☐ Audited

☐ Certified

Name Horace Phillips

State N.C.

W[illegible] ANALYSIS SHEET - DMEA PROJECT

Analysis as of November
Incl. Voucher for Sept.

Commodity Mica

☐ Actual Cost

☐ Agreed Unit Costs

Docket No. 3842

Idm-E No. 859

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	100	3000.00			
Raising					
Shafts	80	3200.00			
Winzes					
Drilling (Specify)					
Surface Excavation 38 hrs @ 10.00		300.00		180.00	180.00
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.		116.00			
Other (Specify)					
Totals		6616		173.00	-180.00

Prepared by [illegible]

7162

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Report of:

Horace Phillips
Route 3
Bakersville, North Carolina

pertaining to Exploration Project Contract No. Idm-E899, Docket No. DMEA-3842, for the month of September 1955, covering a project for the exploration of mica on property, known as the Horace Phillips Prospect located in Mitchell County, North Carolina.

My review included an examination of the Monthly Report (Form 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 reasons:

(a) 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; and
(b) the total amount of the Government's contribution was established by a termination agreement dated November 1, 1955.

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

Total cost as billed by Contractor		$180.00
Exceptions:		
By DMEA Finance Officer	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$180.00

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 One hundred thirty-five and no/100 Dollars

$135.00

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

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

November 29, 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 1033 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

November 10, 1955

Memorandum

To: Operating Committee - DMEA - Washington

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

Subject: Termination Agreement 6-Idm-E859, DMEA-3842 (mica)
Horace Phillips, Bakersville, N. C.

Transmitted are three signed copies of the subject termination agreement. The usual distribution of the other copies has been made by this office.

V. J. Lynch

ZM.
cc:
Lynch
Finance Office
Shirley
Files

RECEIVED
NOV 14 1955

Division Copy

TERMINATION AGREEMENT

It is agreed this 1st day of November, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Horace Phillips, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E859, Docket No. DMEA-3842, dated August 23, 1955 hereinafter called the "Contract," that:

1. Effective September 20, 1955, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the fixed unit costs of work performed prior to said effective date, and it is further agreed that the total amount of the Government's contribution shall be $135, representing 75 percent of the cost of 18 hours of bulldozing at $10 per hour, and the Government shall not be obligated to make any other contribution to the costs of the work under this Contract.

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

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

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

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Administrator, Defense Minerals

Horace Phillips
HORACE PHILLIPS

RECEIVED
NOV 14 1955

Chambers
Selfridge

Dudrity
Sawyer
Appd. Sys. Off.

Hopkins
F L Brown

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

RECEIVED
SEP 16 1955

September 14, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region V

Subject: Signed Contract, Idm-E859, DMEA-3842, Horace Phillips (mica) North Carolina

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

Robert A. Laurence

ZM.
cc:
Lynch
Shirley
Finance Office
Files

Division copy

RECEIVED

SEP 16 1955

MF-200A
(Revised June 1954)

Docket No. DMEA - 3342

Commodity Mica

Contract No. Idm-E859

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

It is agreed this AUG 23 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] Horace Phillips, whose mailing address is Route 3, Bakersville, North Carolina, hereinafter called the "Operator," as follows:

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

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] lessee of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] lease, [7] unrecorded 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 lessor.

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

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of mica. The work to be performed is described in Exhibit "A." The Operator on or before OCT 15 1955 shall commence the work, and on or before January 31, 1956 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

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

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

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $6,616.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $4,962.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

HORACE PHILLIPS

(Operator)

By Horace Phillips

THE UNITED STATES OF AMERICA

By O Mittendorf

Administrator, Defense Minerals Exploration Administration

Ambrie Hoffhud

Appd. Sol. Off.

Thomas Talbut

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]

Selfridge

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

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SEP 16 1955

EXPLORATION PROJECT CONTRACT
HORACE PHILLIPS
DOCKET NO. DMEA-3842

ANNEX I

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

Beginning on a small opening known as Horace Phillips Prospect which is located 175' due West of a large Whiz Oak tree, and running North 500'; thence East 650'; thence South 1000'; thence West 1150'; thence North 1000'; thence East 500' to a point of closing.

The Horace Phillips Prospect is 4.55 (airline) miles S. 50° W. of Spruce Pine, North Carolina.

RECEIVED
SEP 16 1955

EXPLORATION PROJECT CONTRACT
HORACE PHILLIPS
DOCKET NO. DMEA-3842

EXHIBIT "A"

Description of the Work

The location of the exploration work is shown on the map entitled "Sketch of Horace Phillips Prospect, Mitchell Co., N. C. DMEA-3842 (mica), June 28, 1955," attached hereto and made a part hereof.

The work is divided into two stages. As soon as Stage I is completed, or as it nears completion, the Operator shall apply to the Government for approval of the performance of Stage II work; and to the extent that the Government approves in writing, Stage II work shall be performed. The performance of all work is subject to the provisions of the contract form with respect to "termination of the Government's obligations."

Stage I

With a Model D-6 caterpillar tractor-dozer (or equivalent size unit) cut two trenches, one at each location shown on the attached map. Each trench shall be not less than 100 feet long by 30 feet wide by 6 feet deep.

Stage II

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. Sink a 40-foot shaft, as agreed upon by the Government and the Operator, at each of the two prospects shown on the attached map.

3. Drive 50 feet of drifts from each shaft sunk under item 2 of this stage, or a total of 100 feet of drifts.

The shafts shall have two compartments and shall have cross-sectional dimensions of not less than 5 feet by 7 feet in the clear of timber.

The drifts shall have cross-sectional dimensions of not less than 5 feet by 7 feet in the clear of timber.

All work shall be timbered as necessary.

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

Estimated Costs of the Project

Fixed Unit Costs

Stage I

Bulldozing, 30 hours @ $10.00/hr.		$ 300.00

Stage II

Constructing:		
Toolhouse 1/	$ 76.00	
Powder magazine 1/	26.00	
Exploder magazine 1/	14.00	
Sinking 80 feet of shaft @ $40/ft.	3,200.00	
Driving 100 feet of drift @ $30/ft.	3,000.00	6,316.00
Estimated Total Cost of Project		$6,616.00
Government Participation @ 75%		$4,962.00

MF-203
Revised March 24, 1955

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

CONSENT TO LIEN

RECEIVED
JUL 25 1955

To the United States of America:

Referring to that certain land in the County of Mitchell, State of North Carolina, described as follows:1/ Beginning on a small opening known as the Horace Phillips Prospect which is located 175' Due West of a large Whiz Oak tree, and running North 500'; thence East 650'; thence South 1000'; thence West 1150'; thence North 1000'; thence East 500' to a point of closing.

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

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

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

None

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

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, 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 19th day of July, 1955.

F O Phillips [Seal] Spruce Pine, N. C.

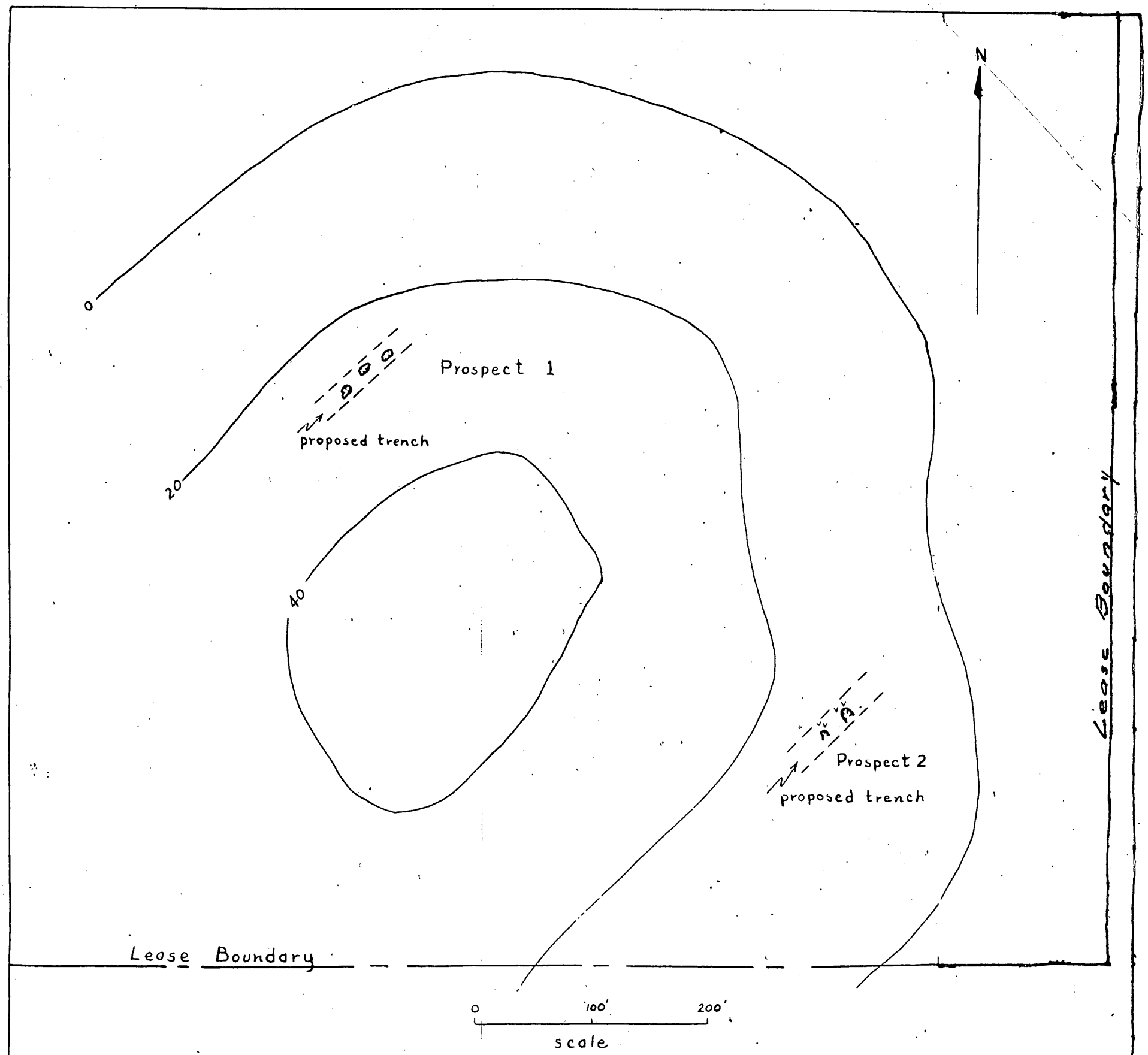
(F.O. Phillips) [Seal]

_____ [Seal]

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

_____

[Corporate Seal]



SKETCH OF
HORACE PHILLIPS PROSPECT
MITCHELL CO., N.C.

DMEA - 3842 (mica)
June 28 1955

MAY 17 1956

Mr. Monroe Phillips
Route #3
Bakersville, North Carolina

Re: Docket No. DMA-3843-nlm
Monroe Phillips
Monroe Phillips Prospect
Mitchell County, North Carolina
Contract No. Ldm-3893

Dear Mr. Phillips:

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

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

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

Sincerely yours,

C. O. Mittendorf

Administrator

JHopkins:ms 5/16/56
Copy to: Docket
Mr. Chambers
Field Team, Region V
Mr. Killegrand, 5222
Mr. Dietrich, 3061
Mr. Hook
Admr. R. File
F. O. Phillips - land owner

Mr. F. O. Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3812-mica
Horace Phillips
Horace Phillips Prospect
Mitchell County, North Carolina
Contract No. 1da-3859

Dear Mr. Phillips:

Reference is made to the Owner's Consent to Lien, dated July 19, 1955, which you executed in connection with the subject contract for a Defense Minerals Exploration Administration project on your property in Mitchell County, North Carolina.

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

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

JHopkins:mm 5/16/56
Copy to: Docket
Mr. Chambers
Field Team, Region V
Mr. Killagaard, 5222
Mr. Dietrich, 3061
Mr. Hauk
Admr. R. File

May 16, 1956

Project Summary Report

By: James Hopkins

1. Docket No. DMEA-3842-mica
Contract No. Idm-2859
Horace Phillips Prospect
Mitchell County, North Carolina(See R. A. Lawrence Memorandum of August 3, 1955)

Operator:
Horace Phillips
Route #3
Bakersville, North Carolina

Operator's Property Rights:
Lessee of the mineral rights

2. Contract: dated August 23, 1955

a) Work Authorized:

Stage I	
Excavate two strike trenches - 2 pegmatites	
30 hours @ $18.00/hr.	$ 300.00
Stage II	
New Buildings	$ 116.00
Shaft sinking 80 feet @ $40.00/ft. (2 shafts)	3,200.00
Drifting 100 feet @ $30.00/ft.	3,000.00
Estimated Total Cost	$6,616.00

b) Amendments - none

c) Work Completed:

Trenching 18 hours @ $10.00/hr.	$ 180.00

Work began September 19, 1955.
Work completed September 20, 1955.
Contract terminated September 20, 1955.
Field Team Final Report dated October 27, 1955.
Operator's Final Report waived - November 8, 1955(Voucher).

3. Audit: Report of Review dated November 29, 1955.

Total Cost as billed by Contractor	$ 180.00
Exceptions	-0-
Total Accepted Cost	$ 180.00
Government participation @ 75%	$ 135.00

4. Certification of Discovery - none issued

5. Comments:

Prospecting work by the applicant disclosed two pegmatites which offered some promise of containing mica of strategic grade. Exposures were poor and little information was obtained.

Flat and "A" mica occur at both pegmatites. The flat mica is of excellent quality, but the "A" is non-strategic because of mineral stain.

A project was setup to trench each pegmatite. Shaft sinking was to follow if further work was warranted.

Prospect 1

Trenching encountered material that was primarily loose muck from old diggings. The muck contained a few pieces of clear, flat mica that was green in color. No further work was warranted.

Prospect 2

Trenching exposed a fine grained pegmatite containing occasional quartz and small scrap-sized mica. There was no evidence of strategic mica and no further work was warranted.

Because the trenching failed to disclose a worthwhile deposit of mica, the Field Team recommended termination of the contract and no certification of discovery or development to be issued.

There was no production and there are no reserves.

The Nonmetallic Minerals Division concurs in the recommendation of the Field Team.
The Commodity Divisions of the Geological Survey and Bureau of Mines also concur in the recommendation.

James Hopkins
Nonmetallic Minerals Division

JHopkins:ms 5/16/56
Copy to: Mr. Houk
Mr. Hopkins
Admr. R. File

IN REPLY REFER TO:

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

RECEIVED
MAR - 9 1956

March 8, 1956

Re: DMEA 3842, Idm-2859
Horace Phillips
Horace Phillips prospect
Yancey Co., N. C.
$6,616.00 - Mica

Memorandum

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

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

Subject: Review of Final Field Team Report

The contract approved the expenditure of $6,616.00 on a staged work program.

Two bulldozer trenches failed to locate a promising pegmatite and the search stopped, $180.00 having been expended.

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

I concur with that recommendation.

N. E. Nelson

N. E. Nelson

NENelson:iml
G-3/8/56

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

MF-104 (Rev.)
(April 1952)

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHEDULE
FOR PAYMENTS K-

RECEIVED
NOV 21 1955

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of September 195 5 Docket No. DMEA 3842 Contract No. Idm-E 859
Operator's Name Horace Phillips Minerals Mica
Address Route 3, Bakersville, N. C.
Contract Amount, $ 6616.00 Government Participation: 75 % Amount, $ 4962.00

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						
18 Hr Bulldozing @ $10.00 hr.	180.00		180.00			
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	180.00		180.00	180.00		180.00

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 11-8-55 *Payee Horace Phillips
Per Horace Phillips (S) 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:
$ 135.00
Signature Helen R. Mullin
(Authorized Certifying Officer)
Date NOV 14 1955 Vou. No. 308
(See other side)

45.00

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

Signature Alfred R. Taylor Title Geologist, USGS Date Nov. 10, 1955

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature V. J. Zymek ACTING Title EXECUTIVE OFFICER DMEA REGION V Date NOV 10 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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
NOV 21 1955

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Sept. 195 5 Docket No. DMEA 3842 Contract No. IdmE359
Operator's Name Horace Phillips Minerals Mica
Address Route 3, Bakersville, N. C.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT Units	AUTHORIZED BY CONTRACT Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails							(36)	
18 Hr. Bulldozing @ 10.00 Hr.		180.00		180.00	18	10.00	18	10.00
TOTAL DISTRIBUTED COSTS		180.00		180.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		180.00		180.00				

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 11-8-55 Operator Horace Phillips

Per Horace Phillips (B) 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

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NOV 21 1955

OPERATOR'S

Monthly Report of Progress

September, 1955

DMEA-3842

Idm-E 859

Work Accomplished:

We did eighteen hours bulldozing work, cutting two trenches as called for in the contract. Inasmuch as no pegmatite was uncovered which warranted continuing, Stage II was not begun. The contract was terminated at this point.

Daily Notes:

September 19 and 20: Bulldozed two trenches, as called for in contract. No promising results. Field team visited project after completion of the bulldozing work and terminated the contract.

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

November 14, 1955

Memorandum:

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3842 (mica)

Applicant: H. Phillips

Name and Location of Property: Horace Phillips Prospect, Yancey Co., N. C.

Contract Number: Idm-E 859

Date of Field Team Report: 10/27/55

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

Field Team Recommendation: Recommend no certification of discovery.

Comments:

1. Stage I failed to disclose any worthwhile deposits of good quality mica.

2. The project was stopped following completion of stage I.

3. Expenditures -

Total approved	$6,616.00
Total cost	180.00
Gov't. share of the cost	135.00
Value of production during operation	None

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

Signed
W. F. Dietrich

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NOV 14 1955

604

NOV - 1 1955

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

Subject: Docket No. DMEA-3842 - Nice
Horace Phillips
Horace Phillips Prospect
Mitchell County, North Carolina
Contract No. Idm-8859

Dear Mr. Laurence:

Reference is made to your memorandum dated September 30, 1955, requesting permission to terminate the subject contract by mutual agreement effective September 20, 1955.

Please find herewith the original and five copies with ~~two extra copies~~ of a Termination Agreement of the subject contract which have been signed by the Administrator with effective date as shown. There is also enclosed for your information copies of a memorandum dated October 27, 1955, from the Associate Solicitor covering this case.

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

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

/s/ Robert W. Gechen

Member, Bureau of Mines

W. P. Williams

Member, Geological Survey

Enclosures 10

JHopkins:ad 10/28/55

Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins

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

OCT 27 1955

Memorandum

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

From: Associate Solicitor, Division of Mineral Resources

Subject: Termination of work under contract with Horace Phillips (Docket No. DMEA-3842; Contract Idm-E859)

By memorandum of October 12, 1955, you have requested our views on several questions which will again be stated and commented upon in the order in which you presented them. The subject contract is executed on Form MF-200A (Revised June 1954).

1. Can the contract be terminated before the work in the contract as is described under Stage I is completed?

The performance of additional work under Stage I may be terminated by the Government under Article 8 of the contract "at any time" even though Stage I has not been completed, provided the Government considers that operations heretofore conducted indicate no possibility of a worthwhile discovery and that further operations are not justified.

2. If this contract can be terminated prior to the completion of Stage I work:

(a) Will a termination agreement be required or can the contract be terminated by a simple letter from the Executive Officer to the Operator as was set forth in your letter to Mr. Laurence, dated September 29, 1955, Re: Docket No. DMEA-3755 (Mica), W. C. Crotts, Crotts Prospect, Cleveland County, North Carolina, Contract No. Idm-E807?

(b) On what valid basis can payment be made to the Operator for the completed work. In the event it is determined the contract can be terminated before completion of Stage I work and a termination agreement is required, please prepare said agreement.

L. G. Houck

(a) Such termination may be either by written notice or by a termination agreement. Since in this instance all of the work in Stage I has not been completed, the Operator would agree to terminate, and the Government's obligation could be definitively established in the termination agreement, we believe that a termination agreement would be preferable. Accordingly, we have prepared and attached hereto a proposed termination agreement. The letter of September 29, 1955 (Crotts - Docket No. DMEA-3755) which suggested termination by a written notice, concerned a situation in which all the required work under Stage I had been performed and the notice would simply advise that Stage II would not be approved.

(b) The Government is obligated to pay its participating share of the cost of all of the bulldozing actually performed not in excess of the maximum number of hours specified in the contract, since the Government proposes to terminate performance of additional work at a time when the Operator is not in default but to date has merely completed part of the required work. (The contract completion date is January 31, 1956.) As 18 hours of work (@ $10 per hour) were performed, and the Government's participation is 75%, the payment in this case should be $135.

Robert P. Dwyer

P.Indritz/R.P.Dwyer/wog
10/26/55
Copies to: DMEA Docket
Sol. Docket
L.G.Houk(2)
G.C.Selfridge(2)
R.P.Dwyer
P.Indritz
Chron.

October 12, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Nonmetallic Minerals Division

Subject: Docket No. DMEA-3842 - Mica
Horace Phillips
Horace Phillips Prospect
Mitchell County, North Carolina

This is with reference to the following:

1. Memorandum, dated September 30, 1955, from the Field Team, Region V.

2. Interim Report, dated September 20, 1955, of the Field Examining Team.

3. Memorandum, dated October 6, 1955, from the Chief, Contract Administration and Audit Division to the Administrator.

Please review the contract and the above memoranda and reports, and furnish your interpretation of the following:

1. Can the contract be terminated before the work in the contract as is described under Stage I is completed.

2. If this contract can be terminated prior to the completion of Stage I work:

(a) Will a termination agreement be required or can the contract be terminated by a simple letter from the Executive Officer to the Operator as was set forth in your letter to Mr. Laurence, dated September 29, 1955, Re: Docket No. DMEA-3755 (Mica), W. C. Crotts, Crotts Prospect, Cleveland County, North Carolina, Contract No. Idm-2807.

(b) On what valid basis can payment be made to the Operator for the completed work. In the event it is determined the contract can be terminated before completion of Stage I work and a termination agreement is required, please prepare said agreement.

Frederick L. Knouse
Acting Chief, Nonmetallic Minerals
Division

FLKnouse:gad 10/12/55
Copy to: Admr. R. File
Docket
Mr. Houk
Mr. Knouse

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

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NOV - 2 1955

October 31, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: DMEA Field Team, Region V - Knoxville

Subject: Field Team Final Report- DMEA-3842, Idm-8859 (mica)
Horace Phillips, Bakersville, N. C. Horace Phillips Pros.
Yancey County, N. C.

Enclosed are 4 copies of the final report on the Horace Phillips contract. Certification of discovery should not be issued.

This project was terminated after completion of Stage I, by non-approval of Stage II. A letter was sent to the Operator October 26, 1955.

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION V

V. J. Lynch, Member
Bureau of Mines

RAL/xm
cc:
Lynch
Shirley
Files

Reviewed by
DMEA [illegible]
11-7-55

RECEIVED
NOV - 8 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FINAL REPORT

FIELD TEAM, REGION V

ON

DMEA-3842, Idm-E859, HORACE PHILLIPS PROS.
(mica) Yancey County, N. C.

By

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

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

October 27, 1955

11-7-55

FINAL REPORT
On

RECEIVED
NOV - 8 1955

EMSA-3842, HORACE PHILLIPS PROSPECT
(mica)

Operator: Horace Phillips, Route # 3, Bakersville, North Carolina

Location: 4.55 airline miles S 50° W. of Spruce Pine, N. C., Yancey County, N.C.

Trenching at Prospects Nos. 1 and 2 failed to disclose a worthwhile deposit of mica. Additional work is not warranted, nor should a certification of discovery be issued.

This project began September 19. The project was inspected September 20, at which time it was decided that additional work was not warranted.

Prospects Nos. 1 and 2, as shown on the sketch map accompanying the original examination, were explored as follows:

Prospect No. 1 - A cut trending N. 65° E, 70 feet long, 10-feet wide, and 6 to 7 feet maximum depth, was made by bulldozer. Material encountered was primarily loose muck and filled from old diggings, with feldspar, barren of mica, exposed in two places on the southside of the trench. The muck contained a few pieces of clear, flat mica, which was light green in color. No additional work appears warranted on this prospect

Prospect No. 2 - A trench trending N. 25° W. 80 feet long, 10 feet wide, and 12 feet maximum depth, was made by bulldozer. Fine grained pegmatite containing occasional quartz and small scrap-size mica was exposed along both walls and the floor of the trench for a maximum distance of 50 feet. Most of the quartz occurred as narrow bands near the center of the cut and extended from wall to wall. No evidence of possible strategic mica was exposed by this trenching, and the examiners do not recommend additional exploration on this prospect.

Expenditures:

(a)	Total approved	$6,616.00
(b)	Total cost of project	180.00
(c)	Government's share of cost	135.00
(d)	Government's share unexpended	4,827.00
(e)	Value of production	none

The project was conducted satisfactorily. No equipment was purchased for the project.

October 27, 1955

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 1505 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

October 26, 1955

RECEIVED
OCT 27 1955

Mr. Horace Phillips
Route # 3
Bakersville, North Carolina

Re: DMEA-3842, Idm-E859 (mica)
Horace Phillips Prospect
Yancey County, N. C.

Dear Mr. Phillips:

As the work done under Stage I indicated that Stage II is not justified, approval for Stage II will not be given and therefore, the contract may be considered terminated.

According to Mr. Teague, he agreed with you that work done through September 20, totalling 18 hours of bulldozing is all that should be done. In order that we may close our records, will you please send me your monthly report and voucher for September, for that amount of work. A brief narrative description of the work, to accompany forms MF-104 and MF-104A will fulfill the requirement for a final report.

Sincerely yours,

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

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

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

September 30, 1955

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: DMEA-3842, Idm-E859 (mica) Horace Phillips, Bakersville, N. C.
Horace Phillips Prospect, Yancey County, N. C.

Enclosed is the first interim report on the subject contract.

We request permission to terminate, by mutual agreement, effective September 20, 1955. Certification will not be recommended.

If agreeable to you, we will write a letter to the Operator, in lieu of a termination agreement, stating that work under Stage II is not authorized.

Action
10-5-55
J.L.K.

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

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

RAL/sm
cc:
Lynch
Shirley
Files

INTERIM REPORT

DMEA-3842, Idm-E859 (mica) HORACE PHILLIPS PROSPECT

OPERATOR: Horace Phillips, Route #3, Bakersville, N. C.

LOCATION: 4.55 airline miles S50°W of Spruce Pine, N. C. in Yancey Co., N. C.

The starting date on this contract is September 19, 1955. Stage I of this contract has been completed without exposing sufficient pegmatite to justify additional exploration in the form of Stage II.

Prospect Nos. 1 and 2, as shown on the sketch map accompanying the original examination, were explored as follows:

Prospect No. 1 - A cut trending N65°E, 70 feet long, 10 feet wide, and 6 to 7 feet maximum depth, was made by bulldozer. Material encountered was primarily loose muck and fill from old diggings, with feldspar, barren of mica, exposed in two places on the south side of the trench. The muck contained a few pieces of clear, flat mica, which was light green in color. No additional work appears warranted on this prospect.

Prospect No. 2 - A trench trending N25°W, 80 feet long, 10 feet wide, and 12 feet maximum depth, was made by bulldozer. Fine grained pegmatite containing occasional quartz and small scrap-size mica was exposed along both walls and the floor of the trench for a maximum distance of 50 feet. Most of the quartz occurred as narrow bands near the center of the cut and extended from wall to wall. No evidence of possible strategic mica was exposed by this trenching, and the examiners do not recommend additional exploration on this prospect.

The Field Examiners are of the opinion that this contract should be terminated by mutual consent, and the operator is in agreement, due to the poor showing of mica bearing pegmatite of both prospects. The

work required approximately 18 hours of machine time, and Stage I of the contract was completed satisfactorily.

Mr. V. J. Lynch, Bureau Member of the Field Team, Region V, accompanied the 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 20, 1955

Mr. Hopkins
Rm.4451 X-2974

14

Interior Dept.
Defense Minerals Exploration
Administration
14X440E(GA) Revolving Fund,
Defense Production Act,
Interior (Allocated Working Fund to the
Office of the Sec.)

TELETYPE

AUG - 3 1955

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

Re Docket DMEA-3842, Horace Phillips, Field Examination Report indicates property located Yancey County. Lease, Consent to Lien, and maps indicate Mitchell County. Please clarify.

(Signed) W. S. Martin

W. S. Martin, Acting Chairman
Operating Committee

JHopkins:gad 8/2/55
Copy to: Admr. R. File
Docket
Confirmation
Mr. Killagaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins
Operating Committee

Mr. Hook

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

October 6, 1955

Memorandum

To: Acting Administrator

From: Chief, Contract Administration and Audit Division (Signed) J. L. Chambers

Subject: DMEA-3642, Idm-2659, Horace Phillips (Mica)

The subject contract is brought to your attention as an example of the incongruity of some of the Short Form contracts, particularly those for mica, wherein under the description of work trenching requirements are stipulated by size but under the estimate of costs the basis for the Government's contribution is set forth in terms of bulldozing hours.

Stage I of this contract requires the Operator to cut two trenches, each not less than 100'x20'x6' deep, with the Government contributing to the cost thereof on the basis of not more than 30 hours of bulldozing at $10.00 per hour. It is provided, however, that the location, direction, inclination, and extent of all work is subject to the approval of the Government. Also, Stage II is to be performed only upon Government approval in writing.

A Field Team Interim Report dated September 20, 1955 (prepared by Shirley and Teague and forwarded by a Field Team letter dated September 30, 1955) states that Stage I has been completed with the cutting of two trenches, which required approximately 18 hours of bulldozing, but the description of the work performed indicates that neither of the trenches meet the minimum specifications of the contract. The Interim Report also recommends termination by agreement, but the Field Team's letter suggests formal termination action is not necessary.

One trench is 70'x10'x7' maximum depth and the other is 80'x10'x12' maximum depth. In other words only a maximum of 537 cubic yards, or 40 percent of the 1,333 cubic yards minimum required by the contract, were removed. However, the 18 hours of bulldozing required for the work is 60 percent of the 30 hours allowable as costs to which the Government may contribute.

This situation, which is similar to others under this type of contract, presents questions as to the intent of the contract and conceivably could be the subject of General Accounting Office criticism during future comprehensive audits. Some of these questions are:

(1) Can 40% performance of the minimum work specifications properly be accepted as complete performance?

(2) If not, what authority is there for accepting the work and making payment to the Operator?

(3) If so, what is the valid basis for payment, the 12 hours of bulldozing actually performed or 12 hours of bulldozing (40% of the 30 hour maximum) representing the proportionate performance of the minimum work requirements?

(4) Also, if not, should not a termination agreement be executed?

Situations of this type will not arise if such contracts are so written that the units of work specified for performance and the units of work stated as the basis for the Government's contribution are identical. This Division has informally recommended on numerous occasions that the units for contribution be based on "cubic yards", a unit readily measurable by the consulting engineer, rather than on "hours", a unit not always determinable. It also has recommended that we give "estimated" work specifications instead of "minimum" work specifications except in those cases where it is intended to enforce such contractual minimums.

EDTalbert/wb
October 6, 1955

Copy to: Docket
Admr. Reading File
Mr. Selfridge
Mr. Chambers
Mr. Talbert
Mr. Houk

Memorandum July 28, 1955

To: File

From: James Hopkins

Subject: Evaluation of application and field Team report

Docket No DMEA-3842

Horace Phillips

Horace Phillips Prospect

Mitchell County North Carolina

Mica:

Mica at the two prospects on the leased area is "Flat" and "A" grade. The flat mica is of excellent quality, but the "A" is non-strategic because of mineral stain. The ratio of the two is not known.

Pegmatites:

At both prospects slumped and filled pits occur, but no rock is exposed. This entire area is underlain by diabase which contains pegmatites. No information is available as to the size or abundance and distribution of mica in these pegmatites. Dump material contains abundant white glassy quartz, perthite, soda spar, green muscovite and garnet.

Workings and methods of exploring:

Pitted prospecting has been done at the two prospects

The field Team recommends 30 hours of bulldozing with a D-6 at each prospect

to cut a trench 100'×30'×6'. This to be followed by a 100-foot shaft and 50 feet of drifting at each prospect.

Remarks:

Two prospects show pegmatites containing mica of strategic grade

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 - 3842 (mica)

Applicant: H. Phillips

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

Date of Field Team Report: June 28, 1955

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

Field Team Recommendation: Recommend exploration program at a cost of $6,613.00

Comments:

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

Recommendation:

I concur in field team's recommendation for a two-stage unit cost exploration program.

W. F. Dietrich

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

July 21, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region V - Knoxville

Subject: DMEA-3842 (mica) Horace Phillips Prospect - North Carolina

There are enclosed six copies of a new Owner's Consent on the subject application, also four copies of a new mining lease. Both were requested in a telephone call from Mr. Anderson, July 13 to Mr. V. J. Lynch of this office.

Robert A. Laurence

ZM.

IN REPLY REFER TO:

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

RECEIVED
JUL 19 1955

July 18, 1955

Re: DMEA 3642
Horace Phillips
Phillips Prospect
Mitchell Co., N. C.
$6,613.00 - 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 staged program seems well adapted to this raw prospect.

I concur with the recommendation of the Field Team.

N. E. Nelson

N. E. Nelson

NENelson:iml
G-7/18/55

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 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

RECEIVED
JUL 18 1955

July 15, 1955

In accord with telephone conversation

Mr. Sam L. Phillips

Spruce Pine, North Carolina

Re: DMEA-3842 (mica)
Horace Phillips Prospect

Dear Mr. Phillips:

Because Prospect No. 2 on the Horace Phillips lease is so close to the eastern boundary of the lease, our Washington office is unwilling to approve a contract. If you can amend the lease to extend the eastern boundary about 150 feet farther east, a contract will be approved.

Therefore, if this meets with the Applicant's approval, please submit (1) Copy of new or amended lease and (2) seven signed copies of Consent to Lien with property description to correspond to new or amended lease. Seven blank DE-203's are enclosed.

Very truly yours,

Robert A. Lawrence

RAL/an
cc
Spr. Con.-2
Lynch
Shelby
Miles

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

July 11, 1955

RECEIVED
JUL 13 1955

Memorandum

To: Operating Committee, DMEA- Washington

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

Subject: Field Examination Report, DMEA-3842 (mica) Horace Phillips, Bakersville, N. C. Horace Phillips Pros. Yancey Co., N. C.

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

We recommend approval of a two-stage unit-cost contract, as outlined in the report.

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION V

V. J. Lynch, Member
Bureau of Mines

RAL/sm
cc:
Lynch
Shirley
Files

UNITED STATES
DEPARTMENT OF THE INTERIOR

RECEIVED
JUL 13 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION OF
FIELD TASK NUMBER V

On

DMEA-3042, MOUSE MINERALS BROWN CO
(mica) Yancey County, N. C.

By

E. H. Tongue and D. M. Amos, Geologists
U. S. Geological Survey

June 20, 1955

FIELD EXAMINATION REPORT
On

RECEIVED
JUL 13 1955

DMA-3042, PHILLIPS PROSPECT (mica)

Applicant: Horace Phillips, Route # 3, Bakersville, North Carolina

Several places have been prospected on the leased area, two of which offer some promise of containing mica of strategic grade. Exposures are very poor and little information can be obtained. Exploration assistance is recommended - to be conducted in stages.

The deposit was examined on June 20, 1955. Messrs. Horace Phillips and S. L. Phillips accompanied the examiners on the inspection which required three hours.

The Horace Phillips Prospect is a few hundred yards south of the crest of Crabtree Mountain, 4.55 (airline) miles S. 50° W. of Spruce Pine. The prospect is in Yancey County, North Carolina. Access is possible at all times by jeep.

The applicant has had limited mining experience; however, he appears to be competent to conduct the proposed work. Area under lease is adequate. Prospect No. 1 is in the center of the leased area and Prospect No. 2 is in the southeastern part, about 75 feet west of the N-S line.

There are no surface facilities on the property. The Prospects are near the crest of a ridge in open pasture land. At both places slumped and filled pits occur, but no rock is exposed. This entire area is underlain by slaskite which contain pegmatites. No information is available as to the size or abundance and distribution of mica in these pegmatites. Dump material contains abundant white glassy quartz, perthite, soda spar, green muscovite and garnet.

Flat and "A" mica occur at both places. The flat mica is of excellent quality, but the "A" is non-strategic because of mineral stain. The ratio of the two is not known.

The examiners believe these two Prospect warrant exploration assistance. We recommend that a trench be bulldozed at each Prospect as Stage I. If results from Stage I are favorable, a 40-foot shaft and 50 feet of drifts is recommended for each Prospect.

Estimated Cost-

STAGE I

Cut two trenches, each 100' x 30' x 6' Bulldozer (D-6 or equivalent) 30 hrs. @ $10/hr.	$300.00 ~~[illegible]~~
	$300.00

STAGE II

Toolhouse	75.00
Powder Magazine	25.00
Exploder Magazine	13.00
Two 40-foot shaft @ $40/foot	$3,200.00
100 feet (total) of drifts @ $30/ft.	3,000.00
Estimated Cost of Stage II.....	$6,313.00
Estimated Total Cost of Stages I & II.....	$6,613.00

Date of Exam: June 23, 1955.

W. H. Tongue and D. H. Ross, Geologists
U. S. Geological Survey

2

600

JUN 10 1955

Mr. Horace Phillips
Route 3
Bakersville, North Carolina

Re: Docket No. DMEA-3842 - Mica
Horace Phillips
Horace Phillips Prospect
Mitchell 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. Lawrence, Executive Officer, DMEA Field Team, Region V, Room 13, Post Office Building, Knoxville 2, Tennessee, for further consideration and possibly a field examination.

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

Sincerely yours,

C. O. Mittendorf

Administrator

JHopkins:gad 6/8/55
Copy to: Admr. R. File
Docket
Operating Committee
Field Team, Region V
Mr. Dietrich, 3061
Mr. Kiilsgaard, 5222
Mr. Houk

600

JUN 10 1955

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

Subject: Docket No. DMEA-3842 - Miss Horace Phillips
Horace Phillips Prospect
Mitchell County, North Carolina

Dear Mr. Laurence:

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

Copies of memoranda from N. E. Nelson of the Geological Survey, dated June 3, 1955, and from W. F. Dietrich of the Bureau of Mines, dated June 7, 1955, are enclosed for your information.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

J. H. Hedges
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

Enclosures 4

JHopkins:gad 6/8/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Dietrich, 3061
Mr. Kiilsgaard, 5222
Mr. Houk

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
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3042 (mica)

Applicant: Horace Phillips

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

Date Application Rec'd. by Br. of Ceram. & Fert. Mat. : June 1, 1955

Comments:

1. No data available in this office on this property because this is a new prospect.

2. It appears that the proposed exploration should be in stages if a contract is approved.

Recommendation:

It is recommended that the field team visit this mine 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.

June 3, 1955

RECEIVED
JUN - 6 1955

Re: DMEA-3842
Horace Phillips
Horace Phillips
Prospect
Mitchell Co., N. C.
$3,000 - Mica

Memorandum

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

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

Subject: Review of application

The work proposed for this very raw prospect is, if done, to be done in logical order. No mention is made of mica having been seen but "from appearance of materials showing" it may be found. The layout of the proposed trenches indicates mica may be anywhere, perhaps everywhere and three 30-foot shafts (pits) will be warranted.

If the 'appearances' are good the trenching may be in order. If the results are not too unfavorable the Field Team should decide whether the pits are justified. Thus a two or more stage program involving modest expenditures would develop.

The Field Team should tell us whether the conditions are more favorable than as set out in the application.

N. E. Nelson

N. E. Nelson

NENelson:hlm
G-6/3/55

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