Graham

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

John Phillips

Spruce Pine, North Carolina

pertaining to Exploration Project Contract No. Idm-2655, Docket No. DMEA-3623, for the months of September 1955 to November 1955, inclusive, covering a project for the exploration of mica on property, known as Lane Prospect, located in Yancey County, North Carolina.

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

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

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

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

Total cost as billed by Contractor		$4,376.00
Exceptions:		
By DMEA Finance Officer	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$4,376.00

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

$3,282.00

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

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

December 20, 1955

Division Copy

RECEIVED

SEP 14 1955

MF-200A
(Revised June 1954)

Docket No. DMEA-[illegible]

Commodity [illegible]

Contract No. Idm-E 855

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

It is agreed this AUG 15 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] John Smallage

whose mailing address is Spruce Pine, 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: none

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

[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."

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 [illegible] The work to be performed is described in Exhibit "A." The Operator on or before OCT 15 1955 shall commence the work, and on or before January 20, 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 $[illegible] The Government will contribute [illegible] percent of the fixed unit costs as work is performed, in a total sum not in excess of $[illegible]: *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.

JOHN PHILLIPS
(Operator)

By John A. Phillips

THE UNITED STATES OF AMERICA

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

Hoffman
Anderson
F. Kearns
Talbot
Martin

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

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SEP 14 1955

EXPLORATION PROJECT CONTRACT
JOHN PHILLIPS
DOCKET NO. DMEA-3823

ANNEX I

The land referred to in Article 2 of the contract form is known as the Laws Prospect. The prospect is located on the east side of Bluerock Knob, 3.2 airline miles S 35° W of Micaville, Yancey County, North Carolina, and is described as follows:

BEGINNING on a Black Gum tree located 220 feet Northeast from the center of what is known as the Laws Prospect and runs 250 feet North; thence 250 feet East; thence 500 feet South; thence 500 feet West; thence 500 feet North; thence 250 feet East to a point of closing, containing 5 3/4 acres, more or less.

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SEP 14 1955

EXPLORATION PROJECT CONTRACT
JOHN PHILLIPS
DOCKET NO. DMEA-3823

EXHIBIT "A"

Description of the Work

Exploration for concentrations of strategic mica shall be accomplished in the area indicated on the map entitled "Sketch of Laws Pros. Yancey Co., N. C. DMEA-3823 (mica) June 17, 1955," attached hereto and made a part hereof, as follows:

1. Construct:

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

(b) A powder storage 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 rough, unfinished lumber, with protective roof covering; and shall be equipped with lock and key.

The powder and exploder magazines shall be boxed on all sides; shall be made from 2-inch hardwood or 3-inch softwood lumber; and shall be braced at the corners. No metal shall be exposed; and the lids or doors shall be securely locked with the equivalent of a 5-tumbler jarproof lock.

2. Rehabilitate the existing 40-foot stope by removing 20 feet of muck and slabbing sufficiently to accommodate a 2-compartment shaft.

3. Sink a 2-compartment shaft on the pegmatite an additional 30 feet.

4. Explore the pegmatite by driving from the shaft not more than 80 feet of drifts and/or crosscuts.

The rehabilitated shaft (item 2), the additional shaft (item 3), and the drifts and/or crosscuts (item 4) shall be timbered as necessary and shall be of minimum cross-sectional dimensions of 5 feet by 7 feet in the clear of timber.

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

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

Construction - Toolhouse 1/	$ 78.00	
Powder Magazine 1/	25.00	
Exploder Magazine 1/	13.00	
Rehabilitation - 40 feet of existing stope @ $12.50/ft.	500.00	
Sinking - 30 feet of additional shaft @ $48.00/ft.	1,440.00	
Driving - 80 feet of drifts and/or crosscuts @ $38.00/ft.	3,040.00	
Estimated total cost of project		$5,096.00
Government participation @ 75%		$3,822.00

1/ The completed work constitutes the unit.

MF-203
Revised March 24, 1955

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JUL 14 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E 855
Contract Date AUG 15 1955

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 27 1955

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 on a Black Gum tree located 720 feet Northeast from the center of that to known as the Lewis Prospect and runs 250' North; thence 250' East; thence 500' South; thence 500' West; thence 500' North; thence 250' East to a point of closing, containing 5 3/4 acres more or less.

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/

Deed of trust in favor of The Northwestern Bank Burnsville, N. C. to secure payment of $8800.00 and interest, which deed of trust appears of record in Yancey County Mortgage Deed Book 40, Page 29. Also a deed of trust to Feldspar Milling Co., Burnsville, N.C. in the amount of $500.00 and interest, recorded in Register of Deeds office.

Undertakes and agrees that he will not commit any act that may create any claim and 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: _____

Dated this 23 day of May, 1955.

W W Hammond [Seal]

Feldspar Milling Co. by Caroll Rogers, Jr. Asst. Treas.

Ruby Hammond [Seal]

The Northwestern Bank by [illegible] Vice Pres [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.

W G Young

[Corporate Seal]

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SEP 14 1955

MF-201
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator John Phillips
Docket No. DMEA-3823
Contract No. Idm-E 855
Contract Date AUG 15 1955

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 on a Black Gum tree located 220 feet Northeast from the center of what is known as the Lewis Prospect and runs 250 feet North; thence 250 feet East; thence 500 feet South; thence 500 feet West; thence 500 feet North; thence 250 feet East to a point of closing, containing 5-3/4 acres, more or less.

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)

Dated this AUG 1 5 1955 day of _____, 195__.

THE NORTHWESTERN BANK [Seal]

By Edwin Vice Pres [Seal]
C. P. Randolph, Trustee

[Seal]

I, A. V. Deal, certify that I am the Secretary, (Secretary, etc.) of the corporation named herein; that Edwin Sussman 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.

A. V. Deal Secretary
[Corporate Seal]

RECEIVED

SEP 14 1955

MF-201
Revised March 24, 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator John Phillips
Docket No. DMEA- 3823
Contract No. Idm-E 855
Contract Date AUG 15 1955

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 on a Black Gum tree located 220 feet Northeast from the center of what is known as the Laws Prospect and runs 250 feet North; thence 250 feet East; thence 500 feet South; thence 500 feet West; thence 500 feet North; thence 250 feet East to a point of closing, containing 5-3/4 acres, more or less.

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)

Dated this AUG 15 1955 day of _____, 195__.

FELDSPAR MILLING COMPANY, INC. [redacted]

By Carroll Rogers Jr [redacted]

_____ [redacted]

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

_____

[Corporate Seal]

JUN 11 1956

Mr. John Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3823 - Mica
John Phillips
Lawn Prospect
Yancey County, North Carolina
Contract No. Idm-E855

Dear Mr. Phillips:

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

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

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

Sincerely yours,

C. O. Mittendorf

Administrator

LGHouk:gad 4/18/56

Copy to: Mr. W. W. Hennessee and Mrs. Ruby Hennessee, 8 Sunset Trail, Asheville, N.C.
The Northwestern Bank, Burnsville, N.C.
Feldspar Milling Company, Inc. ~~(Attached to Field Team copies for forwarding)~~
Admr. R. File
Docket
Mr. Chambers
Field Team, Region V
Mr. Dietrich, 3061
Mr. Killsgaard, 5222
Mr. Houk

600

JUN 1 1956

Mr. W. W. Hennessee
8 Sunset Trail
Asheville, North Carolina

Re: Docket No. DMEA-3523 - Miss
John Phillips
Laws Prospect
Yancey County, North Carolina
Contract No. Idm-E855

Dear Mr. Hennessee:

Reference is made to your recent letter advising this office that the mining lease to John Phillips has been automatically terminated for non-performance.

Transmitted herewith for your information is a copy of the closing letter issued as a result of the exploration program on the Laws Prospect. It is not the intention of the Government to make a certification of discovery. Therefore, the Government retains no claim or lien against the property nor is future production subject to any claim.

The Northwestern Bank of Burnsville, North Carolina, and the Feldspar Milling Company, Inc., will be advised that the Government has no claim upon any production from the land described in the contract.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

LCHenk:gad 4/18/56
Copy to: Admr. R. File
Docket
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Chambers
Mr. Henk

600

JUN 1 1956

The Northwestern Bank

Burnsville, North Carolina

Re: Docket No. DMEA-3823 - Mica
John Phillips
Laws Prospect
Yancey County, North Carolina
Contract No. Idm-2855

Gentlemen:

Transmitted herewith for your information is a copy of a closing letter to the Operator of the Defense Minerals Exploration Administration contract mentioned above.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

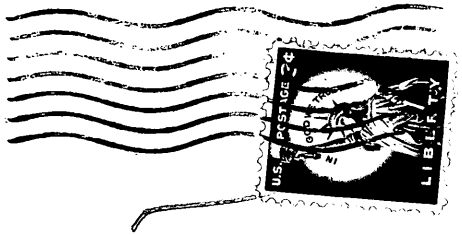
LGHouk:gad 4/18/56
Copy to: Admr. R. File
Docket
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Chambers
Mr. Houk

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

OFFICIAL BUSINESS

DMEA-38v3

WASHINGTON, D.C.
JUN 11
6-PM
1956



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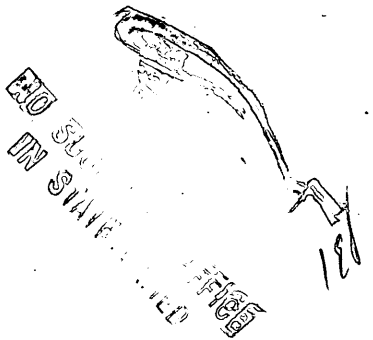
Feldspar Milling Company, Inc.

~~Bowditch, North Carolina~~

Bostic

Re-addressed to Burnsville N C



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35-95

WASHINGTON, D. C.
JUN 11
SEC.

600

JUN 11 1956

Feldspar Milling Company, Inc.

Bowditch, North Carolina

Re: Docket No. DMEA-3823 - Mica
John Phillips
Laws Prospect
Yancey County, North Carolina
Contract No. Idm-R855

Gentlemen:

Transmitted herewith for your information is a copy of a closing letter to the Operator of the Defense Minerals Exploration Administration contract mentioned above.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

LGHouk:gad 4/18/56
Copy to: Admr. R. File
Docket
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Chambers
Mr. Houk

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

RECEIVED
JUN 8 1956

June 6, 1956

Mr. W. E. Anglin
Attorney at Law
Burnsville, North Carolina

Re: DMEA-3823, Idm-E855 (Mica)
John Phillips
Laws Prospect
Yancey County, North Carolina

Dear Mr. Anglin:

Reference is made to your letter of June 5 in behalf of your client Mr. W. W. Hennessee.

The period in which the Government might certify a discovery on the Laws prospect terminated on May 28, 1956. As it was not certified, the production lien is automatically terminated, as of that date.

It is our understanding that no mica of value was produced during the period from August 15, 1955 to May 28, 1956.

A copy of the closing letter will be sent to Mr. Hennessee by our Washington office, in the near future.

Very truly yours,

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

RAL/mg
cc
Operating Committee (2)
Lynch
Files

May 2, 1956

RECEIVED
MAY 7 - 1956

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region V - Knoxville

Subject: DMEA-3823, Idm-E855, Mica, John Phillips, Applicant
Laws Prospect, Yancey County, N. C.

Attached is the original and two copies of a letter from John Phillips, Spruce Pine, N. C., stating that no mica has been sold from the Laws Mine. The letter is in response to one Mr. Phillips received from Mr. Mittendorf concerning the sale of mica, from the subject contract.

Robert A. Laurence

VJL/sm
ec:
Lynch
Shirley
Files
Opr. Com-2

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RECEIVED
MAY 7 - 1956

Spruce Pine, North Carolina
April 30, 1956

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

Re: DMEA-3823, Idm-E855, Mica
Laws Prospect, Yancey Co., N. C.

Dear Mr. Laurence:

We have received a letter from Mr. Mittendorf asking that an accounting be made on approximately 700# mine-run mica which we recovered at the Laws Mine.

This mica was scrap and we did not bring it off the mountain because it's value would not have paid the hauling expense. No sale was made of any mica from the Laws Prospect.

Very truly yours

/s/ John Phillips

copied by zm.
cc:
Lynch
Laurence
Opr. Com.-orig.-2

May 2, 1956

RECEIVED
MAY 7 - 1956

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region V - Knoxville

Subject: DMEA-3823, Idm-E855, Mica, John Phillips, Applicant
Laws Prospect, Yancey County, N. C.

Attached is the original and two copies of a letter from John Phillips, Spruce Pine, N. C., stating that no mica has been sold from the Laws Mine. The letter is in response to one Mr. Phillips received from Mr. Mittendorf concerning the sale of mica, from the subject contract.

Robert A. Laurence

VJL/am
cc:
Lynch
Shirley
Files
Opr. Com-2

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RECEIVED
MAY 7 - 1956

Spruce Pine, North Carolina
April 30, 1956

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

Re: DMEA-3823, Idm-E855, Mica
Laws Prospect, Yancey Co., N. C.

Dear Mr. Laurence:

We have received a letter from Mr. Mittendorf asking that an accounting be made on approximately 700# mine-run mica which we recovered at the Laws Mine.

This mica was scrap and we did not bring it off the mountain because it's value would not have paid the hauling expense. No sale was made of any mica from the Laws Prospect.

Very truly yours

/s/ John Phillips

copied by zm.
cc:
Lynch
Laurence
Opr. Com.-orig.-2

600

APR 25 1956

Mr. John Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3823 - Mica
John Phillips
Laws Prospect
Yancey County, North Carolina
Contract No. Idm-2855

Dear Mr. Phillips:

Reference is made to the subject exploration contract which has been completed.

Your final report indicates that a total of about 700 pounds of "mine-run" mica was produced during the project operation. Please report to this office whether the mica is salable or is without value. Whether the mica is salable as strategic, punch or scrap mica, or valueless, an accounting must be made to the Government. Any royalty due, however small, must be paid before the case can be closed. Under Article 7(b) of the subject contract you are obligated to pay the Government a royalty on all minerals mined or produced from the land "...regardless of any certification of discovery or development, from the date of the contract until the lapse of time within which the Government may make such certification".

If you have sold any mica or other minerals produced during the project or during the six-month period after November 28, 1955, please forward a royalty check to Mr. Robert A. Laurence as you have on other projects in the past.

Upon your compliance with all the requirements of the contract, we will write you a closing letter which will remove the Government's lien on any future production.

Sincerely yours,

C. O. Mittendorf

Administrator

LGHouk:gad 4/25/56
Copy to: Admr. R. File
Docket
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

A

600

APR 26 1956

Mr. W. W. Hennessee
8 Sunset Trail
Asheville, North Carolina

Re: Docket No. DMEA-3823 - Mica
John Phillips
Laws Prospect
Yancey County, North Carolina
Contract No. Idx-E855

Dear Mr. Hennessee:

Reference is made to your recent letter advising that the mining lease to John Phillips has been terminated for non-performance and requesting that the lien against the property be cancelled.

It is not our intention to certify the project as a discovery thus creating a ten-year production lien upon the land described in the contract. The period in which the Government may certify does not terminate until May 23, 1956. Before the case can be closed it will be necessary to determine whether any royalty is due the Government on the mica produced during the life of the contract. Mr. John Phillips has been requested to supply this office with information on the value of production, and to pay any royalty that may be due. When this is received you will be advised, and a copy of the closing letter removing the lien will be sent to you. We expect to have Mr. Phillips' reply within the next 30 days.

Sincerely yours,

G. O. Mittendorf

Administrator

LGHouk:gad 4/24/56
Copy to: Admr. R. File
Docket
Field Team, Region V
Mr. Fiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

April 20, 1956

Project Summary Report

By: Walter C. Anderson

1. Docket No. DMEA-3823-Mica
Contract No. Idm-E855
Laws Prospect
Yancey County, North Carolina

Operator: John Phillips
Spruce Pine, North Carolina

Application:
Form MF-103(April 1952) received May 20, 1955

Work proposed:
Bulldoze access road, rehabilitate 80 feet of adit, sink 50 feet of winze and drive 80 feet of drifts.

Amount requested:
$7,900.00

Operator's property rights:
Mining lease for 10 years on the W. W. Hennessee property covering 5 3/4 acres, dated May 2, 1955.
Owner's Consent to Lien dated August 15, 1955
Subordination Agreement - The Northwestern Bank, dated August 15, 1955
Subordination Agreement - Feldspar Milling Company, Inc., dated August 15, 1955

2. Contract: Form MF-200A(June 1954) dated August 15, 1955

Work authorized:

Construction - toolhouse, powder and exploder magazines	$ 116.00
Rehabilitation - 40 feet of stope @ $12.50/ft.	500.00
30 feet of shaft @ $48.00/ft.	1440.00
80 feet of drifts and/or crosscuts	3040.00
Estimated total cost of project	$5096.00
Government participation @ 75%	$3822.00

Amendments:
none

Work completed:

Construction - toolhouse, exploder and powder magazines	$ 116.00
Underground rehabilitation	500.00
15 feet of shaft @ $48.00/ft.	720.00
80 feet of drifts @ $38.00/ft.	3040.00
Total accepted cost	$4376.00
Government participation	$3282.00

Work began on September 1, 1955 and was completed November 23, 1955.
Field Team Final Report received on December 22, 1955.
Operator's Final Report dated November 28, 1955, received December 22, 1955.
Production during operation - about 700 pounds "mine-run" block mica.
No mica sold and no royalty paid. Mica probably of too poor quality for sales.
No equipment was purchased under the contract.

3. Audit: Report of Review issued December 20, 1955.

Accepted cost	$4376.00
Government participation	$3282.00

4. Certification of Discovery:
none issued...Mica produced was small and of poor quality, and no indication of good quality or abundant mica reserves.

5. Comments:
How conducted:
all of the work in which the Government participated was acceptable.
Operation:
good
Engineering:
only as much work was done as was necessary to establish that no concentrations of mica existed in this deposit. Operator submitted satisfactory reports.
Geological premise:
the premise that a mica-bearing pegmatite exposed in the accessible part of an inclined stope would continue laterally and in depth did not materialize.
Geological criteria upon which work was based:
1. Unzoned pegmatite, elongated tabular in form, 3 to 5 feet thick, conformable to biotite gneiss country rock and weathered to less than 10 feet from surface.

2. Mica - ruby colored, hard, flat, free-splitting and occurring in moderately large sizes. Most is of strategic quality.
3. Past production - no data

Criteria developed during project:

1. Pegmatite narrowed from 3 feet in thickness to 4 to 6 inch stringers. Consists of sodic-plagioclase, quartz and muscovite.
2. Country rock consists of biotite, hornblende and quartz
3. Mica - small and poor in quality.

Future possibilities:

none because of narrowing of pegmatite and the poor quality of mica and sparse occurrence.

Recommendations:

The Nonmetallic Minerals Division concurs in the Field Team's recommendation not to issue a certification. The commodity members of the Geological Survey and Bureau of Mines agree.

Walter C. Anderson
Nonmetallic Minerals Division

WCAnderson:ms 4/20/56
Copy to: Mr. Houk
Mr. Anderson
Admr. R. File

April 18, 1956

Feldspar Milling Company, Inc.
Bowditch, N. C. (taken from corporate seal)

The Northwestern Bank ✓
Burnsville, N. C.

W. W. Hennessee
Ruby Hennessee
8 - Sunset Trail
Asheville, N. C.

DEFENSE MINERALS ADMINISTRATION

97023

PRODUCTION EXPANSION DIVISION

PROCUREMENT APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Length of Contract (preproduction plus production) _____

Amount of Metals or Minerals in tons, units or pounds _____

Floor price or Guaranteed price and whether or not escalated _____

Maximum Government Commitment _____

Comments on Contract: _____

_____

_____

_____

_____

_____

Date sent to Legal Division _____

Date of Recommendation to D.P.A. for Certification _____

Date Certification sent to G.S.A. by D.P.A. _____

Date signed into Contract by G.S.A. _____

Additional Remarks: _____

_____

_____

_____

_____

NOTE: If application is denied, or if it is recommended for change into exploration, etc., please state under additional remarks.

Interior—Duplicating Section, Washington, D. C.

Signed _____

C
O
P
Y

8 Sunset Trail
Asheville
North Carolina

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

In re: John Phillips Lease

Under date of 2 May 1955 my wife and I, as owners, executed a Mining Lease to John Phillips on a 5 3/4 acre tract of land in Crabtree Township, Yancey County, North Carolina, on which was located the Laws Prospect. Thereafter, we executed the Owner's Consent so that the Lessee could obtain a loan for mining on that property.

No mining has been done on the property described in the Lease since about November 1955. The Lease, under its terms, automatically terminated for failure of the Lessee to conduct mining operations for a period of 60 days.

The 5 3/4 acre tract covered by the aforesaid Lease was a part of an 1100 acre boundary. We have sold and conveyed the entire boundary, including the 5 3/4 acre tract and have been required to deposit funds as a protection against any government lien arising by the Owner's Consent executed by us.

It is most respectfully requested that the lien, if any, on this 5 3/4 acre tract be canceled at the earliest possible time so that I may receive the funds being held by reason of the possibility of an outstanding lien.

Sincerely yours,

/s/ W. W. Hennessee

W. W. Hennessee

Copied by ms 4/16/56

RECEIVED
Apr 16, 1956

IN REPLY REFER TO:

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

January 2, 1956

Re: [illegible] 3423 Item [illegible]
John [illegible]
[illegible]aws prospect
Yancey [illegible]unty, [illegible]
[illegible]5,096.[illegible] - [illegible]ica

[illegible]emorandum

To: [illegible]. [illegible]. Houk, [illegible]efense [illegible]inerals [illegible]xploration [illegible]dministration

From: [illegible]. [illegible]. Nelson, [illegible]. [illegible]. [illegible]eological [illegible]urvey

Subject: [illegible]eview of [illegible]inal [illegible]ield Team report.

The work program approved for this project was estimated to cost [illegible]5,096.[illegible]0. The work completed consists of:

[illegible]ehabilitation [illegible]haft sinking 15 ft. [illegible]rifting 81 ft. [illegible] mica was sold and no royalty paid	Cost [illegible]4,376.0[illegible]

The pegmatite was found to be essentially bare of strategic mica.

Because of the poor quality of the mica produced by the exploratory work and lack of abundant indicated reserves the examiners and the Field Team recommend that no certificate of discovery be issued.

I concur with the recommendation.

N. E. Nelson

N.E.Nelson:btr
G 1/2/56

N. E. Nelson

cc: Director's reading, 4212 GSA
Branch reading, 4212 GSA
DMEA (3)
Docket File
[illegible]. D. Dietrich, Rm. 3061

RECEIVED
JAN 3 1956

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

January 5, 1956

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA - 3823 (mica)

Applicant: J. Phillips

Name and Location of Property: Laws prospect, Yancey County, N. C.

Contract Number: Idm-E 855

Date of Field Team Report: 12/19/55

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 12/30/55

Field Team Recommendation: Recommend no certification of discovery be issued.

Comments:

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

2. Sufficient work has been done to indicate the pegmatite is not suitable for producing large quantities of strategic mica.

3. Expenditures -

Total approved	$5,096
Total cost	4,376
Gov't. share of the cost	3,282
Value of production during operation	None

Recommendation:

I concur with the field team's recommendation.

SIGNED

W. F. Dietrich

RECEIVED
JAN 9 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

COPY

~~WASHINGTON 25, D.C.~~

Room 13, Post Office Bldg.
Knoxville 2, Tenn.

December 20, 1955

Memorandum

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

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

Subject: Final Reports, DMEA-3823, Idm-E855 (Mica)
John Phillips, Spruce Pine, North Carolina.
Laws prospect, Yancey County, North Carolina.

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

We agree with the recommendation that certification of discovery should not be issued.

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

/s/ L. E. Shirley, for V. J. Lynch
Member, U. S. Bureau of Mines

Enclosures 8

Reviewed by
DMEA OPERATING COMMITTEE
12-30-55

RECEIVED
DEC 22 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FINAL REPORT

On

DMEA-3823, Idm-E855 (mica) LAWS PROSPECT
Yancey County, North Carolina

BY

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

and

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

December 19, 1955

Reviewed by
DMEA OPERATING COMMITTEE
12-30-55
(date)

RECEIVED
DEC 22 1955

FINAL REPORT
On
DMEA-3823, Idm-E855, LAWS PROSPECT
(mica)

Operator: John Phillips, Spruce Pine, North Carolina

Location: On the east side of Bluerock Knob, 3.2 airline miles S 35° W. of Micaville, Yancey County, N. C.

Work under this contract has been conducted in a satisfactory manner. Mica of strategic grade was scarce and small. It is the field examiners' recommendation that this mine not be certified because of a lack of indicated reserves.

The Operator began work on this mine September 1, 1955 and was completed November 23, 1955. The Operator carried out the contract in a very competent manner. The shaft was rehabilitated and sunk an additional 15 ft. At the bottom of the new shaft the pegmatite thinned to stringers. A drift trending N 10° E for 30 ft, and due N for 51 ft was driven following the pegmatite from the shaft bottom. At 30 ft in the drift is a stope 10 ft wide, 12 ft high, and 10 ft long.

About 700 lbs. of "mine-run block" mica was reported to have been produced. The pegmatite was essentially bare of mica from the shaft to the 30 ft point where some small sized mica was produced. Scrap mica persisted through-out the drift for about 30 ft. From the 60 ft point to the 80 ft point, the pegmatite narrowed gradually to stringers.

Pegmatite narrowed from 3 ft thick down to 4 ins. going down the shaft. This narrowing down in a vertical section persisted throughout the drift. At the 80 ft point in the heading are pegmatite stringers 4 to 8 in. wide with a brecciated appearance. Mica at this point is small, severely ruled, ruby with biotite inclusions.

Structurally, the pegmatite appears to have been offset about 1 ft at the 51 ft point in the drift. Slickensides and ruled mica at the 80 ft point in the drift, with vertically dipping stringers show vertical dispacement.

Mineralogically, the stringers and pegmatite consists primarily of sodic-plagiocalse, quarts, and musocivte. The country rock consists of biotite, hornblende, and quarts.

Although the mica was reported good at the surface in previous reports, little strategic mica has been produced during the new exploration. Some reserves may be in the top of the drift, because the pegmatite widens goin g up in a vertical section. Along this line some stoping has been done in which some mica was obtained, but it was only an increase in the amount of poor mica. Apparently the quality of mica will not increase with height in a

stoping operation.

On the basis of the small, poor quality mica produced by exploration, and with no indication of good quality or abundant reserves, the field examiners recommend that the Laws Prospect not be certified.

Expenditures:

(a)	Total contract -	$5,096.00
	Government's share	3,822.00
	Operator's share	1,274.00
	Total Spent	4,376.00
	Government's share	3,282.00
	Operator's share	1,094.00
	Government's share unexpended	340.00
	Royalty paid	None

December 19, 1955.

Lawrence E. Shirley, Mining Engineer
Bureau of Mines

and

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

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

RECEIVED
DEC 23 1955

December 20, 1955

Memorandum

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

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

Subject: Final Reports, DMEA-3823, Idm-E855 (Mica)
John Phillips, Spruce Pine, North Carolina
Laws Prospect, Yancey County, North Carolina

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

We agree with the recommendation that certification of discovery should not be issued.

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

L. E. Shirley, for V. J. Lynch
Member, U. S. Bureau of Mines

RAL/mc
Enclosures 8
cc - Operating Committee
Mr. Lynch
Mr. Shirley
Files

RECEIVED
DEC 28 1955

Spruce Pine, North Carolina
November 28, 1955

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

Re: DMEA-3823, Idm-E 855 (Mica)
Laws Prospect
Yancey County, North Carolina
Final Report

Dear Mr. Laurence:

Work began on the above project on September 1, and was completed on November 23, 1955.

We moved in equipment and began rehabilitation work on the old shaft on Sept. 1. Forty feet of existing shaft had to be cleaned out and timbered. From the bottom of this old shaft, we sank an additional fifteen feet, running completely out of vein. Upon advice from the field team, we turned off at the 15' level with a drift and drove a total distance of 80'. At about the 30' distance in the drift we began to pick up some small scrap mica, and continued to recover some scrap and poor quality mica up to about 60' in the drift. The vein began to narrow at this point and by the end had almost pinched out. We recovered a total of 600-700# of scrap and poor quality mica from the entire operation.

No particular difficulty was encountered. The material was rock and slate and the drift was in vein all of the 80'. Work was discontinued upon completion of the contract, as we did not deem it advisable to continue.

We wish to thank the field team for their assistance on this project. If further details are necessary, please contact us.

Very truly yours,

John Phillips

John Phillips

P/b

INTERIM REPORT

DMEA-3823, Idm-E855 (mica) LAWS PROSPECT

OPERATOR: John Phillips, Spruce Pine, N. C.

LOCATION: On the east side of Bluerock Knob, 3.2 airline miles S35°W of Micaville, Yancey Co., N. C.

This contract has been completed without making a worthwhile discovery of strategic mica. The operator does not indicate that any additional exploration will be attempted at his own expense.

A brief description of work accomplished consists of rehabilitation of an existing 40 foot slope, sinking 15 feet of shaft from the bottom of the slope and driving a total of 80 feet of drift and crosscuts from the shaft bottom to the north. The thickness of the body varied from a few inches to 5 feet in the drift and contained scattered mica in the thicker portions. About 500 pounds of block mica was recovered from all work completed.

All work was completed satisfactorily and in accordance with terms of the contract. Timber was required in the rehabilitation and new shaft work, but was not required in the drift. Upon completion of the contract, some stoping and widening of the drift was attempted where the better mica occurred, but little mica resulted. The examiners are of the opinion that this mine will not warrant a recommendation for certification.

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

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

November 30, 1955

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

Final Report
Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-

OPERATOR'S MONTHLY REPORT AND VOUCHER

RECEIVED DEC 12 1955

Month of November, 1955 Docket No. DMEA 3823 Contract No. Idm-E 855
Operator's Name John Phillips Minerals Mica
Address Spruce Pine, N. C.
Contract Amount, $ 5096.00 Government Participation: 75 % Amount, $ 3822.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
30' Drifting @ 38.00 ft.	1140.00	1900.00	3040.00			
Shaft		720.00	720.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs		500.00	500.00			
(6) New Bldgs., Improvements, etc.		78.00	78.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Powder & Exploder Mags.		38.00	38.00			
(8) Contingencies (specify):						
TOTALS	1140.00	3236.00	4376.00	1140.00	3236.00	4376.00

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

Date 11-28-55 *Payee John Phillips

Per John Phillips Title Operator

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

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

(Instructions on reverse)

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

$ 855.00

Signature Helen R. Miller
(Authorized Certifying Officer)

Date DEC 8 1955 Vou. No.
(See other side)

2 85.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E855 in accordance with the terms of the contract.

Signature Sheldon C. Bergman Title Geologist USGS Date

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title Date

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

RECEIVED
DEC 12 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November 195 55 Docket No. DMEA 3823 Contract No. Idm-E 855
Operator's Name John Phillips Minerals Mica
Address Spruce Pine, N. C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
30' Drifting @ 38.00 ft.		1140.00	30	3040.00	80	38.00	80	38.00
Crosscutting								
Raising								
Shafts				720.00	15	48.00	30	48.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1140.00		3760.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs				500.00				
New Buildings, Improvements, etc.				78.00				
Powder & Exploder Magazines				38.00				
Total Costs		1140.00		4376.00				

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

Date 11-28-55 Operator John Phillips

Per John Phillips Title Operator

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

Remarks:

(Instructions on reverse)

(For Government use only)

Sheldon C. Bergman
12/7/55

INSTRUCTIONS

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

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

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

GPO 872894

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DEC 12 1955

OPERATOR'S

Monthly Progress Report

November, 1955

DMEA-3823

Idm-E 855

Work Accomplished:

Thirty feet of drift during November completed the work called for in the contract. We picked up a few bags of scrap and poor quality mica in the drift at the 30-60 feet distance, then the vein narrowed and almost pinched out. About 600# lbs. of mica was recovered in all. Work was completed on November 23.

Daily Notes:

November 1 - 4 : Drilled and shot in drift. Recovered small amount of mica. Vein narrowing. Pumped water.

November 7 -11 : Pumped water, continued with drift. Repeated drilling, shooting and mucking operations, mica becoming more scarce. That mica recovered chiefly scrap.

November 14 -18 : Vein continued to narrow, contain less mica. Drilled, shot and mucked. Pumped water. Field team visited.

November 21 -23 : Completed 30' of drift as called for in the contract. Vein did not warrant continuing, so work was stopped on November 23.

About 500 - 700# of scrap and poor quality mica recovered in entire operation.

Anderson

INTERIM REPORT

DMEA-3823, Idm-E-855 (mica) LAWS PROSPECT

OPERATOR: John Phillips, Spruce Pine, N. C.

LOCATION: On the east side of Bluerock Knob, 3.2 airline miles S35°W of Micaville, Yancey County, N. C.

Drifting continues on this contract and is now at 68 feet. The present drift direction is due north, and the last 17 feet have followed pegmatite which appears, in the roof section, to terminate near the heading. The present face, and a pegmatite section, was washed down for the Examiners and shows 3 pegmatite lenses aligned vertically near the east wall. The operator was advised to continue the drift in the present direction, and instructions were given for discontinuing work if pegmatite was not encountered in the next two rounds of holes. The operator, upon completion of the contract, plans to drive a raise and do some bench work in the drift floor at a point in the drift where the pegmatite contains the best mica. This work will be conducted at his own expense. Progress on this contract is satisfactory.

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

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

November 16, 1955

INTERIM REPORT

DMEA-3823, Idm-E855 (mica) LAWS PROSPECT

OPERATOR: John Phillips, Spruce Pine, North Carolina

LOCATION: On the east side of Bluerock Knob, 3.2 airline miles S35°W of Micaville, Yancey County, N. C.

Drifting continues on this contract and now totals 51 feet. All of the level work has been driven on the northward extension of the body. A narrow pegmatitic stringer was followed for about 34 feet, and at this point the body thickened from a few inches to about 5 feet. The present face shows from 2 to 3 feet of pegmatite narrowing toward the drift floor and enclosed by biotite gneiss country rock. About 300 pounds of mica of fair quality has been obtained from the thicker portion of the body. Twenty-nine feet of drift remains to be driven under contract, and the operator was instructed to continue driving to the north. Progress on this contract is satisfactory.

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

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

November 2, 1955

RECEIVED
NOV 14 1955

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & CHECK

34

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October 1955 Docket No. DMEA 3823 Contract No. Idm-E355

RECEIVED NOV 10 1955

Operator's Name John Phillips Minerals Mica

Address Spruce Pine, N. C.

Contract Amount, $ 5096.00 Government Participation: 75% Amount, $ 3822.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent / Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
50' Drifting @ 38.00 ft.	1900.00		1900.00			
Shaft		720.00	720.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs		500.00	500.00			
(6) New Bldgs., Improvements, etc.		78.00	78.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Powder & Exploder Mags.		38.00	38.00			
(8) Contingencies (specify):						
TOTALS	1900.00	1336.00	3236.00	1900.00	1336.00	3236.00

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

Date 11-3-55 *Payee John Phillips

Per John Phillips Title Operator

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

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

(Instructions on reverse)

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

$ 1425.00

Signature Helen R Miller
(Authorized Certifying Officer)

Date NOV 8 1955 Vou. No. 100
(See other side)

475.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 855 in accordance with the terms of the contract.

Signature Alfred R. Taylor Title Geologist USGS Date Nov. 7, 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature V. J. Lynch Title ..... Date .....

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of October 1955 Docket No. DMEA 3823 Contract No. Idn-E 855
Operator's Name John Phillips Minerals Mica
Address Spruce Pine, N. C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
50' Drifting @ 38.00	Ft.	1900.00	50	1900.00	50	38.00	80	38.00
Crosscutting								
Raising								
Shafts				720.00	15	48.00	30	48.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1900.00		2620.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs				500.00				
New Buildings, Improvements, etc.				78.00				
Powder & Exploder Magazines				38.00				
Total Costs		1900.00		3236.00				

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

Date 11-3-55 Operator John Phillips

Per John Phillips Title Operator

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

(Instructions on reverse)

Remarks:

(For Government use only)

Alfred R. Taylor
Geologist

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
NOV 1 1955

OPERATOR'S

Monthly Report of Progress

October, 1955

DMEA-3823

Idm-E 855

Work Accomplished:

After shaft was out of vein, field team advised that a drift be started at about the 15' level. We completed 50' of drift during October, beginning to pick up some small bits of mica at about 30'. Vein continues to bear some small mica.

Daily Notes:

October 3 - 7: Pumped water. Drilled and shot several rounds in slate and hard material. Mucked.

October 10-14: Continued with drift, in much the same material. Drilled, shot and mucked. Pumped water.

October 17-21: Near end of week began to pick up small bits of mica in vein of quarts, feldspar. Vein widened some. Repeated, drilling, shooting and mucking. Continued to pump water.

October 24-31: Advanced to 50' in the drift, continuing to find small mica. Vein looks better, producing a little more mica. Drilled, shot and mucked; recovered small scrap mica.

Four men working full time during entire month.

INTERIM REPORT

DMEA-3823, Idm-E855 (mica) LAWS PROSPECT

RECEIVED
OCT 28 1955

OPERATOR: John Phillips, Spruce Pine, N. C.

LOCATION: On the east side of Bluerock Knob, 3.2 airline miles S35°W of Micaville, Yancey Co., N. C.

Drifting is underway on this contract and is now at 15 feet. The drift is being driven due north, and is following a narrow pegmatite along the same zone as that previously reported in the shaft. Material encountered is 4 to 6 inches thick and is composed of feldspar and quartz, and is barren of mica. The operator was advised to continue the drift in the present direction in an effort to pick up thicker pegmatite. Progress on this contract is satisfactory.

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

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

October 19, 1955

~~Kuroen~~ Carlson

RECEIVED
OCT 17 1955

INTERIM REPORT

DMEA-3823, Idm-E855 (mica) LAWS PROSPECT

OPERATOR: John Phillips, Spruce Pine, N. C.

LOCATION: On the east side of Bluerock Knob, 3.2 airline miles S35°W of Micaville, Yancey Co., N. C.

Vertical shaft sinking has been in progress on this contract since completion of rehabilitation and is now at 19 feet. The pegmatite has tapered from 3 feet to about 4 inches in 19 feet of vertical section, and shaft sinking was stopped at this point. The operator was instructed to turnoff from this bottom and start a drift to the north, following the narrow pegmatite present. Drift work is expected to get underway within the coming week. Progress on this contract is satisfactory.

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

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

October 5, 1955

[illegible]-104 (Rev.)
[illegible] 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

PAID OR RECEIVED SCHEDULE OF PAYMENTS 26
OCT 10 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of September, 1955 Docket No. DMEA 3823 Contract No. Idm-E855
Operator's Name John Phillips Minerals Mica
Address Spruce Pine, N. C.
Contract Amount, $ 5096.00 Government Participation: 75% Amount, $ 3822.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
15' Shaft @ 48.00 ft.	720.00	-	720.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs	500.00		500.00			
(6) New Bldgs., Improvements, etc.	78.00		78.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Powder & Exploder Magazines	38.00		38.00			
(8) Contingencies (specify):						
TOTALS	1336.00		1336.00	1336.00		1336.00

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

Date 10-3-55 *Payee John Phillips

Per John Phillips Title Operator

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

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

(Instructions on reverse)

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

$ 1002.00

Signature Helen R. Muller
(Authorized Certifying Officer)

Date OCT 7 1955 Vou. No. 73
(See other side)

1 911 334.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E855 in accordance with the terms of the contract.

Signature W. J. Lynch Title Mining Eng. Date 10/6/55

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION V Date OCT 6 1955

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 872893

MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED
OCT 10 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of September 1955 Docket No. DMEA 3823 Contract No. Idm-E855
Operator's Name John Phillips Minerals Mica
Address Spruce Pine, N.C.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
15' Shafts @ 48100	Ft.	720.00	15	720.00	15	48.00	30	48.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		720.00		720.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs		500.00		500.00				
New Buildings, Improvements, etc.		78.00		78.00				
		38.00		38.00				
TOTAL COSTS		1336.00		1336.00				

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

Date 10-3-55 Operator John Phillips

Per John Phillips Title Operator

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

REMARKS:

(Instructions on reverse)

(For Government use only)

W. J. Lynch
Mining Eng.
Bureau of Mines

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
OCT 10 1955

OPERATOR'S

Monthly Progress Report

September, 1955

DMEA-3823

Idm-E855

Work Began: 9-1-55

Work Accomplished:

We moved in and set up equipment, rehabilitated 40 feet of old shaft, timbering and cleaning out muck. We lowered the shaft from bottom an additional 15', and are now out of the vein with the bottom of the shaft.

Daily Notes:

September 1 - 2 : Moved in and set up equipment.

September 5 - 9 : Three men began work cleaning out muck and rehabilitating shaft. Hired an additional man, and four continued work full time.

September 12 -16 : Completed rehabilitation and timbering on 40' of existing shaft.

September 19 -23 : Began to lower the shaft in vein from bottom of old shaft. Drilled, shot and mucked. Material very hard. Pumped water.

September 26 -30 : Continued down with shaft. Vein material narrowing, and completely ran out by 15' depth. Drilled, shot and mucked, and pumped out water.

INTERIM REPORT

DMEA-3823, Idm-E855 (mica) LAWS PROSPECT

OPERATOR: John Phillips, Spruce Pine, N. C.

LOCATION: On the east side of Bluerock Knob, 3.2 airline miles S35°W of Micaville, Yancey Co., N. C.

The starting date on this contract is September 6, 1955. Rehabilitation of an existing 40 foot stope from the surface has been completed, and sinking will get underway during the current week. Rehabilitation consisted of cleaning out loose muck and old timbers and retimbering to a total depth of 37 feet from the surface. The pegmatite as exposed in the bottom is 22 inches thick, but could not be examined clearly. Another visit will be made after sinking begins.

Equipment on the job consists of a 105 c.f.m. air compressor, gasoline-powered hoist, conventional hoisting frame and necessary hand tools.

Messrs. V. J. Lynch and R. A. Laurence accompanied the Field Examiners on this visit to the mine.

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

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

September 21, 1955

CC[illegible] - DMEA Op. Com

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~

P. O. Box #431
Joplin, Missouri

September 19, 1955

Mr. Robert A. Laurence, Executive Officer
DMEA Field Team, Region IV
U. S. Geological Survey
Room 13, Postoffice Building
Knoxville 2, Tenn.

Re: Project Contract Idm-E855
DMEA-3823 (mica)

Dear Bob:

Forwarded herewith are copies of the cited contract received here this morning which I suppose were intended to be addressed to your office.

With best personal regards, I am

Sincerely yours,

Clinton C. Knox
Executive Officer
DMEA Field Team, Region IV

CCK/vks

cc: DMEA Op. Com (2)
General DMEA file

August 19, 1955

Mr. Sam Phillips calling Mr. F. L. Knouse -- Re: Docket No. DMEA-3823 - Mica
John Phillips
Laws Prospect
Yancey County, N. C.

Mr. Knouse: Did you get your problem thrashed out with General Services?

Mr. Phillips: They said we could sell 30 days provided we signed an agreement whereby we released the Government from all claims whatsoever as set forth in Revision 3.

Mr. Knouse: I do not know the background on it therefore I cannot offer any suggestions. You want to talk with me on DMEA-3823? I have asked Mr. Anderson who handles the case to get on the line to talk with you. Do you know Mr. Anderson?

Mr. Phillips: Yes. I know Mr. Anderson very well.

Mr. Anderson: Hello Mr. Phillips.

Mr. Phillips: Mr. Anderson on the Laws Prospect I sent you a Landlord's Consent to Lien signed by the Landlord himself and his wife. Now I have received some new Subordination Agreement forms from the Knoxville office.

Mr. Anderson: The contract was sent out on the 15th and Legal said it will be necessary to have Subordination Agreements from The Northwestern Bank and from Feldspar Milling Co., Inc. Both parties are named in the lease.

Mr. Phillips: Knoxville sent me a letter and said they are sending me the Subordination forms to have signed.

Mr. Anderson: Yes, I understand. Legal at first said the Owner's Consent to Lien forms would do, but when the contract was prepared Legal said we have to have the new subordination forms executed. I thought that we had everything, but Legal said the new forms were necessary.

Mr. Knouse: Mr. Phillips these Consent to Lien forms are different from the Subordination Agreement forms, and I understand there is a lien on this property, therefore, instead of Owner's Consent to Lien we would require the execution of Subordination Agreement forms. These particular parties signed the Owner's Consent to Lien not the subordination forms that is what your problem is. It is a matter of them subordinating their lien against the property to the Government of the royalty repayment provision in the contract.

Mr. Phillips: I thought that when you sent that other set of forms down from Washington that was all that was required.

Mr. Anderson: Yes. I thought so too, but Legal discovered that a Subordination Agreement was necessary.

Mr. Phillips: It will take a little time to get them signed and I wanted to get started before the 30 days GSA has given us.

Mr. Knouse: I regret the delay but I cannot see any alternative but to get the forms signed before the contract can be executed.

Mr. Phillips: Is there any way I can get around it?

Mr. Knouse: No I am afraid not Mr. Phillips.

Mr. Phillips: Ok. I will get it done.

FLKnouse:WCAnderson:gad 8/19/55
Copy to: Admr. R. File
Mr. Houk
Mr. Knouse
Mr. Anderson

600

AUG 15 1955

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

Subject: Docket No. DMEA-3623 - Mica
John Phillips
Lake Prospect
Yancey County, North Carolina

Dear Mr. Lawrence:

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

As set forth in the enclosed memorandum from the Acting Assistant Solicitor, dated August 2, 1955, before presenting this proposed contract to the applicant, please obtain and attach to each copy of the contract a Subordination Agreement, Form MP-201, from both parties, the Northwestern Bank, and the Feldspar Milling Company, Inc. There are enclosed two prepared sets of seven copies each of the agreement for the signatures of the parties concerned.

If the contract meets with your approval present it to the Operator for his approval and signature. Please explain to the Operator that the contract, when executed, is a firm commitment under the terms of which he is 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 Operator 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 Mr. W. E. Walson, dated July 15, 1955, and from Mr. W. F. Dietrich, dated July 25, 1955, Members of the Mica Commodity Committee, are enclosed.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

Approved:

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

Thor H. Kiilsgaard
Member, Geological Survey

Enclosures 24

WCAnderson:pk 8/11/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Anderson

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

AUG 2 1955

Memorandum

To: The Administrator, DMEA
Attention: Chief, Nonmetallic Minerals Division

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3823 (Mica) Application of John Phillips

The attached contract has been prepared from a draft submitted to this office on a routing slip dated July 19, received here July 20, and is approved for your signature subject to the following:

> It will be necessary to have subordination agreements from The Northwestern Bank and from Feldspar Milling Company, Inc., both of whom are among the parties named in the lease under which the Operator holds.

There is in the docket a consent to lien signed by the lessors and also signed by The Northwestern Bank and Feldspar Milling Company, Inc., but this consent to lien recites on its face that the bank and the milling company both hold liens against the land (trust deeds) which are and remain superior to the lien of the Government. Under these circumstances, the signatures of the bank and of the milling company on the consent to lien do not put the Government's lien in a prior position.

J. L. Hofflund

J. L. Hofflund
Acting Assistant Solicitor,
Defense Minerals

JLHofflund:gjb
Copy to: DMEA Docket
Sol. Docket
F. L. Knouse (2)
J. L. Hofflund
Chron. File

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

RECEIVED
JUL 26 1955

July 25, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA 3823 (mica)

Applicant: John Phillips

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

Date of Field Team Report: July 8, 1955

Date Rec'd. by Br. of Ceramic and Fertilizer Materials: July 21, 1955

Field Team Recommendation: Recommend exploration program at a cost of $5,093.00

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

IN REPLY REFER TO:

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

RECEIVED
JUL 18 1955

July 15, 1955

Re: DMEA 3323
John Phillips
Lane Prospect
Yancey Co., N. C.
$5,093.00 - Mica

Memorandum

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

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

Subject: Review of Field Team report

The work done, as shown on sketch map of this prospect, made by the examiners, bears little resemblance to that shown on the section submitted with the application. The name is the same.

This is an abandoned mine which, from hearsay, produced a "large amount" of good mica, and mica is now exposed at one place near the portal of the inclined drift.

The proposed program is too heavy, history and present appearance considered.

N. E. Nelson

N. E. Nelson

NENelson:iml
G-7/15/55

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

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

RECEIVED
JUL 13 1955

July 11, 1955

Memorandum

To: Operating Committee - DMEA - Washington

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

Subject: Field Examination Report, DMEA-3823 (mica) John Phillips, Spruce Pine, N. C. Laws Prospect, Yancey County, N. C.

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

This pegmatite is worth exploring and we recommend approval of a unit-cost contract, as outlined in the report.

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION V

V. J. Lynch, Member
Bureau of Mines

RAL/zm
cc:
Lynch
Shirley
Files

RECEIVED
JUL 13 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD SLAB EXAMINATION
On

DMEA-3023, LAWS PROSPECT (mica)
Yancey County, N. C.

BY

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

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

July 8, 1955

FIELD EXAMINATION REPORT
On

DLA-3023, LEWS PROSPECT (mica)

RECEIVED
JUL 13 1955

Applicant: John Phillips, Spruce Pine, N. C.

This deposit was mined 30 - 40 years ago. Recent bulldozing at the south portal exposes wall rock and a little pegmatite. Pegmatite is exposed in the accessible part of the inclined stope. Mica of strategic grade occurs, apparently in considerable quantites. This deposit appears to offer good possibilities for exploration.

The mine was examined on June 17, 1955. Mr. S. L. Phillips accompanied the examiners on the inspection which required two hours.

The Lews Prospect is on the east side of Bluerock Knob, 3.2 airline miles S. 35° W. of Micaville, Yancey County, North Carolina. Access is possible at all times by jeep.

The applicant has had considerable mica mining experience and is competent to conduct the proposed work. This property is under lease, the area of which is adequate. One of the property lines is shown on the attached sketch. This is the nearest line to the deposit.

There are no surface facilities on the property. Old workings consist of an inclined drift from which the pegmatite has been stoped up dip to the point where it pinches out. Dimensions of the stope are approximately 95' x 30' - 40' x 5'. Workings are only partly accessible as the deeper portion of the workings are flooded. Rock has fallen from the "lofts," and the portal of the incline is caved. The floor of the incline is about a -15° slope.

The pegmatite is from 3 to 5 feet thick, conformable to the biotite gneiss country rock, strikes N-S., dips vertical to steeply westward, coarse textured, and contains soda feldspar, perthite, quartz, muscovite, and red garnet, listed in order of abundance.

Structurally the pegmatite appears to be an elongated tabular body which plunges to the north at about 15°. The pegmatite is mechanized to a depth less than 10 feet. No zoning is apparent. Mica is abundant where the pegmatite is exposed near the portal of the inclined drift.

The mica is ruby colored, hard, flat, free splitting, and appears to occur in moderately large sizes. Some contains brown mineral stains and some books are broadly ruled, however, most of the mica is of strategic quality.

This mine is reported to have been worked about World War I, with little work having been done since that date.

Reports are that the World War I operation resulted in the production of a "large amount" of good rock and that the operation was abandoned because of water. The operator had no pump.

Recently the applicants stripped the dump below (south) the portal and removed overburden to bedrock. The pegmatite is only a thin band where recently exposed. Additional stripping will be of no benefit as unweathered rock occurs within 5-10 feet of the surface.

The examiners believe that the best way to explore this deposit is to clean out and enlarge the opening above the portal (position shown on the attached sketch), and then deepen as a vertical or steeply inclined shaft to a total depth of 70 feet. This will involve removing rock and water from 20 feet of stope and sloughing and timbering a total of approximately 40 feet. After the rehabilitating is completed, the shaft should be deepened an additional 30 feet. From the shaft a total of 50 feet of drifts are recommended.

Few operational difficulties should be encountered. With an adequate pump, water should be no problem and ground conditions are good.

Estimated Cost:

Construct:	Toolhouse	$75.00
	Powder Magazine	25.00
	Exploder Magazine	10.00
Rehabilitate existing 40-foot stope by removing 20 ft. of rock, sloughing to 5' x 7', and timbering where necessary		500.00
Sink 30 feet of shaft on pegmatite (20 x 4 ft.)		
Labor:		
1 - Miner @ $1.50/hr.	$240.00	
1 - Helper @ $1.25/hr.	200.00	
1 - Laborer @ $1.00/hr.	160.00	
Equipment (rental)		
Compressor, drill, & pump @ $240/Mo.	240.00	
Hoist @ $50/Mo.	50.00	
Supplies:		
Drill steel	50.00	
Explosives	100.00	
Timber @ $65/M	65.00	
Gasoline and oil	75.00	
Small tools and pipe	75.00	
Miscellaneous	57.00	
Compensation Ins.	60.00	
Unemployment Ins.& Social Sec.	24.00	
Tax, sale	14.00	
		1440.00

Drive 30 feet of drift (40 shifts)

Labor:

1 - Miner @ $1.50/hr.	480.00	
1 - Hoistman @ $1.25/hr.	400.00	
2 - Laborers @ $1.00/hr.	640.00	
Equipment (rental)		
Compressor, drill, pump and Jackleg @ $250/Mo.	500.00	
Hoist @ $50/Mo.	100.00	
Supplies:		
Drill steel	100.00	
Explosives	250.00	
Gasoline and oil	150.00	
Small tools and pipe	75.00	
Miscellaneous	110.00	
Compensation Ins.	150.00	
Unemployment Ins. and Social Sec.	65.00	
Sales tax	20.00	
		$3040.00

Estimated Total Cost of Project..... $5093.00

Examined: June 17, 1955

R. M. Teague and B. H. Arne, Geologists
U. S. G. S.

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

600

JUN 13 1955

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

Subject: Docket No. DMEA-3823 - Mica
John Phillips
Lava Prospect
Yancey County, North Carolina

Dear Mr. Laurence:

Please review the subject application and arrange for a field examination if you deem it necessary.

Copies of memoranda from N. E. Nelson of the Geological Survey, dated May 26, 1955, and from W. F. Dietrich of the Bureau of Mines, dated June 7, 1955, are enclosed for your information. Please note that both memoranda state that if overburden is not too heavy, some consideration should be given to bulldozing to the point of the vissa in the adit instead of rehabilitating the adit. If the Applicant's sketch is near to scale, this suggestion seems logical.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

J. H. Hedges

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

Enclosures 4

WCAnderson:gad 6/10/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Dietrich, 3061
Mr. Kiilsgaard, 5222
Mr. Houk

JUN 13 1955

Mr. John Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3823 - Mica
John Phillips
Lawe Prospect
Yancey County, North Carolina

Dear Mr. Phillips:

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

We are returning the six copies of Owner's Consent to Lien for signatures of the two mortgagees. Since the mortgagees as lessors have an interest in the land, they must also sign the Owner's Consent to Lien. It will be appreciated if you will have these documents executed accordingly and returned to this office.

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

Sincerely yours,

G. O. Mittendorf

Administrator

Enclosures 6

WCAnderson:gad 6/13/55
Copy to: Admr. R. File
Docket
Operating Committee
Field Team, Region V
Mr. Dietrich, 3061
Mr. Kiilsgaard, 5222
Mr. Hook

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

Mr. John Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3823 - Mica
John Phillips
Laws Prospect
Yancey County, North Carolina

Dear Mr. Phillips:

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

We are returning the six copies of Owner's Consent to Lien for the signatures of the two mortgagees. ~~Since your lease has been signed by two mortgagees, each represented as owning 1/3 interest in the land,~~ they must also sign the Owner's Consent to Lien. It will be appreciated if you will have these documents executed accordingly and returned to this office.

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

Sincerely yours,

Administrator

Enclosures 6

Since the mortgagees as lessors have an interest in the land,

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

RECEIVED
JUN - 7 1955

June 7, 1955

Memorandum

To: Nonmetallic Minerals Division
Reference Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3823 (mica)

Applicant: John Phillips

Name and Location of Property: Lewis Prospect
Mansey County, North Carolina

Date Application Rec'd. by Br. of Ceram. & Fert. Mat.: May 23, 1955

Comments:

1. No data available in this office on this property.

2. If overburden is not too thick, some consideration should be given to bulldozing trench in direction of adit instead of adit rehabilitation.

3. Total estimated costs are in the amount of $7,900.

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

IN REPLY REFER TO:

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 27 1955

May 26, 1955

Re: DMEA-3823
John Phillips
Lava Prospect
Yancey Co., N. C.
$7,900 - Mica

Memorandum

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

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

Subject: Review of application

Refer to the vertical section page 4 of this application.

If the topography is as indicated, rehabilitation of the 80 feet adit is not warranted. Unless the overburden is very deep the bedrock over the adit should be stripped and the pegmatite in the back of the adit broken down. An open cut would result, a good sample afforded and should deeper work appear justified, a shaft would be collared at the adit level and sunk as a shaft rather than as a winze. The 20 hours of bulldozing and the mining of the pegmatite might tell whether or not a mica mine is a probability.

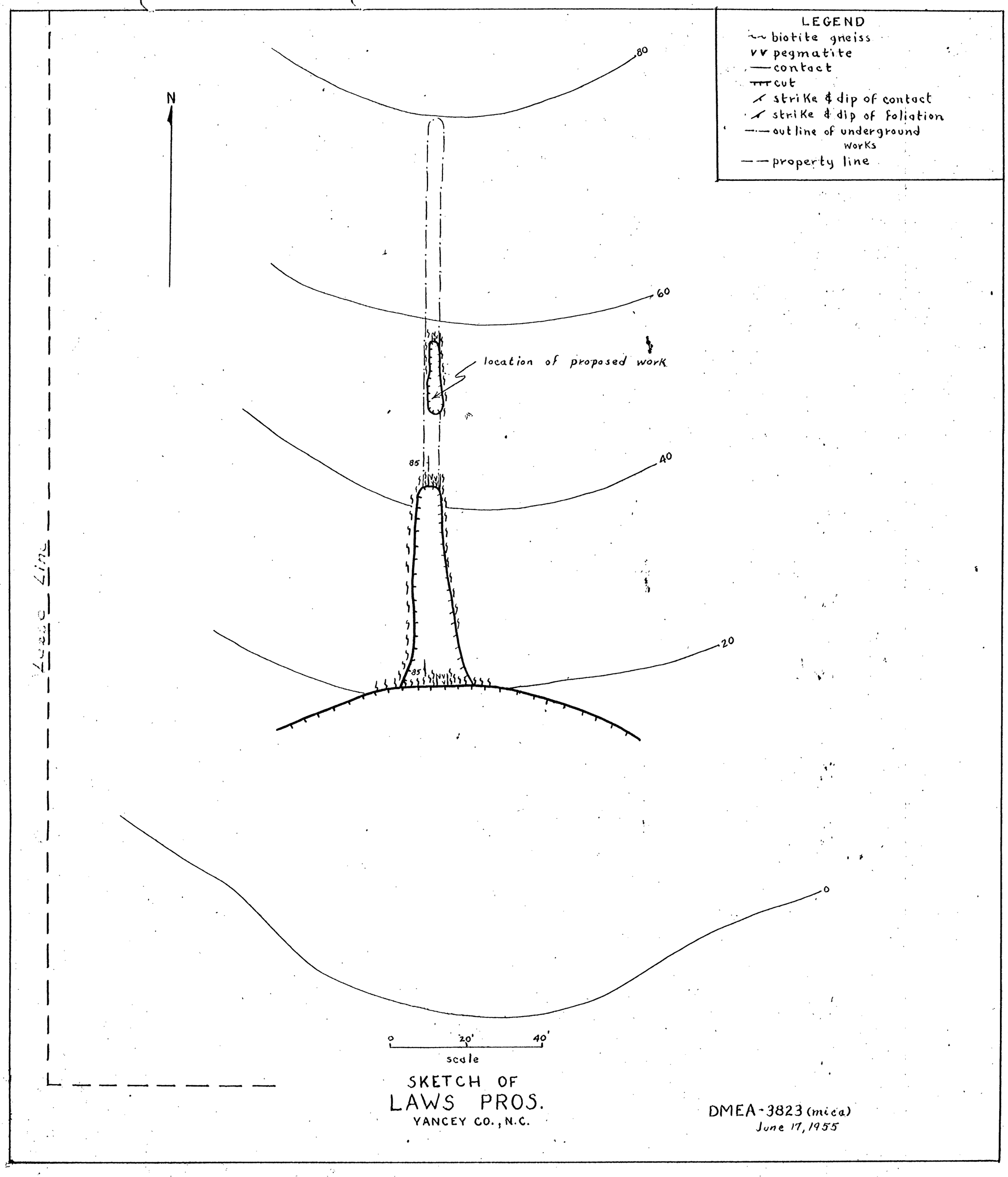
Referral to the Field Team is recommended.

N. K. Nelson

N. K. Nelson

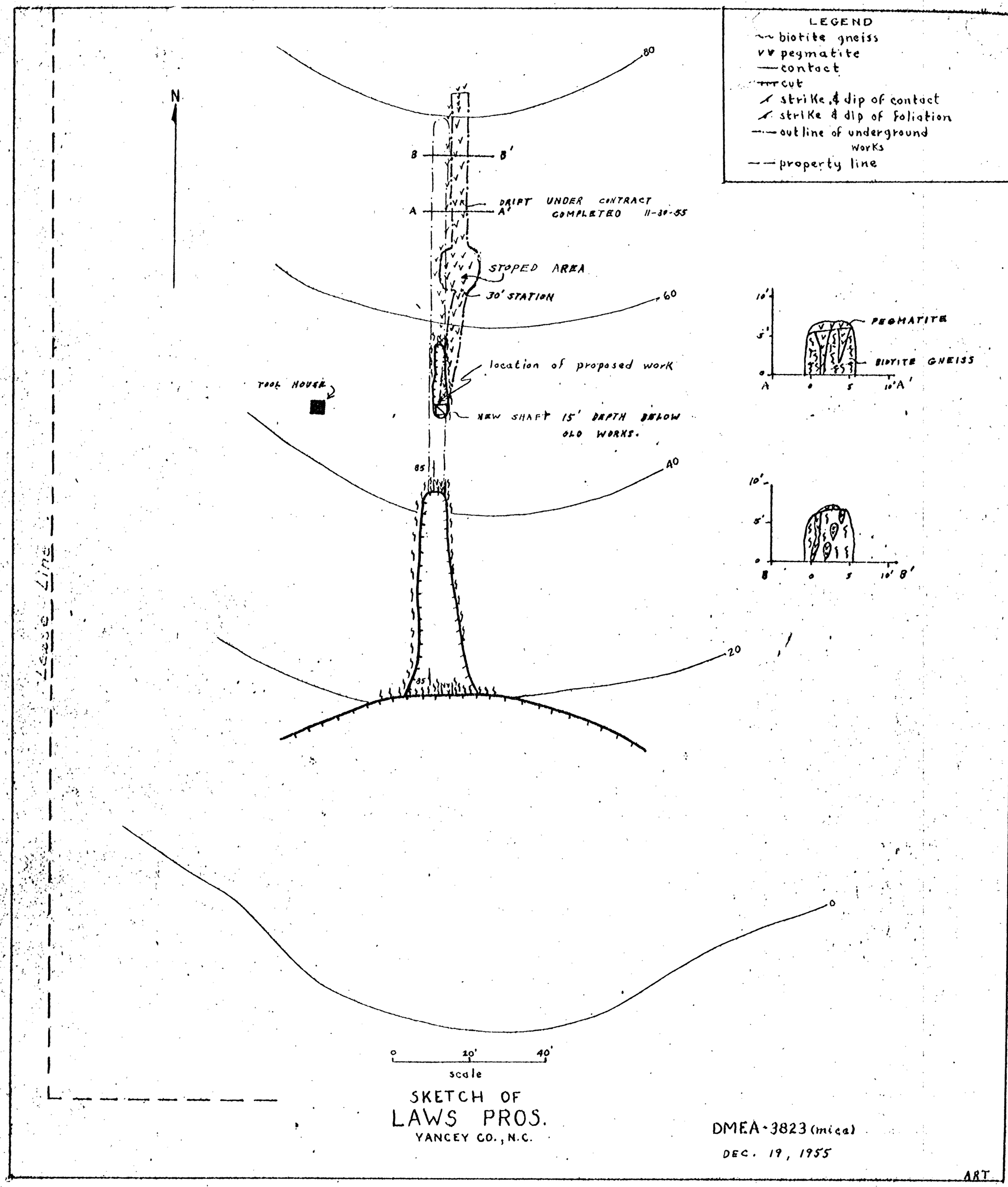
NKNelson:hlm
G-5/26/55

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



SKETCH OF
LAWS PROS.
YANCEY CO., N.C.

DMEA-3823 (mica)
June 17, 1955



SKETCH OF
LAWS PROS.
YANCEY CO., N.C.

DMEA-3823 (mica)
DEC. 19, 1955

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