Extra copy

ASSIGNMENT OF CONTRACT

WHEREAS, Walter Grindstaff and Jesse Johnson, a partnership (hereinafter called the "Assignor"), entered into Exploration Project Contract Idm-2848 (Docket No. DMEA-3815), dated July 25, 1955 (hereinafter called the "Contract"); and

WHEREAS, J. R. Beam and John Phillips, a partnership, whose address is Spruce Pine, North Carolina (hereinafter called the "Assignee"), has acquired the Assignor's interest in the land which is the subject of the Contract and the Assignee desires to complete the work under the Contract;

NOW THEREFORE, effective October 1, 1955, the Assignor, subject to acceptance by the Assignee and consent of the Government, in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration received from the Assignee does hereby assign, transfer, and convey to the Assignee all of its right, title, and interest in the Contract: Provided, That the Government shall make payment to the Assignor on all claims and vouchers for the Government's contribution under the Contract received by the Government prior to said effective date, and upon payment thereof the Government shall be and is hereby released by the Assignor from all claims under the Contract.

The Assignor consents to all future amendments and assignments of the Contract and waives notice thereof.

Dated this _____ day of _____, 1955.

WALTER GRINDSTAFF AND
JESSE JOHNSON

_____ /Seal/

_____ /Seal/

ASSIGNEE'S ACCEPTANCE

The Assignee hereby accepts the above Assignment and agrees to be bound by the terms, provisions, and conditions of the Contract. The Assignee expressly assumes

and agrees to pay to the Government any royalty that may have accrued and remain unpaid on the effective date of the assignment and that may accrue thereafter under the provisions of the Contract.

Dated this _____ day of _____, 1955.

J. R. BEAM AND JOHN PHILLIPS

_____ /Seal/

_____ /Seal/

GOVERNMENT'S CONSENT

The Government, this 22nd day of September, 1955, hereby consents to the above Assignment without releasing the Assignor from any of the terms, provisions, and conditions of the Contract.

THE UNITED STATES OF AMERICA

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

DMEA 3815

DOCKET INDEX

ACTION DOCUMENTS

1	APPLICATION	DATE RECEIVED	5/18/55
2	CONTRACT	DATE	7/25/55
3	TERMINATION AGREEMENT	DATE	10.24.55
4	CERTIFICATION	DATE	
5	AUDIT REPORT	DATE	
6	AMENDMENTS - NUMBERS	DATE	

Docket Copy

Talbert
Hale
Porter
Lawyer

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NOV - 4 1955

EXPLORATION PROJECT CONTRACT
TERMINATION AGREEMENT
DMEA-3815 (mica)

It is agreed this 24 day of October, 1955 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Walter Grindstaff and Jesse Johnson, partners, hereinafter called the "Operators," parties of that certain Exploration Project Contract Idm-E848, Docket No. DMEA-3815, dated July 25, 1955, hereinafter called the "Contract," that:

1. Effective October 4, 1955, the contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

3. Any work or operations prosecuted or costs incurred by the Operator beginning with said effective date, shall be for the sole account of the Operator without contribution by the Government.

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

5. All rights of the Government provided for in the Contract with respect to a certification of discovery or development and a percentage royalty and lien for its payment are preserved.

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

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

THE UNITED STATES OF AMERICA

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

GRINDSTAFF & JOHNSON

Walter Grindstaff
Walter Grindstaff, Partner

Jesse Johnson
Jesse Johnson, Partner

Docket Copy

MF-200A
(Revised June 1954)

Docket No. DMEA-[illegible]

Commodity Mica

Contract No. Idm-E 848

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

It is agreed this JUL 25 1955 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] Walter Grindstaff and Jesse Johnson, partners, whose mailing address is Bakersville, North Carolina, hereinafter called the "Operator," as follows:

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

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of North Carolina, County of Yancey, 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] - 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: Lien of $200.00 held by Northwestern Bank of Burnsville, North Carolina

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

[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."

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16—70618-1

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of .....mica..... The work to be performed is described in Exhibit "A." The Operator on or before SEP 25 1955 shall commence the work, and on or before December 31, 1956 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

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

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

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $4,468.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $3,348.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

CRAGHEAD and JOHNSON
(Operator)

By C. W. Mittendorf
Administrator, Defense Minerals Exploration Administration

By Walter Grindstaff

By Jess Johnson

Hoffman
"Appd. Sol. Off."
Hopkins
F. L. Moore
Chandler
Martin
Bohman

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

.....

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
WALTER GRINDSTAFF AND JESSE JOHNSON
DOCKET NO. DMEA-3815

ANNEX I

The land referred to in Article 2 of the contract form is described as follows:

Beginning at a small opening known as the Hughes and Gouge Prospect which is located 150' S.E. of a White Oak tree and running North 250'; thence West 250'; thence South 500'; thence East 500'; thence North 500'; thence West 250' to a point of closing.

EXPLORATION PROJECT CONTRACT
WALTER GRINDSTAFF AND JESSE JOHNSON
DOCKET NO. DMEA-3815

EXHIBIT "A"

Description of the Work

The location of the exploration work is shown in part on the map entitled, "Sketch of Hughes and Gouge Bros., Yancey County, N. C. DMEA-3815 (mica)." The work consists of the following:

1. Construct:

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

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

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

The toolhouse may be unfloored; shall be made from unfinished lumber, with a 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; and shall be braced at the corners. No metal shall be exposed, and the lids shall be securely locked with the equivalent of a 5-tumbler jarproof lock.

2. Sink a 50-foot, 2-compartment, inclined shaft having minimum cross-sectional dimensions of 5 feet by 7 feet in the clear of timber.

3. From the shaft, drive 60 feet of drifts on the pegmatite, having minimum cross-sectional dimensions of 5 feet by 7 feet in the clear of timber.

All work shall be timbered as necessary.

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

FIXED UNIT COSTS

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

Construct:

Toolhouse 1/	$ 75.00	
Powder Magazine 1/	25.00	
Exploder Magazine 1/	14.00	
Sink 50 feet of shaft @ $45.00/ft.	2,250.00	
Drive 60 feet of drifts @ $35.00/ft.	2,100.00	
Estimated total cost of project		$4,464.00
Government participation @ 75%		$3,348.00

1/ The completed work constitutes the unit.

MF-203
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator_____
Docket No. DMEA-_____
Contract No. Idm-E_____
Contract Date_____

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CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of Yancey, State of North Carolina, described as follows:1/ Beginning at a small opening known as the Hughes and Gouge Prospect which is located 150' S.E. of A White Oak tree and running North 250'; thence West 250'; thence South 500'; thence East 500'; thence North 500' thence West 250' West to a point of closing.

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/

Northwestern Bank - $200.00

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 _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

2/ 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: _____

The Northwestern Bank (Seal)
By [illegible] Vice Pres

Dated this 6th day of June, 195 5.

Vernon Prusnell [Seal]

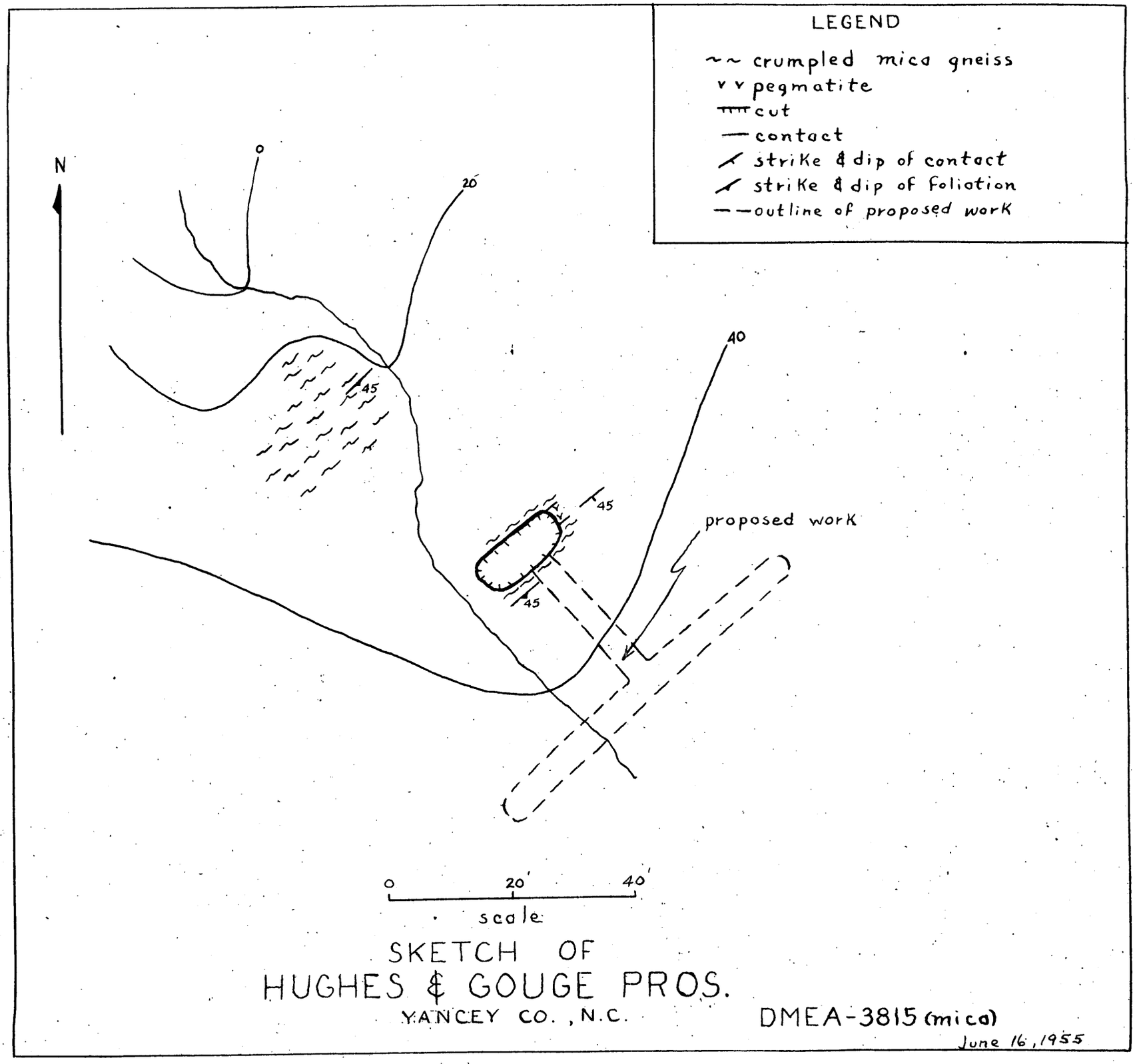
Marie Prusnell [Seal]

W M Prusnell [Seal]

Lizzie Prusnell

I, W. G. Young certify that I am the Asst. Secretary (Secretary, etc.) of the corporation named herein; that Edwin Duncan who signed this agreement was then Vice-President (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.

W G Young
[Corporate Seal]



SKETCH OF
HUGHES & GOUGE PROS.
YANCEY CO., N.C.

DMEA-3815 (mica)

June 16, 1955

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

DOCKET COPY
Surname:

Hopkins
Anderson
Chambers
Selfridge
Johnson

SEP 21 1956

Messrs. Walter Grindstaff and
Jesse Johnson
Route #3
Bakersville, North Carolina

Re: Docket No. DMEA-3815-mica
Walter Grindstaff and
Jesse Johnson
Hughes and Gouge Prospect
Yancey County, North Carolina
Contract No. Idm-8948

Gentlemen:

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

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

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

Sincerely yours,

C. O. Mittendorf

Administrator

JHopkins:ms 9/20/56
Copy to: Docket
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Admr. R. File
Vernon and Marie Presnell) land owners....copies to Field Team
W. M. and Lizzie Presnell) for forwarding
Mr. Chambers

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

Project Summary Report

September 20, 1956

By: James Hopkins

1. Docket No. DMEA-3815-mica
Walter Grindstaff and Jesse Johnson
Hughes and Gouge Prospect
Yancey County, North Carolina
Contract No. Idm-E848

Operators: Walter Grindstaff and Jesse Johnson
Route #3
Bakersville, North Carolina

Operators' Property Rights:
Lessee of Mineral Rights on land owned by Vernon, Marie, W. M., and Lizzie Presnell.

2. Contract: dated July 25, 1955

(a) Work Authorized:

Building Construction	$ 114.00
Shaft Sinking 50 feet @ $45.00/ft.	2,250.00
Drifting 60 feet @ $35.00/ft.	2,100.00
Estimated Total Cost	$4,464.00

(b) Amendments - none

(c) Work Completed:

Building Construction	$ 114.00
Shaft Sinking 38 ft. @ $45.00/ft.	1,710.00
Drifting 29 ft. @ $35.00/ft.	1,015.00
Total Cost of Project	$2,839.00

Work began August 9, 1955.
Terminated by mutual agreement October 4, 1955.
Final Operators' Report dated October 4, 1955.
Final Field Team Report dated October 27, 1955.

3. Audit:
Report of Review dated October 17, 1955.

Total Cost as billed by operators	$2,839.00
Exceptions	none
Total Accepted Cost	$2,839.00
Government participation	$2,129.25

4. Certification of Discovery - none issued

5. Comments:

A newly discovered pegmatite.

Geologic Premise upon which work was based:

A pegmatite 4 feet thick exposed in a pit 15'x8'x11' deep. It exhibits no zoning and is conformable to a crumpled mica gneiss.

The mica is ruby-colored, hard, flat and clear.

It was believed that exploration would disclose a mica concentration in the pegmatite.

Geologic Criteria developed during the project:

The pegmatite was 4 ft. thick at collar of shaft.

At 10 ft. depth it is 2 feet thick.

At 28 ft. depth, it splits into two branches separated by 2.5 ft. of biotite gneiss. At 38 feet the stringers cut out completely.

In northeast drift on 28-foot level it is 6' to 12" thick and contains scattered blocks of mica.

It cuts out entirely in southwest drift.

Future Possibilities:

Absolutely none because only 60# of mica was produced and no reserves were developed by the work. There were no sales.

The work was conducted in a satisfactory manner.

Recommendations:

The Field Team recommends that the project not be certified because no deposit of mica in commercial quantities was found.

The Nonmetallic Minerals Division and the Commodity Divisions of the Geologic Survey and the Bureau of Mines concur in the recommendation.

James Hopkins

DOCKET COPY
Surname:

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

Hoch
Selfridge
Mitchenden

MAY 21 1956

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

Dear Mr. Laurence:

Reference is made to the following uncertified projects which have been completed or terminated, but no closing letters can be written because of incomplete information on the production and the royalties which may be due the Government:

Docket No. DMEA	Contract No. Idm	Production during Project	Value of Production	Royalties Due	Royalties Paid	End of Certification (6 mos. from date Final Report)
3726	E813	1100 lbs.	Unknown	?	None	April 27, 1956
3801	E836	100 lbs.	Unknown	?	[illegible]	March 27, 1956
3815	E848	60 lbs.	Unknown	?		
3926	E881	200 lbs.	$112.00	$5		
3930	E872	250 lbs.	$175.00 (about)	$8		

In order to close out these contr
you will take whatever action you deem nece
unpaid royalties.

Sincerel

Approved:

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

Thor H. Kiilsgaard (JHB)
Member, Geological Surve

George
Chairma

JHopkin
Copy to

Boss Mines Inc.
Aug. 23 1958

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 3815, Idm-E848
Walter Grindstaff and
Jesse Johnson
Hughes and Gouge prospect
Yancey Co., N. C.
Mica

Memorandum

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

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

Subject: Review of Final Field Team Report.

The contract approved the expenditure of $4,464.00 for sinking and drifting on a thin, discontinuous pegmatite.

The shaft ran out of pegmatite at a depth of 38 feet and drifts from the shaft at the 28-foot level showed the pod to have a length of 29 feet. Sixty pounds of run-of-mine mica was recovered, but no reserves were developed.

The examiners and the Field Team recommend that no certification be made.

I concur with the recommendation.

N. E. Nelson

N. E. Nelson

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

November 10, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3815 (mica)

Applicant: W. Grindstaff and J. Johnson

Name and Location of Property: Hughes and Gouge Prospect, Yancey Co., N. C.

Contract Number: Idm-E848

Date of Field Team Report: 10/27/55

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 11/8/55

Field Team Recommendation: Recommend no certification of discovery.

Comments:

1. The deposit explored under DMEA-3815 was disclosed to be too small to produce significant quantities of mica and is uneconomic to operate.

2. Prior to "closing this project," value of production and royalty should be settled.

3. Expenditures -

Total approved	$4,464.00
Total cost	2,839.00
Gov't. share of the cost	2,129.00
Value of production during operation	unknown

Recommendation: I concur with the field team's recommendation.

W. F. Dietrich

W. F. Dietrich

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

RECEIVED
NOV - 4 1955

November 3, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region V

Subject: Termination Agreement : Idm-E824, DMEA-3728 (mica)
Walter & Lucian Grindstaff
North Carolina

Idm-E848, DMEA-3815 (mica)
Grindstaff & Johnson
North Carolina

Attached are three copies each of the subject termination agreements signed by the operators. The usual distribution of the other copies has been made by this office.

Robert A. Laurence

Robert A. Laurence

RECEIVED
NOV 15 1955
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 2505 FED. BLDG.
KNOXVILLE 2, TENN.

RECEIVED
NOV - 8 1955

October 31, 1955

Memorandum

To: Operating Committee, DMEA- Washington

From: DMEA Field Team, Region V - Knoxville

Subject: Final Reports, DMEA-3815, Idm-E848 (mica) Walter Grindstaff and Jesse Johnson. Hughes & Gouge Prospect. N. C.

Enclosed are 4 copies of the Operator's and Field Team Final Report on the subject contract.

Termination Agreement forms were sent the Operator for signature, October 26. We will forward them as soon as they are received.

We agree that certification should not be issued.

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

V. J. Lynch
V. J. Lynch, Member
Bureau of Mines

11-7-55

FINAL REPORT
DEPARTMENT OF THE INTERIOR

RECEIVED
NOV - 2 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD TEAM, REGION V

On

DMEA-3815, Idm-E848, HUGHES & GOUGE PROSPECT
(mica) Yancey County, North Carolina

By

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

and

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

11-7-55

October 27, 1955

RECEIVED
NOV - 3 1955

Final Report

DMEA-3815, Idm-E848, HUGHES & GOUGE PROSPECT
(Mica)

Operator: Walter Grindstaff and Jesse Johnson, R#3, Bakersville, N. C.

Location: South of Chestnut Branch and 3.7 airline miles N. 10° E. of Micaville, Yancey County, N. C.

A thin discontinuous pegmatite was explored by this project. The deposit is too small to produce significant amounts of mica and it is uneconomical to operate. Work was terminated by mutual consent; no certification is recommended.

This project began August 9, 1955 and was terminated by mutual Consent, effective October 4, 1955. Work completed consisted of the construction of a toolhouse and two magazines, sinking a 38-foot inclined shaft on the pegmatite, and driving a total of 29-feet of drift from the 28-foot level in the shaft. The drifts were driven as follows: 12 feet S. 55° W., and 17 feet N. 75° E.

At the collar of the incline the pegmatite is about 4 feet thick. It thins with depth and at about the 10-foot point in the incline is only two feet thick. It remains relatively uniform in thickness to the 28-foot level, where the pegmatite splits into two branches and is separated by about 2.5 feet of biotite gneiss. At the 38-foot level, the two stringers cut out completely. In the northeast drift the pegmatite ranges from 6" to 12" in thickness and contains scattered blocks of mica. In the southwest drift, the pegmatite cuts out entirely and in the face only scattered small pods of quartz and feldspar are present.

The pegmatite is composed of plagioclase, quartz, muscovite, biotite, and small red garnet. Thin films of sulphides are present on fracture surfaces in the pegmatite. There is no apparent zoning, and the mica recovered was scattered at random through the pegmatite. The pegmatite is conformable to the biotite-kyanite gneiss wall rock and strikes N. 55°-75° E. and dips 65° SE.

During the project approximately 60 pounds of run-of-mine mica was recovered. This mica was hard, ruby colored, flat and clear, but some of the books were "tied". Relatively large sizes were recovered. No reserves of strategic mica were developed by this project.

Expenditures:	(a)	Total approved	$4464.00
	(b)	Total cost of project	2839.00
	(c)	Government's share of cost	2129.00
	(d)	Government's share unexpended	1218.00
	(e)	Value of production	unknown

No equipment was purchased for the project. All work was conducted in a satisfactory manner.

K. H. Teague, Geologist
U. S. G. S.

L. E. Shirley, Mining Engineer
U. S. B. M.

October 27, 1955

RECEIVED
NOV - 2 1955

Spruce Pine, North Carolina
October 4, 1955

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

Re: DMEA-3815, Idm-E 848 (Mica)
Hughes and Gouge Prospect
Yancey County, N. C.

Dear Mr. Laurence:

Work began on the above project on August 9, and was stopped by the field team on October 3, 1955.

We moved in and set up equipment, constructed tool house and powder and exploder magazines. We sank a shaft on the vein to a depth of 38' at which point the field team decided it best to stop the shaft. We then returned to the 28' level and began a drift to the ~~Southwest~~, going a total of 12' with no results. A drift was then driven 17' to the Northeast but again no mica was encountered.

The field team visited the mine on October 3, and cancelled the contract since the work to date did not justify continuing.

No mica was recovered from the operation.

We wish to thank the field team for their cooperation and assitance on the Hughes and Gouge Prospect. If further details are necessary, please contact us.

Very truly yours,

Walter Grindstaff

Walter Grindstaff

B/b

Docket Copy
Surname:

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

OCT 19 1955

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

Subject: Docket No. DMEA-3815 - Mica
Walter Grindstaff and
Jesse Johnson
Hughes & Gouge Prospect
Yancey County, North Carolina
Contract No. Idm-E848

Dear Mr. Laurence:

Reference is made to your memorandum dated October 11, 1955, requesting permission to terminate the subject contract by mutual consent.

Approval is granted to terminate the subject contract effective October 4, 1955, in accordance with the provisions of DMEA Circular No. 33, June 30, 1954, employing the form "No. 6 - Termination Agreement (All contract forms MF-200, MF-200A)."

Please do not omit any of the appropriate provisions of this form.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Approved:

P. F. Yopes
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

JHopkins:gad 10/14/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins

Mr. Thomas
Mr. Hopkins

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

RECEIVED
OCT 13 1955

October 11, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: Field Team, DMEA - Region V - Knoxville

Subject: DMEA-3815, Idm-E848 (mica) Walter Grindstaff & J. Johnson
Hughes & Gouge Prospect, Yancey County, N. C.

Enclosed are three copies of the latest interim report on the subject contract.

As suggested in the report, we request permission to terminate the contract by mutual agreement effective October 4, 1955. Certification will not be recommended.

Because of this, the requested assignment of the contract to J. R. Beam and John Phillips will not be needed, and all copies are returned herewith unsigned.

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

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

3815

[illegible]

OR FINAL FIELD TEAM REPORT

Date 10-13

Referred to:

1. Mr. Mittendorf
2. ~~Mr. Johnson~~
3. ~~Mr. Chambers~~
4. ~~Docket Control Mails and Files~~
5. ~~Non Utilities Division~~
6. Docket Control Mails and Files

Note comments in report regarding:

1. Termination Recommended
2.
3.
4.

and take appropriate action.

- - - - -

Action taken by Division:

Granted permission to terminate

ROBERT E. ADAMS

[illegible]

INTERIM REPORT

DMEA-3815, Idm-E848 (mica) HUGHES AND GOUGE PROSPECT

Operator: Walter Grindstaff and Jesse Johnson, Partners, Bakersville, N. C.

Location: South of Chestnut Branch and 3.7 airline miles N10°E of Micaville, Yancey Co., N. C.

All work as authorized by the Field Examiners has been completed on this project without making a significant discovery of strategic mica. Certification of a discovery on this contract is not recommended.

Work completed consisted of sinking an inclined shaft to a total depth of 38 feet, which followed a tapering pegmatite to the bottom. Due to the lack of workable pegmatite at this depth, the operator was instructed to return to the 28 foot level and turnoff drifts. Twenty-nine feet of drift was completed; 12 feet were driven S 55° W, and 17 feet were driven N 75° E. The body thinned in both directions along the strike. The northeast drift face showed 3 to 4 inches of pegmatite containing a single block of mica, and the southwest drift face showed no pegmatite, but contained scattered quartz stringers. The body was composed of feldspar, quartz, medium-sized blocks of mica, and garnet and sulphides as accessory minerals. Work was stopped because of the absence of minable pegmatite, and no additional work is recommended at this prospect.

In addition to the above exploration, a tool house and powder and cap magazines were built. The shaft was in hard rock and did not require cribbing. The shaft was collared, and ladders were installed to the bottom. All work conducted was completed satisfactorily.

The examiners recommend, and the operator is in agreement, that this contract be terminated by mutual consent of both parties, and that the necessary papers be prepared for execution.

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 3, 1955

Docket Copy
Surname:

Hon
Illum Talbert
Selfridge
G Johnson

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

600

SEP 26 1955

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

Subject: Docket No. DMEA-3815 - Mica
Walter Grindstaff and
Jesse Johnson
Hughes & Gouge Prospect
Yancey County, North Carolina
Contract No. Idm-E848

Dear Mr. Laurence:

Reference is made to your memorandum, dated September 12, 1955, regarding assignment of Contract No. Idm-E848 from the Operators to Messrs. John Phillips and J. R. Beam.

Please find herewith the original and eight copies of a combination form for assignment of the subject contract which have been signed by the Government with effective date as shown.

We are also enclosing two copies of a memorandum from the Acting Assistant Solicitor to the Administrator for your information and guidance. Please obtain the instrument evidencing transfer of the lease, dated June 7, 1955, and the written permission of the lessors to the assignment before presenting it to the Principals for execution.

After execution of the assignment, the copies are to be distributed in the usual manner.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JHB)

Approved:

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

N. E. Nelson (JHB)
Member, Geological Survey

Enclosures 11

JHopkins:gad 9/22/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins

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

SEP 21 1955

Memorandum

To: The Administrator, DMEA
Attention: Mr. F. L. Knouse

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3815, Grindstaff and Johnson (mica), contract No. Idm-~~E484~~ E848

As requested in a reference slip dated September 14 from Mr. Knouse, we have prepared the attached combination form for assignment of the subject contract.

The instrument submitted to us as evidencing the transfer of the Operator's interest in the land refers to a lease dated April 28, 1955. However, the lease in the docket is dated June 7, 1955, and requires written permission of the lessors to the assignment.

Accordingly, before the Government consents to the assignment, evidence should be submitted of the transfer to Beam and Phillips of the lease dated June 7, 1955, and of the lessors' consent to such transfer.

for J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachment

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

SEP 21 1955

Memorandum

To: The Administrator, DMEA
Attention: Mr. F. L. Knouse

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3815, Grindstaff and Johnson (mica), contract No. Idm-~~2484~~ E848

As requested in a reference slip dated September 14 from Mr. Knouse, we have prepared the attached combination form for assignment of the subject contract.

The instrument submitted to us as evidencing the transfer of the Operator's interest in the land refers to a lease dated April 28, 1955. However, the lease in the docket is dated June 7, 1955, and requires written permission of the lessors to the assignment.

Accordingly, before the Government consents to the assignment, evidence should be submitted of the transfer to Beam and Phillips of the lease dated June 7, 1955, and of the lessors' consent to such transfer.

/S/ Henry C. Rubin
for J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachment

HCRubin/emd
Copy to: DMEA Docket
Solicitor's Docket
F. L. Knouse
J. L. Hofflund
H. C. Rubin
chron.

INTERIM REPORT

DMEA-3815, ldm-E848 (mica) HUGHES AND GOUGE PROSPECT

OPERATOR: Walter Grindstaff and Jesse Johnson, Partners, Bakersville, N. C.

LOCATION: South of Chestnut Branch and 3.7 airline miles N10°E of Micaville, Yancey Co., North Carolina

Incline shaft sinking has been in progress on this contract, and total depth reached is 38 feet. The last 8 to 10 feet of work has followed two narrow pegmatite stringers separated by 2.5 feet of biotite gneiss. The operator was advised to stop sinking at this point, return to the 28-foot shaft level, floor the shaft, turn off and start a drift to the northeast in pegmatite of minable thickness.

The operator was advised to remove all loose material from the shaft collar and to do additional timbering around the opening before starting the drift. A separated manway with permanent ladders will be installed as soon as practicable.

Mr. V. J. Lynch, Bureau member of the Field Team, Region V, 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 19, 1955

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

RECEIVED
SEP 14 1955

September 12, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: Field Team, DMEA - Region V - Knoxville

Subject: DMEA-3815, Idm-E848 (mica) Walter Grindstaff and Jesse Johnson. Hughes & Gouge Prospect, Mitchell County, N. C. Request for Assignment of Contract

Enclosed are three copies of a transfer of the lease on the Hughes & Gouge Prospect from the Operators to Messrs. John Phillips and J. R. Beam. We have been asked to assign the contract to Messrs. Phillips & Beam. We are agreeable to this change, as the new lessees are capable of carrying out the work.

Will you please have the necessary assignment, acceptance, and Government's Consent papers prepared and forwarded to us so that we may have them executed by the various parties concerned.

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

V. J. Lynch
V. J. Lynch, Member
Bureau of Mines

RECEIVED
SEP 14 1955

Assignment & Bill of Sale

August 24, 1955

This is to certify that Walter Grindstaff and Jesse Johnson do hereby sell, assign and transfer all their right title and interest in lease dated April 28, 1955 by and between Vernon Presnell and wife Marie Presnell, W. M. Presnell and wife Lizzie Presnell of Yancey Co. hereinafter designated as Lessors, and Walter Grindstaff and Jesse Johnson of Mitchell County hereinafter designated as Lessees; and their right title and interest in a Government Loan Contract DMEA-3815, for the consideration of $10.00 and other valuable considerations, to J. R. Beam of Avery County and John Phillips of Mitchell County, N. C.

Walter Grindstaff
Jesse Johnson

Notary Public
Kenneth R. McKinney

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

RECEIVED
SEP 10 1955

September 7, 1955

Messrs. John Phillips & J. R. Beam
c/o John Phillips
Spruce Pine, North Carolina

Re: DMEA-3815, Idm-8848 (mica)
Walter Grindstaff & J. Johnson
Hughes & Gouge Prospect

Dear Messrs. Phillips and Beam:

As requested in the note accompanying the August voucher for the Hughes & Gouge Prospect, we will ask our Washington office to prepare the usual Assignment and Acceptance forms.

However, before we can do this, we need some sort of documentary evidence of the transfer of the lease. Could you send me either a copy of your new lease if there is one, or a bill-of-sale or other paper signed by Messrs. Grindstaff and Johnson showing that they have transferred their lease to you?

Upon receipt of such a document we will then request preparation of the Assignment papers.

Very truly yours,

Robert A. Laurence

EXECUTIVE OFFICER
DMEA REGION V

RAL/sm
cc:
Lynch
Opr. Com. -2
Shirley
Files
Beam

RECEIVED
SEP 16 1955

INTERIM REPORT

DMEA-3815, Idm-E848 (mica) HUGHES AND GOUGE PROSPECT

OPERATOR: Walter Grindstaff and Jesse Johnson, Partners, Bakersville, N. C.

LOCATION: South of Chestnut Branch, and 3.7 airline miles N10°E of Micaville, Yancey County, North Carolina

Incline shaft sinking continues on this contract and is now at 25 feet. The pegmatite has remained fairly constant in thickness, and no change in dip was noted. The body is composed of feldspar, quartz, and muscovite mica. About 50 pounds of block mica has been recovered to date.

Some timber work has been completed around the incline portal. The operator plans to sink the shaft to the required depth before installing a partitioned manway and permanent ladders. 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

SEP 5, 1955

INTERIM REPORT

RECEIVED
SEP - 2 1955

DMEA-3815, Idm-E848 (mica) HUGHES AND GOUGE PROSPECT

OPERATOR: Walter Grindstaff and Jesse Johnson, Partners, Bakersville, N. C.

LOCATION: South of Chestnut Branch and 3.7 airline miles N10°E of Micaville, Yancey Co., N. C.

Incline shaft sinking is underway on this contract and is now at 5 feet. The present bottom shows a pegmatite body about 2 feet in thickness, that is conformable with the country rock, a garnetiferous biotite gneiss. The body strikes N70°E and dips 65° SE, and is composed of feldspar, quartz, minor biotite, and medium to large-sized blocks of muscovite mica. Only a small amount of mica has been recovered to date, and this was not observed on the property.

A toolhouse, powder magazine, and cap magazine has been built. A straight leg and boom pole with a gasoline powered hoist is used for hoisting muck. A 105 c.f.m. air compressor for drilling will be moved in shortly, according to the foreman. No timbering has been accomplished to date, but instructions were given for making the incline opening and hanging wall area safe. A separated manway will be installed as soon as practicable.

L. E. Shirley

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

D. H. Amos

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

August 22, 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 2506 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

August 10, 1955

Memorandum

To: Operating Committee - DMEA - Washington

From: Executive Officer, DMEA Field Team, Region V

Subject: Signed Contract - DMEA-3815, Idm-E848, Grindstaff & Johnson Hughes & Gouge Prospect (mica) Yancey County, N. C.

Transmitted are three signed copies of the subject contract signed before August 1, 1955. The usual distribution of the other copies has been made by this office.

Robert A. Laurence

Robert A. Laurence

RECEIVED
AUG 12 1955

Docket Copy
Surname:
Hopkins
J. Kosque
Chandler
Martin
J. Johnson

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

JUL 25 1955

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

Subject: Docket No. DMEA-3815 - Mica
Walter Grindstaff and
Jesse Johnson
Hughes & Gouge Prospect
Yancey County, North Carolina

Dear Mr. Laurence:

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

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

After execution of the contract, the copies are to be distributed in the usual manner. Copies of memoranda from W. E. Nelson of the Geological Survey, dated July 5, 1955, and from W. F. Dietrich of the Bureau of Mines, dated July 5, 1955, are enclosed.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee (WSM)

Approved:

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

Thor H. Kiilsgaard (THK)
Member, Geological Survey

Enclosures 10

JHopkins:gad 7/20/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

R.C.H.

EXPLORATION PROJECT CONTRACT
WALTER GRINDSTAFF AND JESSE JOHNSON
DOCKET NO. DMEA-3815

EXHIBIT "A"

Description of the Work

The location of the exploration work is shown in part on the map entitled, "Sketch of Hughes and Gouge Pros., Yancey County, N. C. DMEA-3815 (mica)." The work consists of the following:

1. Construct:

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

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

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

The toolhouse may be unfloored; shall be made from unfinished lumber, with a 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; and shall be braced at the corners. No metal shall be exposed, and the lids shall be securely locked with the equivalent of a 5-tumbler jarproof lock.

2. Sink a 50-foot, 2-compartment, inclined shaft having minimum cross-sectional dimensions of 5 feet by 7 feet in the clear of timber.

3. From a point 5 feet above the bottom of the shaft, drive 60 feet of drifts on the pegmatite, having minimum cross-sectional dimensions of 5 feet by 7 feet in the clear of timber.

All work shall be timbered as necessary.

RECEIVED
JUL - 5 1955

MF-201
Revised March 24, 1955

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

SUBORDINATION AGREEMENT

To the United States of America:

Referring to that certain land in the County of Yancey, State of North Carolina, described as follows:1/ Beginning at a small opening known as the Hughes and Gouge Prospect which is located 150' S.E. of a White Oak tree and running North 250'; thence West 250': thence South 500'; thence East 500'; thence North 500'; thence West 250' to a point of closing.

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. Subordinates whatever right, claim, lien or encumbrance the undersigned may have in or against the land to whatever interests, equities, and rights the Government may acquire under the contract (a) with respect to purchased property in or upon the land to the cost of which it has contributed, including the right to dismantle, sever, and remove it from the land; and (b) with respect to a percentage royalty on production from the land and a lien to secure the payment thereof; and

2. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Subordination Agreement; and (b) to give advance notice of this Subordination Agreement to any transferee of the right, claim, lien, or encumbrance hereby subordinated; and

3. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Subordination Agreement shall extend and apply thereto.

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

(OVER)

The Northwestern Bank (Seal)
By Elmer Brown
Dated this 20th day of June Vice Pres, 1955.

Vernon Presnell [Seal]

Marie Presnell [Seal]

Wm Presnell [Seal]

Fuzzie Presnell (Seal)

I, W. G. Young, certify that I am the Ass't Secretary, (Secretary, etc.) of the corporation named herein; that Edwin Duncan who signed this agreement was then Vice-President (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]

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

RECEIVED
JUL - 6 1955

July 5, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA - 3815 (mica)

Applicant: Grindstaff and Johnson

Name and Location of Property: Hughes and Gouge Prospect
Yancey County, North Carolina

Date of Field Team Report: June 23, 1955

Date Rec'd by Br. of Ceramic and Fertilizer Materials: June 30, 1955

Field Team Recommendation: Recommend exploration program at a cost of $4,463.00

Comments:

1. This deposit appears to have possibilities for the development of strategic mica.

2. Proposed exploration outlined by the field team is consistent with good engineering practices and estimated costs are in line with other DMEA projects.

Recommendation:

I concur with the field team's recommendation.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

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

RECEIVED
JUL - 6 1955

July 5, 1955

Re: DMEA 3815
Walter Grindstaff & Jesse Johnson
Hughes and Gouge Prospect
Yancey Co., N. C.
$4,463.00 - Mica

Memorandum

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

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

Subject: Review of Field Team report.

The establishment of something more than 15 feet of strike length by additional surface work would seem to be in order, before "going down" on this new discovery.

I concur with the recommendation of the Field Team.

N. E. Nelson

N. E. Nelson

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

RECEIVED
JUN 27 1955

June 24, 1955

Memorandum

To: Operating Committee, DMEA, Washington 25, D. C.

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

Subject: Field Examination Report DMEA-3815 (mica)
Walter Grindstaff and Jesse Johnson, Bakersville, N. C.
Hughes and Gouge Prospect, Yancey County, North Carolina

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

This is one of the few opportunities we have had to explore a newly discovered mica deposit. It looks sufficiently promising, and we recommend approval of a unit-cost contract as outlined in the report. The area of the lease appears to be ample for the work proposed, although the actual boundaries of the lease could not be determined by the field examiners.

This examination was made without referral, as the examiners were in the vicinity for other inspections.

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

V. J. Lynch
V. J. Lynch, Member
Bureau of Mines

Reviewed by
DMEA OPERATING COMMITTEE
7-1-55
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXAMINATION REPORT BY FIELD TEAM, REGION V

On

DMEA-3815, Hughes and Gouge Prospect (mica)
Yancey County, N. C.

By

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

and

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

June 23, 1955

Reviewed by
DMEA OPERATING COMMITTEE
7-1-55
(date)

FIELD EXAMINATION REPORT
On
Hughes and Gouge Prospect - DMEA-3815 (mica)

Applicant: Walter Grindstaff and Jesse Johnson both of Route 3, Bakersville, N. C.

This is a newly discovered mica deposit. It appears promising as a source of strategic mica. It is recommended that exploration assistance be granted.

The Hughes and Gouge prospect is south of Chestnut Branch and 3.7 airline miles N. 10° E. of Micaville, Yancey County, North Carolina. A hard surfaced road is about 400 feet from the prospect. The remaining distance is accessible by jeep through pasture land.

The prospect was examined on June 16, 1955. Mr. Jesse Johnson accompanied the examiners on the inspection which required about one hour.

One of the applicatns (Grindstaff) has had considerable mica mining experience and is competent to do the proposed work. The Field Team has not seen a copy of the revised lease which was submitted directly to Washington by the applicants but only a limited area (1 acre) will be needed to perform the actual exploration. No surface facilities are present on the property. Power is available about 400 feet from the prospect.

A pegmatite about 4 feet thick is exposed in a pit about 15' x 8' x 11' deep. It strikes N. 50° E. and dips about 45° SE. The body exhibits no zoning and consists of plagioclase, quartz, perthite and muscovite, in order of abundance. It is conformable to the enclosing country rock, a crumpled mica gneiss. The mica is ruby-colored, hard, flat and clear.

It is proposed that exploration consist of sinking a 50-foot incline from the bottom of the pit and driving 60 feet of levels from the incline.

Estimated costs are:

Toolhouse	$75.00
Powder magazine	25.00
Exploder	~~13.00~~ 14.00
	~~$113.00~~ 114.00

Sink 50-foot incline (5' x 7')		
Labor (35 shifts)		
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 and pump @$240/Mo.	420.00	
Hoist @ $50/Mo.	87.50	
Supplies:		
Explosives	150.00	
Timber	60.00	
Gasoline and oil	130.00	
Drill steel	75.00	
Small tools	75.00	
Miscellaneous	102.50	
Insurance and Social Security	100.00	
		$2,250.00
Drive 60 feet of levels (30 shifts)		
Labor:		
1 - Miner @ $1.50/hr.	360.00	
1 - Hoistman @ $1.25/hr.	300.00	
2 - Laborers @ $1.00/hr.	480.00	
Equipment (rental):		
Compressor, pump, drill and jackleg @ $250/mo.	375.00	
Hoist @ $50/mo.	75.00	
Supplies:		
Drill steel	80.00	
Explosives	150.00	
Gasoline and oil	100.00	
Small tools and pipe	75.00	
Miscellaneous	30.00	
Insurance and Social Security	75.00	
		2,100.00
Total Estimated Cost		~~$4,463.00~~ $4464.00

June 23, 1955

$3348.00

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

and

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

g

RECEIVED
JUL - 5 1955

Spruce Pine, North Carolina
June 30, 1955

Mr. Lawrence G. Houk, Chief
Nonmetallic Minerals Division
U. S. Dept. of the Interior, DMEA
Washington 25, D. C.

Re: DMEA-3815, Hughes & Gouge
Prospect, Yancey County, N.C.

Dear Mr. Houk:

We are enclosing signed copies of Lease and Owners Consent to Lien for the above prospect which you requested some time ago.

I believe this completes the requirements as outlined by you. If further information is necessary, please contact us.

Very truly yours,

Walter Grindstaff

Walter Grindstaff B.

P/b

NORTH CAROLINA
YANCEY COUNTY

MINING LEASE

RECEIVED
JUL - 5 1955

THIS MINING LEASE made and entered into this the 7th day of June, 1955 by and between Vernon Presnell and wife Marie Presnell, W. M. Presnell and wife Lizzie Presnell of Yancey County, N. C. hereinafter designated as Lessors, and Walter Grindstaff and Jesse Johnson, of Mitchell County, N. C. hereinafter designated as the Lessees:

W I T N E S S E T H

NOW THEREFORE, for and in consideration of the performance of the terms, conditions and agreements hereinafter set forth, the Lessors hereby bargain grant and lease unto the said Lessees their heirs and assigns for a period of five (5) years from the date hereon, all the following real property for mining purposes only, located in Brush Creek Township, Yancey County, N. C. more particularly described as follows:

Beginning at a small opening known as the Hughes and Gouge Prospect which is located 150' S.E. of a White Oak tree and running North 250'; thence West 250'; thence South 500'; thence East 500'; thence North 500'; thence West 250' to a point of closing.

WHEREAS THE ROYALTIES agreed upon and to be paid to the Lessors by the Lessees are as follows: One-eighth on all mica mined and sold, the usual and customary royalty on all other minerals mined and sold from said premises.

TO HAVE AND TO HOLD the aforesaid tract or parcel of land for mining purposes, same being the first described tract in this lease, upon the following conditions, terms and agreements.

-1-

All mica from said property is to be stored and prepared for the market on the property of the lessors, all mica is to be weighed each time it is brought from the mine to the mica house and a record kept of same. If the parties decide later that same is to be sold in the block then same can be taken to the mica depot at Spruce Pine, N.C. for sale by the Lessees. All royalties to be paid the lessors immediately after the lessees receive a check for minerals sold. A duplicate bill of sale is to be furnished the Lessors by the Lessees of each sale of any mineral sold, and presented to the Lessors when the royalties are paid.

-2-

The Lessees are to have the right to the use of timber for mining purposes off the lands of the Lessors, also the right of ingress and egress over the lands of the Lessors, but the lessors reserve the right to designate where said roads are to be built and maintained, the lessees are to at all times keep up all fences, gates and bars on said property that they use in their mining operations so as to maintain the lessors cattle. And shall at all times carry on their mining operations so as to do the least possible damage to any fields or the property of the Lessors.

-3-

All mining operations shall be carried on in a workmanlike manner at all times and when the lessees shall cease their mining operations the mine is to be left in a good condition and all muck shall be removed from said mine, they are to have the right to dump waste and muck on the property of the lessors but shall do so as to do the lease possible damage to the surface rights of the Lessors. Work shall commence in said mine within _____ days or just as soon as the Lessees secure a DMEA loan to operate said mine, and work shall not cease for more than 30 days at anytime, acts of God and unavoidable accidents excepted.

-4-

This lease cannot be assigned, sub-let or sold without first obtaining the written consent of the Lessors and in case they should agree to a sale of said lease by the lessees then the lessors are to receive one-eighth of the sale price of said lease.

It is understood and agreed to by all parties that the lessors shall have the

right to designate the routes or road ways the lessees are to use in order to get to said mine over the lands of the lessors and shall at all times follow these routes laid off by the lessors. The lessees are at all times to use extra caution in their mining operations so as to not endanger the live stock of the Lessors, and shall at all times keep all of their dynamite and caps stored in a safe place so that no cattle can get to same.

The lessees are to have the right to dig, quarry, search for and obtain Mica, Feldspar and other minerals from the mine on the tract of land designated above. In case the lessees should fail to carry out and perform any or all of the above described terms, conditions and agreements of this lease then the lessors their heirs and assigns shall have the right of immediate re-entry upon said lands and without further notice to the lessees and this lease shall become Null and Void and of no further effect and force and the lessors shall not be required to take any legal action to regain possession of said property. The lessors hereby agree that the Lessees can try to obtain a DMEA loan to operate said mine and that they will sign the required Consent to Lien demanded by the DMEA and will be bound by said Consent to Lien.

IN WITNESS WHEREOF, the Lessors and Lessees have each hereunto set their hands and seals the day and year first above written.

(SEAL) Vernon Presnell

(SEAL) Marie Presnell

(SEAL) W M Presnell

(SEAL) Lizzie Presnell

Lessors

(SEAL) Walter Grindstaff

(SEAL) Jesse Johnson

Lessees

NORTH CAROLINA
YANCEY COUNTY

Personally appeared before me this day Vernon Presnell and wife Marie Presnell, W. M. Presnell and wife Lizzie Presnell, the Grantors and Walter Grindstaff and Jesse Johnson, the Lessees to this lease, and acknowledged the due execution of the foregoing Mining Lease for all the purposes herein expresses.

This the 18 day of June, 1955.

Witness my hand and official seal.

Juanita P. Long Lind
Notary Public

My Commission expires the 22 day of April, 1957

NORTH CAROLINA
YANCEY COUNTY

RECEIVED
JUL - 5 1956

MINING LEASE

THIS MINING LEASE made and entered into this the 7th day of June, 1955 by and between Vernon Presnell and wife Marie Presnell, W. M. Presnell and wife Lizzie Presnell of Yancey County, N. C. hereinafter designated as Lessors, and Walter Grindstaff and Jesse Johnson, of Mitchell County, N. C. hereinafter designated as the Lessees:

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Beginning at a small opening known as the Hughes and Gouge Prospect which is located 150' S.E. of a White Oak tree and running North 250'; thence West 250'; thence South 500'; thence East 500'; thence North 500'; thence West 250' to a point of closing.

WHEREAS THE ROYALTIES agreed upon and to be paid to the Lessors by the Lessees are as follows: One-eighth on all mica mined and sold, the usual and customary royalty on all other minerals mined and sold from said premises.

TO HAVE AND TO HOLD the aforesaid tract or parcel of land for mining purposes, same being the first described tract in this lease, upon the following conditions, terms and agreements.

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All mica from said property is to be stored and prepared for the market on the property of the lessors, all mica is to be weighed each time it is brought from the mine to the mica house and a record kept of same. If the parties decide later that same is to be sold in the block then same can be taken to the mica depot at Spruce Pine, N.C. for sale by the Lessees. All royalties to be paid the lessors immediately after the lessees receive a check for minerals sold. A duplicate bill of sale is to be furnished the Lessors by the Lessees of each sale of any mineral sold, and presented to the Lessors when the royalties are paid.

-2-

The Lessees are to have the right to the use of timber for mining purposes off the lands of the Lessors, also the right of ingress and egress over the lands of the Lessors, but the lessors reserve the right to designate where said roads are to be built and maintained, the lessees are to at all times keep up all fences, gates and bars on said property that they use in their mining operations so as to maintain the lessors cattle. And shall at all times carry on their mining operations so as to do the least possible damage to any fields or the property of the Lessors.

-3-

All mining operations shall be carried on in a workmanlike manner at all times and when the lessees shall cease their mining operations the mine is to be left in a good condition and all muck shall be removed from said mine, they are to have the right to dump waste and muck on the property of the lessors but shall do so as to do the lease possible damage to the surface rights of the Lessors. Work shall commence in said mine within _____ days or just as soon as the Lessees secure a DMEA loan to operate said mine, and work shall not cease for more than 30 days at anytime, acts of God and unavoidable accidents excepted.

-4-

This lease cannot be assigned, sub-let or sold without first obtaining the written consent of the Lessors and in case they should agree to a sale of said lease by the lessees then the lessors are to receive one-eighth of the sale price of said lease.

It is understood and agreed to by all parties that the lessors shall have the

right to designate the routes or road ways the lessees are to use in order to get to said mine over the lands of the lessors and shall at all times follow these routes laid off by the lessors. The lessees are at all times to use extra caution in their mining operations so as to not endanger the live stock of the Lessors, and shall at all times keep all of their dynamite and caps stored in a safe place so that no cattle can get to same.

The lessees are to have the right to dig, quarry, search for and obtain Mica, Feldspar and other minerals from the mine on the tract of land designated above. In case the lessees should fail to carry out and perform any or all of the above described terms, conditions and agreements of this lease then the lessors their heirs and assigns shall have the right of immediate re-entry upon said lands and without further notice to the lessees and this lease shall become Null and Void and of no further effect and force and the lessors shall not be required to take any legal action to regain possession of said property. The lessors hereby agree that the Lessees can try to obtain a DMEA loan to operate said mine and that they will sign the required Consent to Lion demanded by the DMEA and will be bound by said Consent to Lien.

IN WITNESS WHEREOF, the Lessors and Lessees have each hereunto set their hands and seals the day and year first above written.

(SEAL) Vernon Presnell

(SEAL) Marie Presnell

(SEAL) Lizzie Presnell

(SEAL) W M Presnell

Lessors

(SEAL) Walter Grindstaff

(SEAL) Jesse Johnson

Lessees

NORTH CAROLINA
YANCEY COUNTY

Personally appeared before me this day Vernon Presnell and wife Marie Presnell, W. M. Presnell and wife Lizzie Presnell, the Grantors and Walter Grindstaff and Jesse Johnson, the Lessees to this lease, and acknowledged the due execution of the foregoing Mining Lease for all the purposes herein expresses.

This the 18 day of June, 1955.

Witness my hand and official seal.

Juanita P. English
Notary Public

My Commission expires the ~~18~~ 22 day of April, 1957.

NORTH CAROLINA
YANCEY COUNTY

RECEIVED
JUL - 5 1955

MINING LEASE

THIS MINING LEASE made and entered into this the 7th day of June, 1955 by and between Vernon Presnell and wife Marie Presnell, W. M. Presnell and wife Lizzie Presnell of Yancey County, N. C. hereinafter designated as Lessors, and Walter Grindstaff and Jesse Johnson, of Mitchell County, N. C. hereinafter designated as the Lessees:

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-3-

All mining operations shall be carried on in a workmanlike manner at all times and when the lessees shall cease their mining operations the mine is to be left in a good condition and all muck shall be removed from said mine, they are to have the right to dump waste and muck on the property of the lessors but shall do so as to do the lease possible damage to the surface rights of the Lessors. Work shall commence in said mine within _____ days or just as soon as the Lessees secure a DMEA loan to operate said mine, and work shall not cease for more than 30 days at anytime, acts of God and unavoidable accidents excepted.

-4-

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It is understood and agreed to by all parties that the lessors shall have the

right to designate the routes or road ways the lessees are to use in order to get to said mine over the lands of the lessors and shall at all times follow these routes laid off by the lessors. The lessees are at all times to use extra caution in their mining operations so as to not endanger the live stock of the Lessors, and shall at all times keep all of their dynamite and caps stored in a safe place so that no cattle can get to same.

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IN WITNESS WHEREOF, the Lessors and Lessees have each hereunto set their hands and seals the day and year first above written.

(SEAL) Vernon Presnell

(SEAL) Marie Presnell

(SEAL) Lizzie Presnell

(SEAL) Wm Presnell

Lessors

(SEAL) Walter Grindstaff

(SEAL) Jesse Johnson

Lessees

NORTH CAROLINA
YANCEY COUNTY

Personally appeared before me this day Vernon Presnell and wife Marie Presnell, W. H. Presnell and wife Lizzie Presnell, the Grantors and Walter Grindstaff and Jesse Johnson, the Lessees to this lease, and acknowledged the due execution of the foregoing Mining lease for all the purposes therein expresses.

This the 18 day of June, 1955.

Witness my hand and official seal.

Juanita S. Engle
Notary Public

My Commission expires the 22 day of April, 1957.

June 13, 1956

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: Production from Completed Uncertified Projects.

Reference is made to your letter of May 23, requesting information on production and royalties due from several uncertified projects:

Following is all the information we have been able to obtain from a check of the Spruce Pine Depot records and from the Operators:

Docket No.	Date of sale	Lbs.	Value
DMEA-3726	11/15/55	29.81	$243.06
DMEA-3801	none		
DMEA-3815	none		
DMEA-3926	none		
DMEA-3930	none		

In most of these cases the small amount of mica recovered during the project was not good enough to make a sale. It appears that royalty is due only on DMEA-3726, Idm-E813, from which $12.15 is due.

V. J. Lynch, Member
Bureau of Mines

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

DOCKET COPY
Surname:

Hopkins
Houk
Mittendorf

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

MAY 2 6 1955

Messrs. Walter Grindstaff and
Jesse Johnson
Route #3
Bakersville, North Carolina

Re: Docket No. DMEA-3815 - Mica
Walter Grindstaff and
Jesse Johnson
Hughes & Gouge Prospect
Yancey County, North Carolina

Gentlemen:

Reference is made to your application dated May 13, 1955, for exploration assistance on the subject property.

It is noted that the property under lease to you comprises a plot of ground 406 feet long by 200 feet deep containing 1.8 acres. This acreage is inadequate for an exploration project. The smallest area acceptable to DMEA would be the area benefited by the exploration work, the minimum being five acres.

If you are able to acquire this additional acreage, you should have your lease amended. You should then submit the new lease together with six executed copies of the enclosed Consent to Lien forms. Please note that the lien forms will not be acceptable if modifying provisions are inserted in paragraph "5".

In addition we will require copies of a Subordination Agreement executed by the mortgagor, The Northwestern Bank of Burnsville, North Carolina, for the lien of a trust deed against the property in the amount of $200.00.

We are returning copies of your lease and Consent to Lien which you originally submitted.

Sincerely yours,

SIGNED

Lawrence G. Houk, Chief
Nonmetallic Minerals Division

Enclosures 13

JHopkins:ad 5/25/55
Copy to: Admr. R. File
Docket
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Houk

Mr. Dietrich, 3061

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

RECEIVED
MAY 19 1955

May 19, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3815 (mica)

Applicant: Walter Grindstaff and Jesse Johnson

Name and Location of Property: Hughes and Gouge Prospect
Yancey County, North Carolina

Date Application Rec'd. by Br. of Ceramic & Fertilizer Mtls.: 5-18-55

Comments:

1. High grade mica production has been recorded unofficially from workings near this site.

2. Exposed pegmatite material indicates that strategic mica may be found by exploration.

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

Hopkins

IN REPLY REFER TO:

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

May 19, 1955

Re: DMEA-3815
Walter Grindstaff &
Jesse Johnson
Bakersville, N. C.
$6,550 - Mica

Memorandum

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

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

Subject: Review of application

As with so many of the mica applications almost no information is given regarding the surface appearance of the pegmatite. So long as it is pegmatite a shaft seems to be in order whereas some stripping and trenching might suffice and should assist the Field Team in judging the prospect. Such a judgment is here recommended.

N. E. Nelson

N. E. Nelson

May 18, 1955

Subject: DMEA -3815
Re: Exploration Assistance
Hughes Couge Prospect

Walter Grindstaff and Jesse Johnson,
Partners
Routb 3,
Bakersville, North Carolina
Gentlemen:

The receipt of your application dated May 13, 1955 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3815 and referred to the Non-Metallic Metals 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

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
MAY 18 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. 3815
Metal or Mineral Mica
Date Received 5-18-55
Estimated Cost 6550.00
Participation (Government %) 75

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: Walter Grindstaff and Jesse Johnson, both of Bakersville, Rt. 3, N. C.

Partnership

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

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

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

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

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract Legal description given on attached lease.

(*b*) State any mine name by which the property is known. Hughes & Gouge Prospect

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

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

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

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

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

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

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

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

5. *The exploration project.*—(*a*) State the mineral or minerals for which you 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 sheet.

(*c*) The work will start within 30 days and be completed within ..... months from the date of an exploration project contract.

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

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. Will furnish required 25%.

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

[x] Money [ ] Use of equipment owned by you [ ] Other

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated 5-13-55, 195...

Walter Grindstaff & Jesse Johnson
(Applicant)

By Walter Grindstaff
Partner

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

Defense Minerals Administration
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MF-103 (continuation sheet)

4. (a) Some operations have been conducted near this project. Applicants had no interest. Project is accessible.

(b) Unofficial records show that some high grade mica has been sold from workings near this site.

(c) From appearance of vein material showing, it is believed that strategic mica may be found by exploration.

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

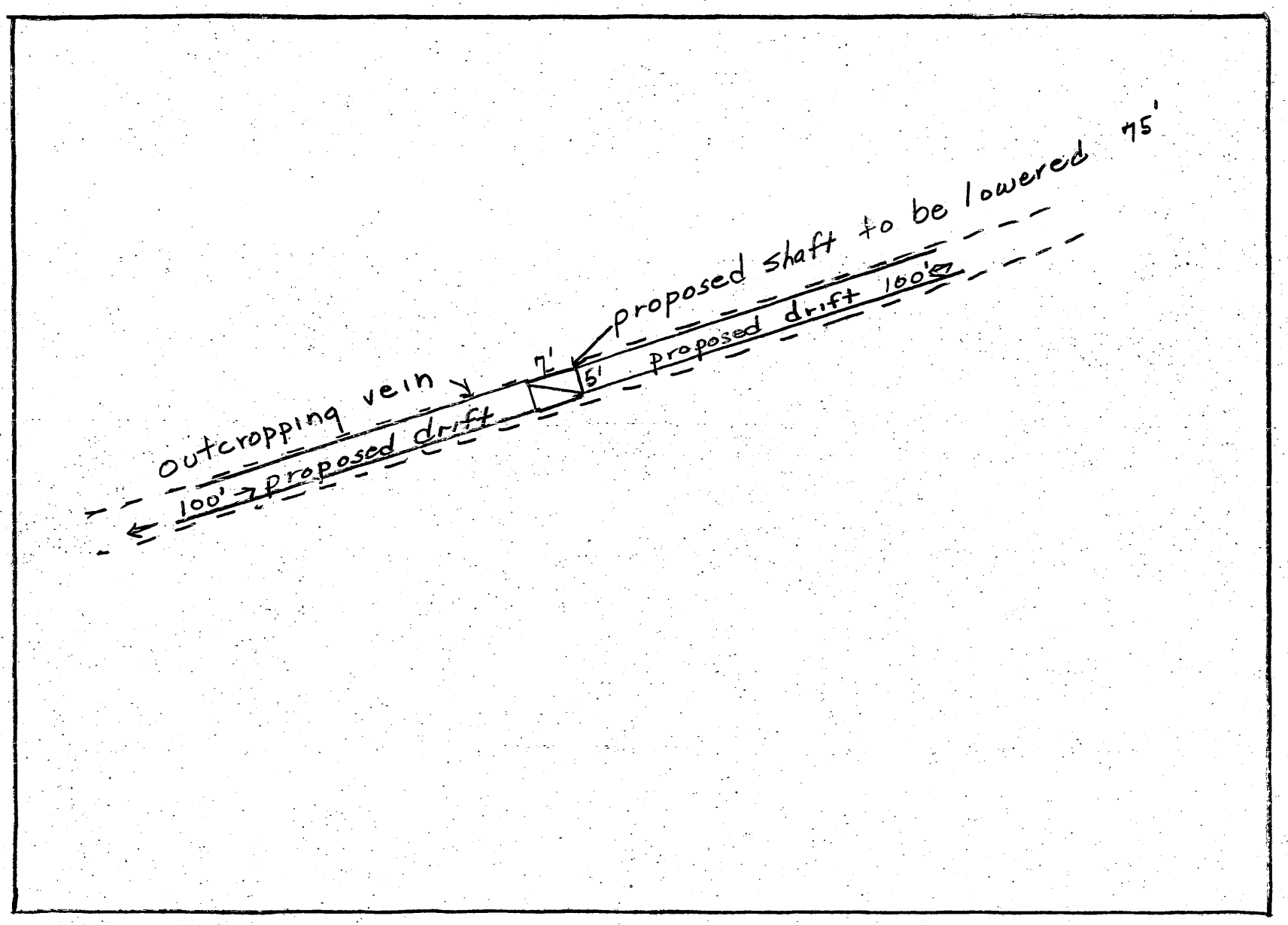
(e) Manpower, equipment and supplies available. Power is within 200 yards.

5. (b) We propose to lower a 5' x 7' shaft 75 feet, then drift best way with vein 80'.

6. Estimate of costs:

Sink shaft 75' @ $50.00 per ft.	$ 3750.00
Drift 80' @ $35.00 per ft.	2800.00
Total estimated cost	6550.00

HUGHES AND GOUGE PROSPECT



Records Administration
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Jesse Johnson

Mr. Jesse Johnson was born at Bakersville, N. C. and has spent his entire life in Mitchell County. He is forty-five years old. He attended Red Hill School and Bakersville High School.

Mr. Johnson worked for twelve years with the Clinchfield Railroad Company, and for a number of years with English Mica Co. He has mined in and around Mitchell County for himself for about eight years.

He is considered a reputable citizen, and lists the following personal references:

Mr. Charlie Gunter
English Mica Co.
Spruce Pine, N. C.

Mr. Luther Goughe
Bakersville, N. C.

Mr. Graham
Graham Furniture & Hardware Co.
Bakersville, N. C.