2.00 / (b) 98.00	$ 24387.7	$ 49.95	$ 23987.5
(3) Operating Materials and Supplies											
Explosives	1803.3 / 6.44	1397.3 / 8.22	3037.7 / 8.63	4325.6 / 8.65	10567.9 / 8.17		10567.9	(c) 384.5	10178.4		10178.4
Steel and Supplies	1974.4 / 7.05	2431.6 / 14.30	1371.3 / 3.91	3062.1 / 6.12	8839.4 / 6.80		8839.4	(c) 8839.4	-0-		-0-
Drill Steel	15.0 / 5.35	71.05 / 5.35	45.70	131.50 / 27.10	263.25 / 3.27			(c) 426.25	426.25		426.25
Gasoline and Oil								(c) 270.39	270.39		270.39
Other Supplies								(c) 225.75	225.75	63.45	162.30
(4) Operating Equipment											
Rental	600.0	600.0	600.0	375.0	2175.0	10.00	2075.0		2075.0		2075.0
Depreciation	600.0	600.0	600.0	450.0	2250.0		2250.0		2250.0		2250.0
(5) New Buildings, Improvements, etc	113.00				113.00		113.00	(d) 1.96 / (h) 8.82 / (f) 98.00	2178	64.45 / 49.93 / 113.00	113.00
(7) Miscellaneous											
Social Security	78.4	84.6	100.7	215.6	479.3		479.3	(d) 1.96 / (a) 2.00	479.7		479.7
Liability Insurance		843.5	453.3	239	1350.7		1350.7	(h) 8.82	1359.5	274.4	1085.9
Total Costs Claimed	$ 11026.7	$ 10107.4	$ 11099.3	$ 19016.6	$ 51149.0						
Certifying Officer's Disallowances			10.00		10.00	10.00					
Costs Reimbursed	$ 11026.7	$ 10107.4	$ 10989.3	$ 19016.6	$ 51139.0						
Audited Totals							$ 51139.0	-0-	$ 51139.0	$ 29.61	$ 50809.39
Excess Costs Claimed over Contract Maximum										596.89	596.89
Net Exceptions										$ 626.50	
Net Accepted Costs											$ 14880.00
Operator's Portion (20%)											$ 3366.00
Work accomplished											
Shaft	28 feet	27 ft	5 ft		50 ft						
Drift			30 ft	50 ft	80 ft						
Labor {Hours}	492	423	488	1018	2421						
Labor {Dollars}	$ 4920.00	$ 4230.00	$ 5239.70	$ 10780.00	$ 24169.70						
Labor	$ 17.79	$ 24.39	$ 14.10	$ 21.13	$ 18.84						
Explosives	$ 6.44	$ 8.22	$ 8.68	$ 8.65	$ 8.13						
Steel and Supplies	$ 7.05	$ 14.30	$ 3.91	$ 6.12	$ 6.80						
man days	20 5/	17 6/	20 3/	42 5/							
days	61 5/	52 9/	61	127							