DMEA 3877

DOCKET INDEX

ACTION DOCUMENTS

1. APPLICATION — DATE RECEIVED 6-29-55

2. CONTRACT — DATE 8-30-55

3. TERMINATION AGREEMENT: — DATE 10-26-55

   a. Mutual (with/without repayment provision).
   b. Unilateral.
   c. Amendment with automatic termination clause and with/without repayment provision.

4. CERTIFICATION — DATE

5. AUDIT REPORT — DATE

6. AMENDMENTS - NUMBERS — DATE

DOCKET COPY

Hook
Talbot
Dwyer

EXPLORATION PROJECT CONTRACT
TERMINATION AGREEMENT
DMEA-3877 (mica)

It is agreed this 26th day of October 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and C. E. Boone, Hayden Keller, and W. S. Flynt, a partnership, hereinafter called the "Operators," parties of that certain Exploration Project Contract Idm-2864, Docket No. DMEA-3877, dated August 30, 1955, hereinafter called the "Contract," that:

1. Effective October 7, 1955, the contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

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

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

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

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

C E Boone
W S Flynt
Hayden C Keller

THE UNITED STATES OF AMERICA
By Robert A. Laurence
Robert A. Laurence, Executive Officer
DMEA Field Team, Region V

Docket copy

MF-200A
(Revised June 1954)

Docket No. DMEA 3877

Commodity Mica

Contract No. Idm-E 864

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

It is agreed this AUG 30 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] C. E. Boone, Hayden C. Koller, and W. S. Flynt, a partnership,

whose mailing address is c/o W. S. Flynt
Crossnore, 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."

16—70619-1

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

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of mica. The work to be performed is described in Exhibit "A." The Operator on or before NOV 1 1955 shall commence the work, and on or before December 31, 1955 (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work, except as otherwise provided in Exhibit "A."

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

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

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $4,604.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $3,453.00: *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.

BOONE, KELLER, AND FLYNT
(Operator)

By C E Boone (Partner)

By W J Flynn (Partner)

By Hayden Keller (Partner)

THE UNITED STATES OF AMERICA

By O Mittendorf
Administrator, Defense Minerals Exploration Administration

Chris Hoffbund
"Appd. Sol. Off."
Hayden
F L Greene
Talbert

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

EXPLORATION PROJECT CONTRACT
BOONE, KELLER, AND FLYNT
DOCKET NO. DMEA-3877

ANNEX I

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

Beginning at center of open cut known as Jasper Smith prospect located 130' SW from a spring and running North 250'; thence East 250'; thence South 500'; thence West 500'; thence North 500'; thence East 250' to beginning.

The Jasper Smith prospect is located one mile N. 70° W. of Spruce Pine, North Carolina.

EXPLORATION PROJECT CONTRACT
BOGGS, KELLER, AND FLINN
DOCKET NO. DMEA-3877

EXHIBIT "A"

Description of the Work

The location of a part of the work is shown on the map entitled "Sketch of Jasper Smith Prop., Mitchell Co., N. C. DMEA-3877 (mica), July 12, 1955," attached hereto and made a part hereof.

The work shall be performed in two successive stages, as indicated below, each prior stage to be completed before the succeeding stage is begun. The Operator shall perform Stage I, and shall perform so much of Stage II as the Government may at any time approve in writing.

Stage I

With a model D-6 caterpillar tractor-dozer, or equivalent tractor unit, excavate a trench not less than 100 feet long by 30 feet wide by 15 feet deep, to expose the pegmatite.

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 unflooored; 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 jar-proof lock.

2. Sink a 50-foot, 2-compartment shaft on the pegmatite having cross-sectional dimensions of not less than 5 feet by 7 feet in the clear of timbers.

3. Drive 60 feet of drifts on the pegmatite from the shaft. The drifts shall have cross-sectional dimensions of not less than 5 feet by 7 feet in the clear of timbers.

All work shall be timbered as necessary.

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

Fixed Unit Costs

Stage I

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

Stage II

Construct:		
Toolhouse 1/	75.00	
Powder Magazine 1/	25.00	
Exploder Magazine 1/	14.00	
Sink 50 feet of shaft @ $43.00/ft.	2,150.00	
Drive 60 feet of drifts @ $34.00/ft.	2,040.00	$4,304.00
Estimated Total Cost of Project		$4,604.00
Government Participation @ 75%		$3,453.00

1/ The completed work constitutes the unit.

MF-203
Revised March 24, 1955

RECEIVED
JUN 29 1955

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

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of Mitchell, State of North Carolina, described as follows:1/

Beginning at center of open cut known as Jasper Smith prospect located 130' SW from a spring and running North 250'; thence East 250'; thence South 500'; thence West 500'; thence North 500'; thence East 250' to beginning. This property lying approximately 2 miles West of Spruce Pine in Mitchell County.

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 ~~xxxxxxxxxxxxxxxx~~, deed, ~~xxxxxxxxxxxxxxxx~~ dated March 16, 1955, and recorded in book 116 page 620 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 24 day of June, 1955.

Edward A Bone [Seal] Spruce Pine NC

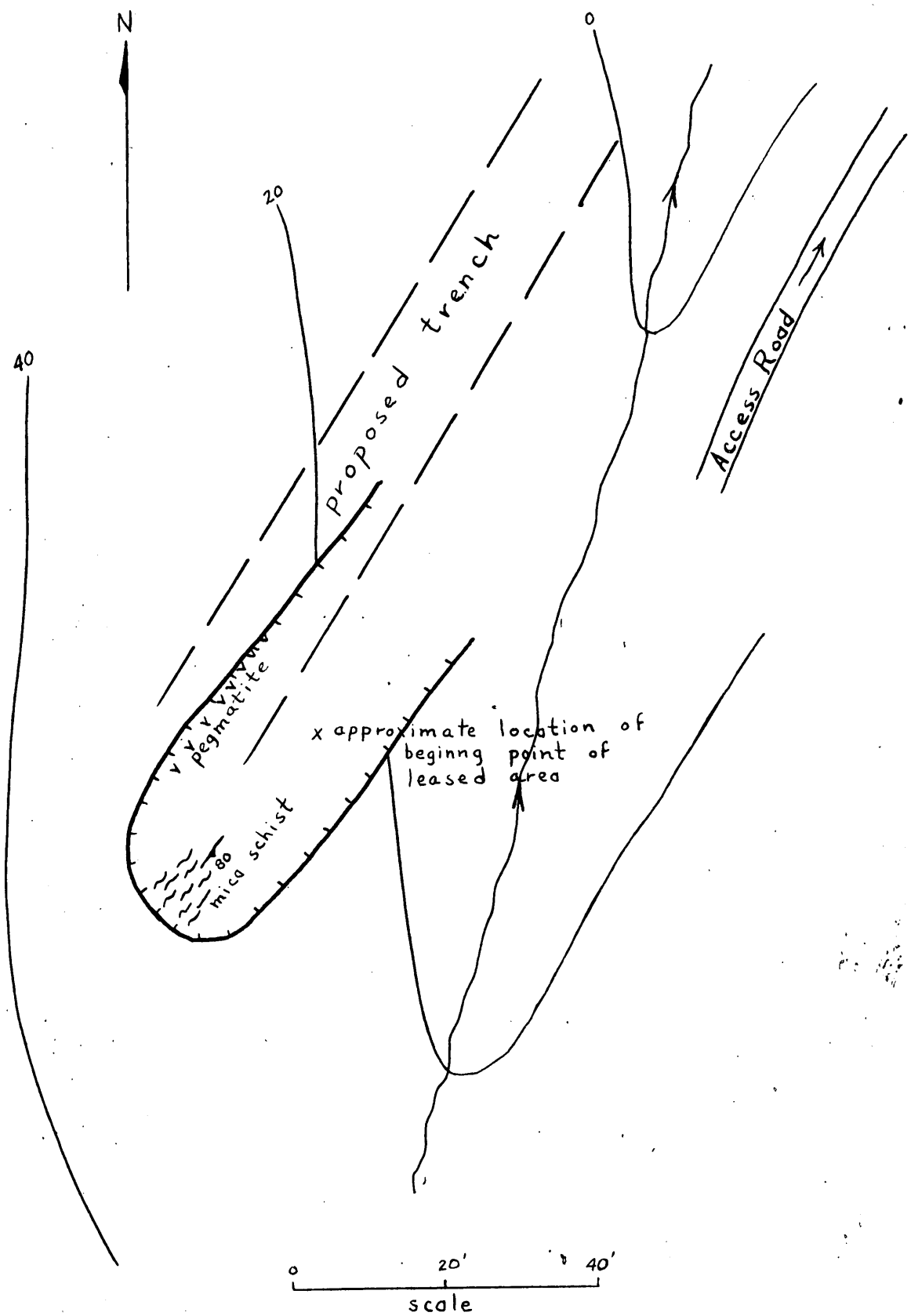
_____ [Seal]

_____ [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
JASPER SMITH PROS.
MITCHELL CO., N.C.

DMEA-3877 (mica)

July 12, 1955

RECEIVED
JUL 27 1955

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

600

DOCKET COPY
Surname:
Hopkins
Hook
Chambers
Selfridge
Hefferman

MAY 1958

Mr. Edward Boone

Spruce Pine, North Carolina

Re: Docket No. DMEA-3877-mica
C. E. Boone, Hayden C. Keller,
and W. S. Flynt
Jasper Smith Prospect
Mitchell County, North Carolina
Contract No. Idm-8564

Dear Mr. Boone:

Reference is made to the Owner's Consent to Lien, dated June 24, 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:ms 5/14/56

Copy to: Docket
Mr. Chambers
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins
Admr. R. File

R.P.R.

DOCKET COPY
Surname:

Hopkins
Houk
Chambers
Selfridge
Gilmore

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

MAY 16 1956

Messrs. C. E. Boone, Hayden C. Keller
and W. S. Flynt
c/o Mr. W. S. Flynt
Greensboro, North Carolina

Re: Docket No. DMEA-3877-mica
C. E. Boone, Hayden C. Keller,
and W. S. Flynt
Jasper Smith Prospect
Mitchell County, North Carolina
Contract No. 14m-2864

Gentlemen:

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

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

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

Sincerely yours,

C. O. Mittendorf (for)

Administrator

JHopkins:ms 5/14/56
Copy to: Docket
Mr. Chambers
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins
Admr. R. File
Edward Boone (land owner)

R.S.S.

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

May 14, 1956

Project Summary Report

By: James Hopkins

1. Docket No. DMEA-3877-mica
Contract No. Idm-E864
Jasper Smith Prospect
Mitchell County, North Carolina

Operators: C. E. Boone, Hayden C. Keller and W. S. Flynt (a partnership)

Operators' Property Rights:
Lessees of the mineral rights

2. Contract: dated August 30, 1955

a) Work Authorized:

Excavate strike trench 30 hrs. @ $10.00/hr.	$ 300.00
New Buildings	114.00
Shaft sinking 50 feet @ $43.00/ft.	2,150.00
Drifting 60 feet @ $34.00/ft.	2,040.00
Estimated Total Cost	$ 4,604.00

b) Amendments:
None

c) Work Completed:

Trench excavation	$ 300.00
Shaft sinking 10 feet @ $43.00/ft.	430.00
Total Cost	$ 730.00

Work began September 20, 1955.
Work terminated effective October 7, 1955.
Field Team Final Report dated October 27, 1955.
Operators Final Report waived - Interim Report accepted.

3. Audit: Report of Review dated November 22, 1955

Total Cost as billed by Contractor	$730.00
Exceptions	-0-
Total Accepted Cost	$730.00
Government participation @ 75%	$547.50

4. Certification of Discovery - none issued

5. Comments:

A virtually unexplored pegmatite had been exposed in a small cut. The entire thickness could not be seen but it was in excess of 5 feet. Strategic mica although small in size had been recovered. Fifty pounds of mine-run mica sold for $1.00/pound.

A project involving bulldozing to more thoroughly expose the pegmatite to be followed by a shaft was initiated.

Project work exposed a thoroughly weathered pegmatite 8 feet thick but the mica-bearing portion is only 2' to 3' thick and 25 feet long.

The only mica recovered came from that part that contains smoky colored quartz and plagioclase. It was very flat, clear, hard, free-splitting, and green in color.

Approximately 750# were recovered.

Sales were:	447# scrap for	$6.70
	1706# sheet for	$234.96
	Total	$241.66

Royalties paid the Government was $12.08

The project did not disclose any reserves.

Insufficient mica was recovered to justify additional work, therefore the work was discontinued and the contract terminated.

The Field Team recommends that no certification of discovery be issued.

The Nonmetallic Minerals Division concurs in the recommendation of the Field Team.

The Commodity Divisions of the Geological Survey and the Bureau of Mines also concur in the recommendation.

James Hopkins
Nonmetallic Minerals Division

DOCKET COPY
Surname:

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

MAR 23 1956

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

Dear Mr. Lawrence

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

Docket No. DMEA-	Contract No. Idm-	Production during Project	Value of Production	Royalties Due	Royalties Paid	End of Certification Period (6 mos. from date Final Report)
3975	E776	1000 lbs.	$539.88	$26.98	$26.98	Feb. 8, 1956
3682	E306	few hundred pounds	?	?	None	Mar. 26, 1956
3728	E524	100 lbs.	$150.00	$ 7.50	$ 7.50	Mar. 26, 1956
3611	E785	about 600 lbs.	?	?	None	Apr. 4, 1956
3877	E864	approx. 750 lbs.	$241.66	$12.08	$12.08	Apr. 31, 1956
3731	E515	about 300 lbs.	$156.20	$ 7.81	$ 7.81	May 17, 1956

In order to close out these contracts it will be appreciated if you will take whatever action you deem necessary for collection of the unpaid royalties. On those projects where royalties have been paid, please ascertain whether there has been, or whether there is likely to be, any production made between the time of the last royalty payment and the end of the period in which certification may be made.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Approved:

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

Thor H. Kiilsgaard
Member, Geological Survey

Mr. Blakeslee, 3061
Mr. Hunt(6)
Mr. Hopkins
Admr. L. File

Hopkins:cmm 3/21/56
Copy to: Hopkins(6)
Operating Committee
Mr. Chambers
Mr. Kiilsgaard, 5222

Hopkins
Hunt
Chambers
Selfridge
Kiilsgaard

R.C.Jr

IN REPLY REFER TO:

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

RECEIVED
MAR - 9 1956

March 7, 1956

Re: DMEA 3877, Idm-E864
C. E. Boone
Jasper Smith prospect
Mitchell Co., N. C.
$4,604.00 - Mica

Memorandum

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

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

Subject: Review of Final Field Team report.

Contract E864 approved the expenditure of $4,604.00 on bulldozing, shaft sinking and drifting. Work was stopped after bulldozing and 10 feet of shaft indicated that the pegmatite carries little mica; $730.00 was expended. Mine-run book mica in the amount of 750 pounds was recovered.

The examiners and Field Team recommend that no certification be made. I concur with that recommendation.

N. E. Nelson

N. E. Nelson

RECEIVED
NOV 21 1955

November 17, 1955

Memorandum

To: E. D. Talbert, Auditor, DMEA - Washington

From: Executive Officer, DMEA - Region V - Knoxville

Subject: DMEA-3877, Idm-E864 (mica) Boone, Keller & Flynt
and
DMEA-3901, Idm-E885 (mica) Erby Mining Co.

Reference is made to your letter of November 15.

In each of these projects, a bulldozer was used for 30 hours in doing the work of Stage I.

Robert A. Laurence

RAL/mm

cc:
Lynch
Shirley
Files

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

NOV 1 5 5

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

Re: DMEA-3611, Ida-2833
Joe C. Yates
DMEA-3877, Ida-2864
Boone, Kelley & Flynt
DMEA-3901, Ida-2885
Erly Mining Company

Dear Mr. Lawrence:

Reports of Review in lieu of final audits are in the process of preparation for the referenced contracts. Before release of these Reports of Review further information appears necessary.

The Operator's final MF-304 for DMEA-3611, Ida-2833, claims reimbursement for 30 feet of shaft sinking. The reports received from the Field Team, however, state that the shaft was sunk to a depth of 29.5 feet. A confirmation of the footage the shaft was actually sunk would be appreciated.

The Field Team reports covering DMEA-3877, Ida-2864, and DMEA-3901, Ida-2885, state the sizes of the trenches bulldozed, but do not indicate the hours of bulldozing involved. Since the contract provides for contribution by the Government on the basis of hours of bulldozing actually performed, this information is necessary before the Reports of Review may be released. A statement indicating the hours of bulldozing would be appreciated.

Sincerely yours,

(Signed) E. D. Talbert

E. D. Talbert
Auditor

EDTalbert/wb
November 15, 1955

Copy to: Docket (3)
Admr. Reading File
Mr. Chambers

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-3877 (mica)

Applicant: C. Boone, H. Keller and W. Flynt

Name and Location of Property: Jasper Smith Prospect, Mitchell Co., N. C.

Contract Number: Idm-E 864

Date of Field Team Report: 10/27/55

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 11/9/55

Field Team Recommendation: Recommend no certification of discovery.

Comments:

1. Little mica was found during early stages of exploration and project was terminated by mutual consent.

2. Reserves of strategic mica are estimated to be negligible.

3. Value of production during project and royalty due should be determined.

4. Expenditures -

Total approved	$4,604.00
Total cost	730.00
Gov't. share of the cost	547.50
Value of production during operation	Unknown

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

W. F. Dietrich
W. F. Dietrich

RECEIVED
NOV 14 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON, D.C.~~
~~KNOXVILLE, TENNESSEE~~
KNOXVILLE, TENNESSEE

November 4, 1955

INTERIOR DEPT.
NOV 10 1955
SOLICITOR

RECEIVED
NOV - 9 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region V

Subject: Termination Agreement, Idm-E864, DMEA-3877 (mica)
Boone, Keller and Flynt, Ptnrs. North Carolina

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

Robert A. Laurence

Robert A. Laurence

RECEIVED
NOV 16 1955
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

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

RECEIVED
NOV - 2 1955

October 31, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: DMEA Field Team, Region V

Subject: Final Report, DMEA-3877, Idm-E864 (mica) C. E. Boone, Hayden Keller & W. S. Flynt. Jasper Smith Prospect, Mitchell County, N. C.

Enclosed are four copies of the subject report. We agree that certification should not be issued.

Forms for termination by mutual consent were sent to the Operator for signatures on October 26. They will be distributed as soon as we receive them from the Operator.

As all the work on this contract was reported on one monthly report, we are accepting the narrative report which accompanied that voucher in lieu of the Operator's final geologic report.

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

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

Received by
DMEA OPERATING COMMITTEE
11-7-55

UNITED STATES
DEPARTMENT OF THE INTERIOR

RECEIVED
NOV - 2 1955

FINAL REPORT

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FINAL REPORT BY FIELD TEAM, REGION V

On

DMEA-3877, Idm-E864 (mica) JASPER SMITH PROSPECT
Mitchell County, North Carolina

By

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

and

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

October 27, 1955

Reviewed by
DMEA OPERATING [illegible]
11-9-55

FINAL REPORT

DMEA-3877 (mica) JASPER SMITH PROSPECT
Idm-E864.

RECEIVED
NOV - 2 1955

Operators: C. E. Boone, Spruce Pine, N. C., Hayden Keller and W. S. Flynt, Crossnore, N. C.

Location: On the south side of North Toe River, one mile N. 70° W. of Spruce Pine, Mitchell County, N. C.

Exploration consisted of trenching by bulldozer and sinking 10-feet of vertical shaft. Insufficient mica was found to justify additional work, therefore the work was discontinued as of October 6, 1955. No certification of discovery is recommended.

This project began September 20, 1955 and was suspended, effective October 6, 1955. Work accomplished consisted of cutting an U-shaped trench; one arm of the U trends N. 30° E and the other N. 65° E. Each arm is 150 feet long, 15 feet wide, and averages 10 feet in depth. Also, a short trench from the southeast trench extends N. 10° W. for 40 feet. This trench is 10 feet wide and 6 feet deep. A 10-foot, 5' x 7' timbered shaft was sunk from the trench.

The trench and shaft expose a pegmatite that is thoroughly weathered, trends N. 50° E, dips near vertical, and is in weathered mica schist. The pegmatite is up to 8 feet in thickness, but the mica-bearing portion is only 2 - 3 feet thick and 25 feet long. The thicker portion is feldspathic, containing mostly potash feldspar. The only mica recovered came from that part of the pegmatite that contains gray to smoky colored quartz and plagioclase. A thin pegmatite was cut in the northeast 40-foot trench, but the contained mica is badly mineral stained.

Mica recovered from the southwest end of the cut is very flat, clear, hard, free splitting, and green in color. Medium size books are farily abundant, but the size of prepared mica is considerably reduced by numerous cracks. Approximately 750 pounds of mine-run book mica was recovered from the trenching; none was recovered from the shaft. Additional work is not justified.

Expenditures:

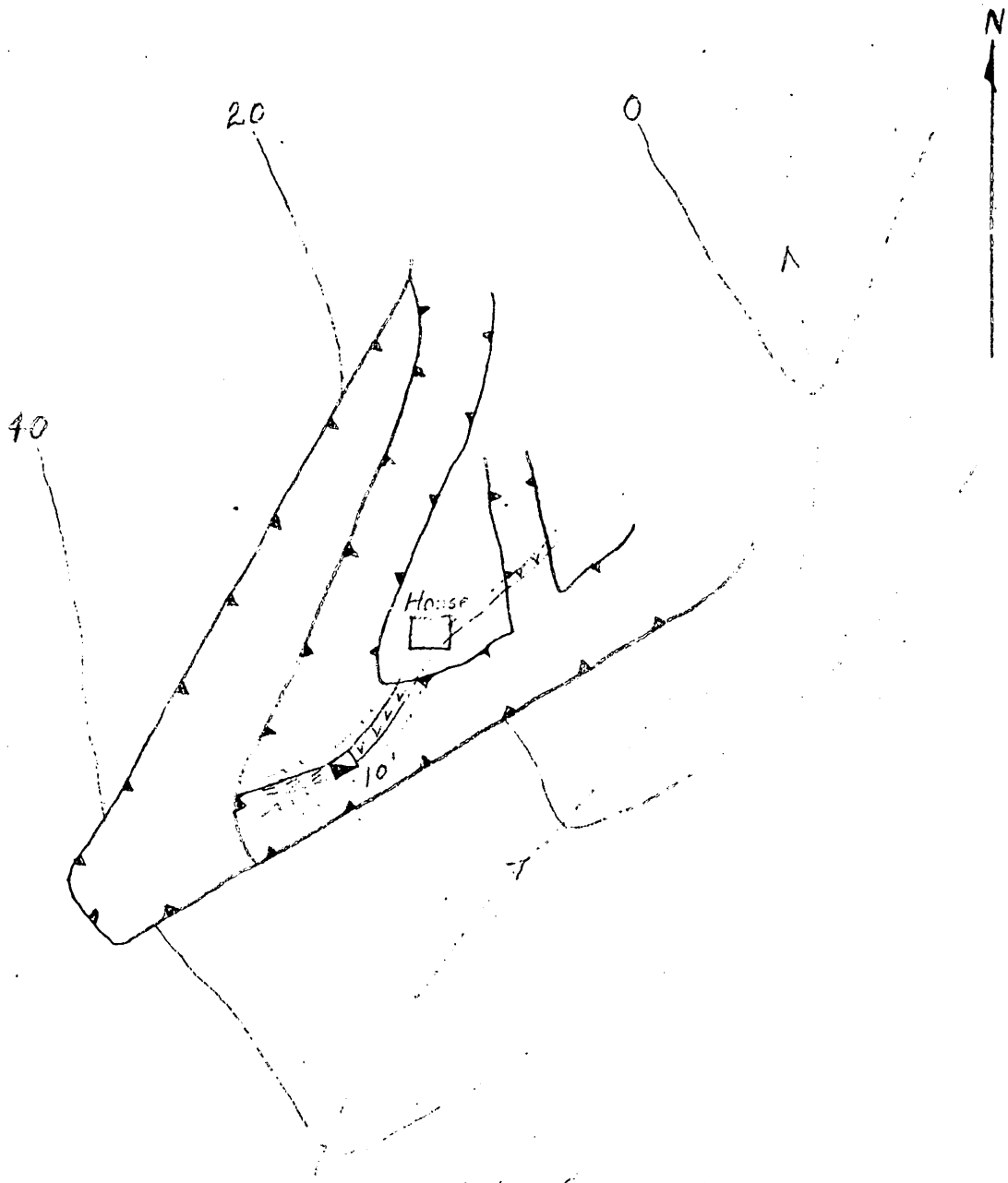
(a)	Total approved	$4604.00
(b)	Total Cost of Project	730.00
(c)	Government's share of cost	547.50
(d)	Government's share unexpended	2905.50
(e)	Value of production ;.....	unknown

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

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

October 27, 1955

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



Sketch of
Jasper Smith Prospect
Mitchell Co. N.C.

0 40' 80'
Scale

DMEA-3877 (Mica)
10-28-55

RECEIVED
NOV - 2 1955

DOCKET FILE
Surname:

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

OCT 24 1955

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

Subject: Docket No. DMEA-3877 - Mica
C. E. Boone, H. C. Keller and
W. S. Flynt
Jasper Smith Prospect
Mitchell County, North Carolina
Contract No. Idm-E864

Dear Mr. Laurence:

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

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

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

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

Approved:

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

Thor H. Kiilsgaard (JHB)
Member, Geological Survey

JHopkins:ad 11/17/55
Copy to: Admr R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins

P.S. Item 3 was omitted from the Termination Agreement form prepared for Contract No. Idm-E836 (Docket No. DMEA-3801).

R.S.L.

877

OR FINAL FIELD TEAM REPORT

Date ~~ROBERT E. ADAMS~~

10-13

Referred to:

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

Note comments in report regarding:

1. Terminations Recommended

2. Another case where bulldozing work does not conform to specification. Contract requires one branch not less than 100'x30'x15' Gr. cut two with aggregate length of 70' (other dimensions not given)

and take appropriate action.

Talbert

- - - - -

Action taken by Division:

Granted permission to terminate

ROBERT E. ADAMS

Initials

Mr Kunce
Mr Hofmann

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

RECEIVED
OCT 13 1955

October 11, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: DMEA Field Team, Region V - Knoxville

Subject: DMEA-3877, Idn-E864 (mica) C. F. Boone, Hayden Keller, and W. S. Flynt, Jasper Smith Prospect, Mitchell County, N. C.

Enclosed is the latest interim report on the subject contract.

We request permission to terminate by mutual agreement, effective October 6, 1955. Certification will not be recommended.

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

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

INTERIM REPORT

RECEIVED
OCT 13 1955

DMEA-3877, Idm-E864 (mica) JASPER SMITH PROSPECT

OPERATOR: C. E. Boone, Spruce Pine, N. C.; Hayden Keller, Crossnore, N. C.; and W. S. Flynnt, Crossnore, N. C.

LOCATION: On the south side of North Toe River, one mile N70°W of Spruce Pine, Mitchell Co., N. C.

Work has been stopped by the Field Examiners at this prospect due to the poor showing of the pegmatite and the absence of strategic mica. No additional work is recommended, and the examiners recommend, and the operator is in agreement, that the project be terminated.

Exploration completed consisted of trenching by bulldozer to properly expose the pegmatite and sinking 10 feet of vertical shaft, as a test pit, on the body. Trenching consisted of making a bulldozer cut trending N65°E, which exposed a large feldspathic pegmatite for a distance of 30 feet along the strike. Another smaller trench was made at the north end of this cut trending N10°W, 40 feet long, 10 feet wide, and 6 feet deep. A narrow pegmatite was exposed in the bottom of the cut containing a few pieces of badly stained mica. No additional work is recommended on this limited body.

The operator was advised to sink a test pit not to exceed 15 feet on the main body to ascertain whether additional work was justified. Due to the weathered condition of the pegmatite, the pit or shaft was cribbed solid to the bottom. A very small amount of mica was recovered, and most of the work was conducted in feldspathic material containing little quartz or mica. The operator was advised to discontinue work.

The Field Examiners recommend that this contract be terminated by mutual consent of both parties, and that the necessary forms be prepared for the operators.

L. E. Shirley

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

K. H. Teague

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

October 5, 1955

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

RECEIVED
OCT 13 1955

October 11, 1955

Mr. W. S. Flynt

Crossnor, North Carolina

Re: DMEA-3877, Idm-E86h (mica)
C. E. Boone, Hayden Keller
and W. S. Flynt.
Jasper Smith Prospect

Dear Mr. Flynt:

This will confirm the verbal approval given by Mr. Teague and Mr. Shirley to sink 10 feet of shaft under Stage II of the Contract.

We are requesting permission to terminate the contract, effective October 6, 1955, and will send you the termination agreement forms when they are received.

Your voucher has been received and approved for payment.

Very truly yours,

V. J. Lynch, Acting
Executive Officer, DMEA
Field Team, Region V

RAL/mm
Opr. Com-Y
Lynch
Shirley
Finance office
Files

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

October 3, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region V

Subject: Signed Contracts - DMEA-3877, Idm-E864 and DMEA-3904, Idm-E876

Transmitted are three signed copies each of the above subject contracts.

The usual distribution of the other copies has been made by this office.

Robert A. Laurence

Robert A. Laurence

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 1450 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

September 30, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: DMEA Field Team, Region V

Subject: DMEA-3877, Idm-E864 (mica) C. E. Boone, Hayden Keller, and W. S. Flynt. Jasper Smith Pros. Mitchell County, N. C.

Enclosed are 4 copies of the first interim report on the subject contract.

We understand that the contract (dated Sept. 12, 1955) was signed before work began on September 20. However, the executed contract has not yet been returned to us. Mr. Teague and Mr. Shirley will visit the project next week and will ask the Operator to return the contract promptly.

Robert A. Laurence

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION V

V. J. Lynch

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

INTERIM REPORT

DMEA-3877, Idm-E864 (mica) JASPER SMITH PROSPECT

OPERATOR: C. E. Boone, Spruce Pine, N. C.; Hayden Keller, Crossmore, N. C.; and W. S. Flynnt, Crossnore, N. C.

LOCATION: On the south side of North Toe River, one mile N70°W of Spruce Pine, Mitchell Co., N. C.

The starting date on this contract is September 20, 1955. Stage I, consisting of trenching by bulldozer, is nearing completion. Work completed consists of cutting a trench 100 feet long, 30 feet maximum width, and 10 to 15 feet deep, that trends northwest. Pegmatite is exposed for a distance of about 30 feet in the cut and consists of feldspathic zones barren of mica, which flank a narrow quartz - feldspar - mica body 2 to 3 feet in thickness. The mica is concentrated adjacent to the quartz where found and is of good quality, and approximately 750 pounds of block was obtained from the bulldozer work. A shaft site for sinking was spotted, and work will begin in the near future.

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

L. E. Shirley

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

K. H. Teague

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

September 20 and 21, 1955

Docket File
Surname:

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

AUG 30 1955

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

Subject: Docket No. DMEA-3877 - Mica
C. E. Boone, H. C. Keller and
W. S. Flynt
Jasper Smith Prospect
Mitchell County, North Carolina

Dear Mr. Laurence:

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

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

After execution of the contract, the copies are to be distributed in the usual manner. Copies of memoranda from Mr. N. E. Nelson of the Geological Survey, dated August 2, 1955, and from Mr. W. F. Dietrich of the Bureau of Mines, dated August 8, 1955, are enclosed.

Please note in Paragraph 2 of "Exhibit A" under the "Description of the Work" that written approval must be given for Stage II work. Sufficient copies of this approval should be prepared for attachment to each copy of the contract.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCB)

Approved:

P. F. Yopes (GCB)
Member, Bureau of Mines

/s/ N. E. Nelson (GCB)
Member, Geological Survey

Enclosures 10

JHopkins:pk 8/24/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, X 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins

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

RECEIVED
AUG - 9 1955

August 8, 1955

Memorandum

To: Nonmetallic Minerals Divison
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA - 3877 (mica)

Applicant: Boone, Keller, Flint

Name and Location of Property: Jasper Smith Property
Mitchell County, North Carolina

Date of Field Team Report: July 22, 1955

Date Rec'd. by Br. of Ceram. and Fert. Mtls.: August 1, 1955

Field Team Recommendation: Recommend two-stage exploration program at a cost of $4,603

Comments:

1. 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 two-stage exploration program proposed by the field team.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

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

RECEIVED

August 2, 1955

Re: DMEA 3877
C. E. Boone, etc.
Jasper Smith Prospect
Mitchell Co., N. C.
$4,603.00 - Mica

Memorandum

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

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

Subject: Review of Field Team Report.

The staged program designed by the examiners appears to fit this prospect. A painstaking appraisal of the exposure after stripping should be made before the sinking is begun.

I concur with the recommendation of the Field Team.

N. E. Nelson

N. E. Nelson

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

RECEIVED
JUL 27 1955

July 25, 1955

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: Field Examination Report, DMEA-3877 (mica) C. E. Boone, Hayden Keller, and W. S. Flynt, Jasper Smith Property, Mitchell County, N. C.

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

The beginning point in the legal description of the land, as given in the lease is indicated on the sketch. The lease boundaries are well beyond the limits of the sketch.

What can be seen in the available exposures is encouraging, and we therefore recommend approval of a two-stage, unit-cost contract as outlined in the report.

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

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

Reviewed by
DMEA OPERATING COMMITTEE
8-1-55
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR

RECEIVED
JUL 27 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD EXAMINATION REPORT
By

Field Team, Region V

On

DMEA-3877 (mica) JASPER SMITH PROSPECT
Mitchell County, N. C.

By

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

and

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

Reviewed by
DMEA OPERATING COMMITTEE
8-1-55
(date)

July 22, 1955

FIELD EXAMINATION REPORT
On

RECEIVED
JUL 27 1955

DMEA-3877, (mica) JASPER SMITH PROSPECT

Applicants: C. E. Boone, Spruce Pine, N. C. Hayden Keller, Crossnore, North Carolina and W. S. Flynt, Crossnore, N. C.

Little work has been done at this place. Some mica-bearing pegmatite is exposed and the mica is of good quality. Additional work is warranted, to be conducted in stages.

This prospect was examined on July 12, 1955. Messrs. C. E. Boone and W. S. Flynt accompanied the examiners on the inspection which required two hours.

The Jasper Smith Prospect is on the south side of North Toe River, one mile N. 70° W. of Spruce Pine, Mitchell County, North Carolina. Access is good at all times.

All of the applicants have had mica mining experience and are competent to conduct the proposed work. Area under lease is adequate.

Pegmatite is exposed in a small cut made during recent prospecting by bulldozing. That portion of the pegmatite showing contains soda feldspar, quartz, and much mica. It is coarse in texture, weathered, conformable to the mica schist wall rock, trends about N. 30° E and dips about 80° SE. The entire thickness of the pegmatite is not exposed. Much of it is covered by old river terrace which is as much as five feet thick.

The mica is hard, flat, clear, non-ruby in color, and free splitting. Most of that observed in the pegmatite is in small sizes, although it is abundant. About 50 pounds of mine-run mica was obtained during the recent bulldozing. This mica was worth about $1.00 per pound in the book.

As the pegmatite is poorly exposed, a firm appraisal of it cannot be made. Therefore, the examiners recommend that exploration assistance be granted in two stages. Stage I should consist of stripping the pegmatite for about 100 feet along its strike. This will envolve sloping the northwest bank of the trench as a rather steep hill occurs immediately northwest of the pegmatite exposure. The trench will be approximately 100' x 30' x 15'. If results from Stage I are favorable, Stage II should consist of the following:

Construct toolhouse
Construct two magazines
Sink 50 foot shaft
Drive 60 feet of drift.

RECEIVED
JUL 27 1955

Estimated Cost:

Stage I.

Cut trench 100' x 30' x 15'

Bulldozer (D-6 or equiv) 30 hours @ $10.00/hr.		$300.00

Stage II

Toolhouse	75.00	
Powder Magazine	25.00	
Exploder Magazine	14.00 ~~13.00~~	~~113.00~~ 114.00

Sink 50-foot, 2 compartment, 5' x 7' shaft
(25 shifts)

Labor:	1 - Miner @ $1.50/hr.	300.00	
	1 - Hoistman @ $1.25/hr.	250.00	
	2 - Laborers @ $1.00/hr.	400.00	
Equipment (rental)			
	Compressor and pump @ $220/Mo.	275.00	
	Drill (1 Mo @ $20/Mo.)	20.00	
	Hoist @ $50/Mo.	62.50	
Supplies:			
	Explosives	50.00	
	Drill steel	30.00	
	Timber, 5 M @ $65/M	325.00	
	Small tools and pipe	100.00	
	Gasoline and oil	75.00	
	Miscellaneous	109.50	
	Compensation Ins.	95.00	
	Unemployment Ins. & Soc. Sec.	38.00	
	Sales tax	20.00	2,150.00

Drive 60 feet of drift (25 shifts)

Labor:

Labor:

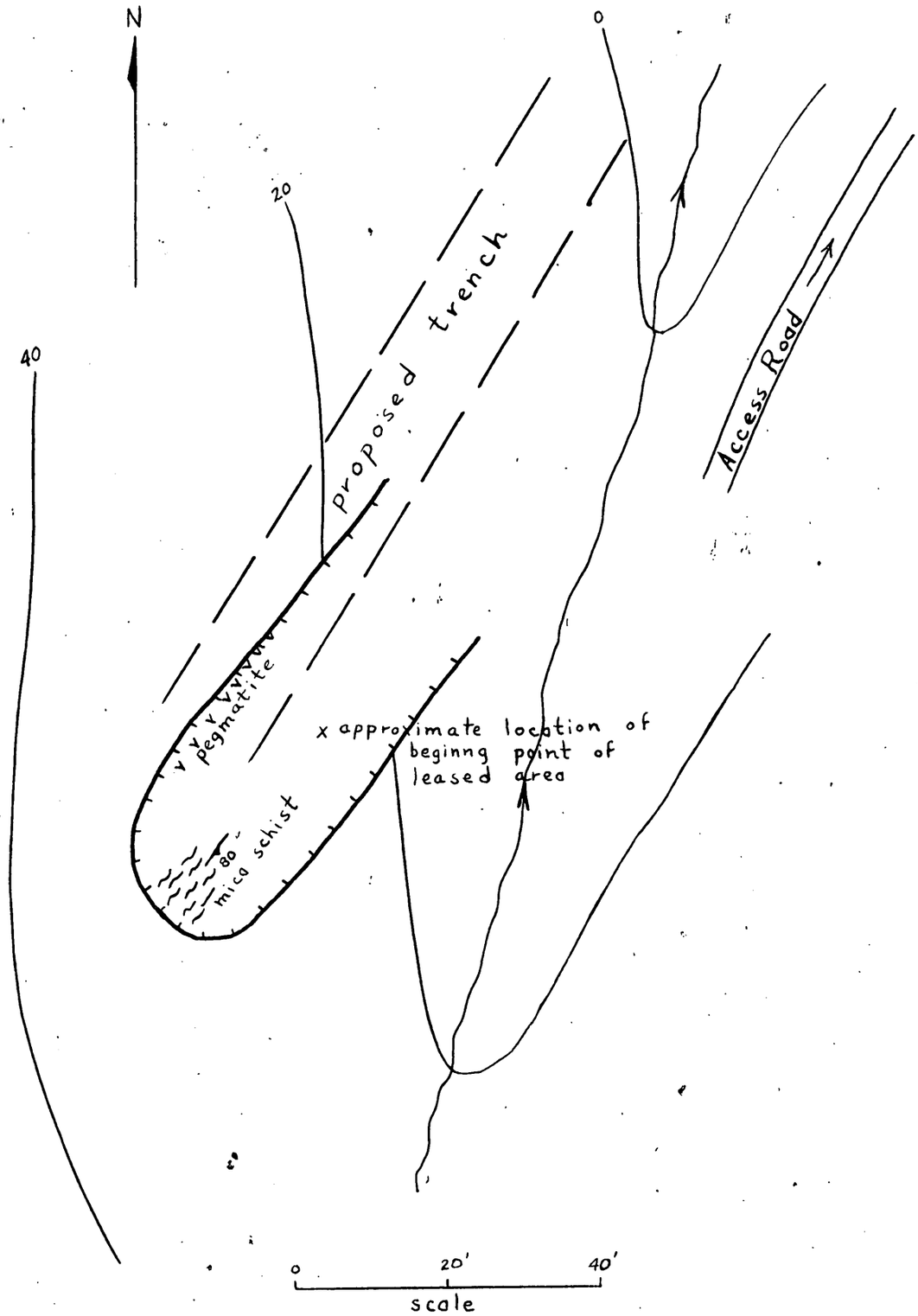
1 - Miner @ $1.50/hr.	$300.00	
1 - Hoistman@ $1.25/hr.	250.00	
2 - Laborers @ $1.00/hr.	400.00	
Compressor, drill,pump and jackleg @ $250/Mo.	312.50	
Hoist @ $50/Mo.	62.50	
Supplies:		
Explosives	125.00	
Drill steel	50.00	
Timber, 2M @ $65/M	130.00	
Gasoline and oil and electricity	100.00	
Small tools and pipe	75.00	
Miscellaneous	84.00	
Compensation Insurance	95.00	
Unemployment Ins. and Social Sec.	38.00	
Sales Tax	18.00	$2,040.00
Estimated Cost of Stage II		~~$4,303.00~~ $4,304.00
Estimated Total cost of Stages I and II		~~$4,603.00~~ $4,604.00
		Gov. part. $4503.00

July 22, 1955

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

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

z



SKETCH OF
JASPER SMITH PROS.
MITCHELL CO., N.C.

DMEA-3877 (mica)

July 12, 1955

RECEIVED
JUL 27 1955

Docket File
Surname:

Hopkins
F Kerner
Martin
Kilsgaard

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

JUL 20 1955

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

Subject: Docket No. DME-3 77 - Mica
C. E. Boone, H. C. Keller and
W. S. Flynt
Jasper Smith 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 July 13, 1955, and from W. F. Dietrich of the Bureau of Mines, dated July 5, 1955, are enclosed for your information.

If a contract is recommended, please furnish nine copies of a map showing the proposed work, segregate exposure and a tie-in with the property line.

Sincerely yours,

W. S. Martin

ACTING Chairman, Operating Committee (JHB)

Approved:

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

Thor H. Kiilsgaard (JHB)
Member, Geological Survey

Enclosures 4

JHopkins:pk 7/18/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

R.S.S.

Docket File
Surname:

Hopk
J Hamer
Gehan
Kilsgaard
Martin
R Johnson

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

JUL 20 1955

Messrs. C. E. Boone, H. C. Keller
and W. S. Flynt
c/o W. S. Flynt
Crossnore, North Carolina

Re: Docket No. DMEA-3877 - Mica
C. E. Boone, H. C. Keller and
W. S. Flynt
Jasper Smith Prospect
Mitchell County, North Carolina

Gentlemen:

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

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

Sincerely yours,

C. O. Mittendorf

Administrator

JHopkins:pk 7/18/55
Copy to: Admr. R. File
Docket
Operating Committee
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

R.A.L

IN REPLY REFER TO:

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

July 13, 1955

Re: DMEA 3877
Boone, Keller & Flynt
Jasper Smith Prospect
Mitchell Co., N. C.
$6,100 - Mica

Memorandum

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

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

Subject: Review of Application

Another prospect with materials showing, but no mica ? mentioned.

If staged this should make an acceptable proposal.

Referral to the Field Team recommended.

N. E. Nelson

N. E. Nelson

RECEIVED

IN REPLY REFER TO:

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

July 13, 1955

Re: DMEA 3077
Boone, Keller & Flynt
Jasper Smith Prospect
Mitchell Co., N. C.
$6,100 - Mica

Memorandum

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

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

Subject: Review of Application

Another prospect with materials showing, but no mica mentioned.

If staged this should make an acceptable proposal.

Referral to the Field Team recommended.

N. E. Nelson

N. E. Nelson

NENelson:iml
G-7/13/55

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

RECEIVED
JUL 15 1955

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

RECEIVED
JUL - 6 1955

July 5, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA - 3877 (mica)

Applicant: C. E. Boone, H. C. Keller, W. S. Flynt

Name and Location of Property: Jasper Smith Prospect
Mitchell County, North Carolina

Date Application Rec'd by Br. of Ceram. and Fert. Mtls: June 30, 1955

Comments:

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

Recommendation:

It is recommended that the field team visit this mine when in that vicinity to ascertain if an exploration project is justified. If so, the field team and applicant should agree on a definite plan of exploration on a unit-cost basis.

W. F. Dietrich

W. F. Dietrich

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

RECEIVED
JUL - 6 1955

July 5, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA - 3877 (mica)

Applicant: C. E. Boone, H. C. Keiler, W. S. Flynt

Name and Location of Property: Jasper Smith Prospect
Mitchell County, North Carolina

Date Application Rec'd by Br. of Ceram. and Fert. Mtls: June 30, 1955

Comments:

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

Recommendation:

It is recommended that the field team visit this mine when in that vicinity to ascertain if an exploration project is justified. If so, the field team and applicant should agree on a definite plan of exploration on a unit-cost basis.

SIGNED
W. F. Dietrich

June 29, 1955
Subject: DMEA-3877
Re: Exploration Assistance
Jasper Smith Prospect

H.C. Keller
c/o W.S. Flynt
Crossnore, N.C.

Dear Mr. Keller:

The receipt of your application dated June 27, 1955 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3877 and referred to the Nonmetallic Minerals Division.

Kindly identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
JUN 29 1955

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

Not to be filled in by applicant

Docket No. 3877
Metal or Mineral Mica
Date Received 6-29-55
Estimated Cost $6,00
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: C. E. Boone, Hayden C. Keller and W. S. Flynt
c/o W. S. Flynt, Crossnore, N. C.

Partnership

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

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

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

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

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

(*b*) State any mine name by which the property is known. Jasper Smith Prospect

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)? Yes. Will furnish required 25%.

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

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

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated 6-27-55, 195...

C. E. Boone, Hayden C. Keller & W. S. Flynt
(Applicant)

By Hayden C Keller
Partner

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

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

RECEIVED
JUN 2 9 1955

MF-103 (Continuation sheet)

4. (a) No previous mining operations have been conduted at this site.

(b) No past production; new prospect.

(c) From appearance of the materials showing, we believe that by exploration we may find strategic quality mica.

(d) Project is accessible to roads and shipping.

(e) Manpower, equipment and materials available. Power is within 1200'.

5. (b) We propose to bulldoze to strip off the overburden around the proposed shaft site, sink a shaft to a depth of 60 feet, then drift with vein 80'.

6. Estimate of costs:

30 hours bulldozing @ $10.00 per hour	$ 300.00
60' Shaft @ $50.00 per foot	3000.00
80' Drift @ $35.00 per foot	2800.00
	$ 6100.00

RECEIVED
JUN 29 1955

W. S. Flynt

Crossnore, N. C.

Mr. Flynt was born and brought up in Swainsboro, Georgia and attended schools there.

He was employed by the Brooks-Calloway Company of Atlanta, Georgia for seventeen years, then went into business for himself in the highway construction line. He did this work several years, then came to North Carolina and has been mining for about twelve years.

Mr. Flynt is a respected citizen and leading miner, having operated the following mines: Birch Mine, Lincoln Rock Mine, Long Cut Mine, Hawkins Mine and others.

For references he lists the following:

Mr. Robert Guy
Avery County Bank
Newland, N. C.

Mitchell Distributing Co.
Spruce Pine, N. C.

Mr. John Phillips
Spruce Pine, N. C.

RECEIVED
JUN 29 1955

Clarence E. Boone

Spruce Pine, N. C.

Mr. Boone was born and brought up in Mitchell County, and attended grammar and high schools in Spruce Pine. He later attended Oak Ridge Military School. He is now thirty-nine years old.

Immediately after completing school, Mr. Boone went into business as Explosives Supply Company in Spruce Pine which he has been operating for the past eighteen years, and is operating at present.

Mr. Boone is a leading business man and citizen. He lists the following references:

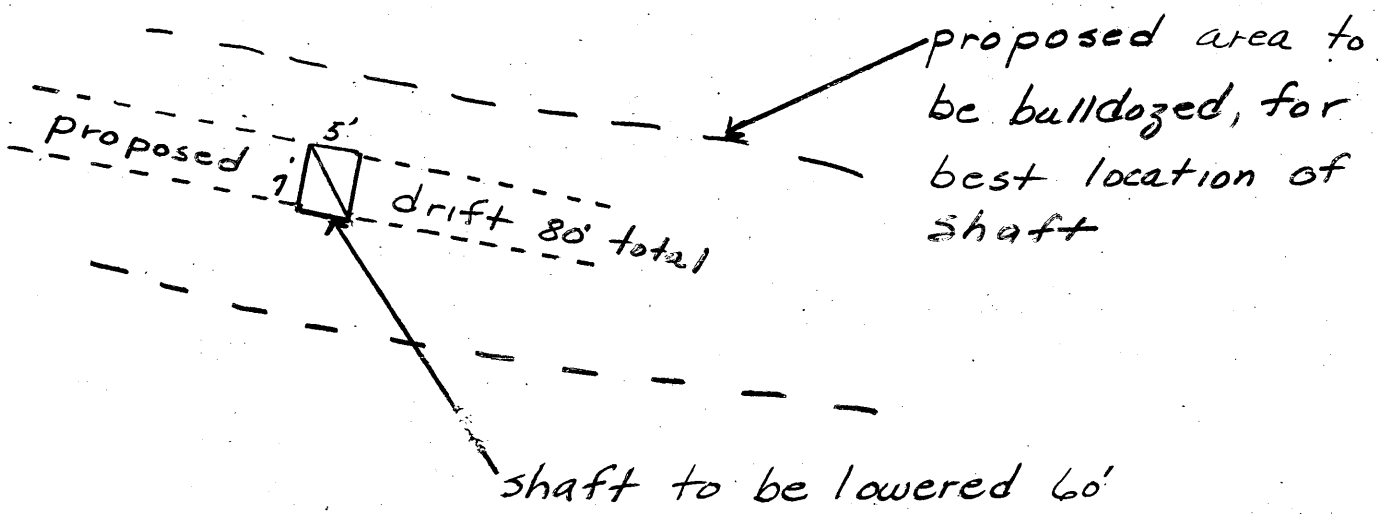
Mitchell Lumber Company
Spruce Pine, N. C.

Mitchell Distributing Company
Spruce Pine, N. C.

Mr. Sam L. Phillips
Spruce Pine, N. C.

JASPER SMITH PROSPECT

Mitchell Co., N.C.



MINING LEASE

RECEIVED
JUN 29 1955

State of North Carolina Spruce Pine Mitchell County:

This indenture made this 24 day of June, ~~1953,~~ 1955

between Edward Boone

of Spruce Pine, Mitchell County and State of North Carolina as party of the first part, and known as lessor, and C. E. Boone, Hayden C. Keller, and W. S. Flynt

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

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

Beginning at center of open cut known as Jasper Smith prospect located 130' SW from a spring and running North 250'; thence East 250'; thence South 500'; thence West 500'; thence North 500'; thence East 250' to beginning. This property lying approximately 2 miles West of Spruce Pine in Mitchell County.

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

AND IT IS FURTHER AGREED That the party of the second part, the lessee hereby agrees to pay to the said party of the first part, or his or their heirs or assigns, a rental royalty of One-eighth or 12½% of gross sales of mica.

on the minerals taken and sold from said mines which shall be for the use of the said lands for the aforesaid period of five years. The said amounts shall be payable on the computation of selling bills on the tenth day of each month covering sales made during the previous month. Any minerals other than those set forth above which may be taken and sold shall be paid for and at the usual royalty rate of the minerals taken.

AND IT IS FURTHER AGREED That the lessee, the party of the second part, his heirs or assigns, shall have the option to renew this lease and to extend the period of its running for an additional five years from the date of its present termination. The option shall be exercised by giving formal written notice to the party of the first part or by the continuation of any mining operations then being conducted. The lessor reserve the right to use the land, or convey the same not conflicting with this lease, but under any conveyance the terms of this lease must be recognized by the grantee, purchaser, or assigns thereof. And it is agreed that the lessee may assign this mining lease or any part thereof and that he may sublease.

AND IT IS FURTHER AGREED That the lessee, the party of the second part, his heirs or assigns, is hereby given an option to purchase all the right, title and interest, legal and equitable to and in the real estate described and set forth in this lease for a total purchase price of _____, said purchase price to be paid in full within three years from the date of this instrument and it is agreed that all rental royalties paid to the party of the first part shall apply toward and be a part of the total purchase price above set forth, and that at such time that the total purchase price is paid in the form of royalties or a lump sum payment or a combination of both, the party of the first part will execute a special warranty deed to the party of the second part and that a tender of the remaining purchase price at any time within the next three years shall entitle the party of the second part to specific performance of this option contract.

BUT IT IS EXPRESSLY AGREED That unless mineral or fossil material of practical value for mining purposes shall be found within a period of two years from the date of this instrument, the lease may be terminated by the lessee at any time thereafter on thirty days notice to the lessor. The lessee agrees that during the period of this lease or the continuance of this lease work in said mines or exploration for new mines within the area leased shall not cease longer than ninety days at any one time, unavoidable accidents excepted.

WITNESS our hands and seals the day and year first above written.

Witness:
Ray Wilson, N.P.
My Commission Expires 1-28-57

Edward Boone (Seal)
C. E. Boone (Seal)
Hayden C Keller (Seal)
W S Flynn