DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

John Phillips and Jim McKinney, Jr.

Spruce Pine, North Carolina

pertaining to Exploration Project Contract No. Idm-2894, Docket No. DMEA-3947, including Amendment Nos. 1 and 2, for the months of February 1956, and March 1956, inclusive, covering a project for the exploration of strategic mica on property, known as the Bob Wise Mine located in Mitchell County, North Carolina.

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

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

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

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

Total cost as billed by Contractor		$1,465.00
Exceptions:		
By DMEA Finance Officer	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$1,465.00

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 thousand ninety-eight and 75/100 Dollars

$1,098.75

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

May 18, 1956

Division copy

"Appd. Sol. Off."

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MAY 1 1 1956

TERMINATION AGREEMENT

It is agreed this 30th day of April, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and John Phillips and Jim McKinney, Jr., hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-2894 (Docket No. DMEA-3947), dated November 8, 1955, hereinafter called the "Contract," that:

1. Effective March 23, 1956, 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. 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 C O Mitchenson Jr.
Administrator, Defense Minerals Exploration Administration

JOHN PHILLIPS AND JIM MCKINNEY, JR.

By John Phillips
John Phillips (Partner)

By Jim McKinney Jr.
Jim McKinney, Jr. (Partner)

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EXPLORATION PROJECT CONTRACT
JOHN PHILLIPS AND JIM McKINNEY, JR.
DOCKET NO. DMEA-3947

Amendment No. 2

It is agreed this 30th day of April, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and John Phillips and Jim McKinney, Jr., that Contract No. Idm-E894 (Docket No. DMEA-3947), dated November 8, 1955, is amended, effective November 8, 1955, as follows:

> In Exhibit "A" on page 2, paragraph No. 4, immediately after the first word "From" of the first sentence, add the following words: "the shaft or from."

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, or the agreed unit cost of any item of work.

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

THE UNITED STATES OF AMERICA

By C. P. Mathewson
Administrator, Defense Minerals Exploration Administration

John Phillips
John Phillips

Jim McKinney, Jr.
Jim McKinney, Jr.

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EXPLORATION PROJECT CONTRACT

DMEA-3947, Idm-E894, BOB WISE MINE
(mica)

AMENDMENT NO. 1

Contract Idm-E894, Docket No. DMEA-3947, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration and John Phillips and Jim McKinney, Jr., a partnership, dated November 8, 1955, is amended as follows:

Article 3 is amended to read..." The Operator on or before February 15, 1956 shall commence the work.....", instead of January 15, 1956 as written in the contract.

Dated: February 14, 1956.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, or the agreed unit cost of any item of work.

JOHN PHILLIPS AND JIM MCKINNEY, JR.

By John Phillips

BY Jim McKinney, Jr.

THE UNITED STATES OF AMERICA

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

2

Division Copy

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MF-200A
(Revised June 1954)

Docket No. DMEA 3947

Commodity Mica

Contract No. Idm-E 894

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this NOV 8 1955 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] John Phillips and Jim McKinney, Jr., a partnership,

whose mailing address is Spruce Pine, North Carolina,

hereinafter called the "Operator," as follows:

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

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of North Carolina, County of 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, un recorded in Book ---, page ---, official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: none

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

Consent to Lien of owner

[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 Strategic Mica The work to be performed is described in Exhibit "A." The Operator on or before JAN 15 1956 shall commence the work, and on or before June 30, 1956 (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" with respect to stages of 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 $10,636.00 The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $7,977.00: *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.

JOHN PHILLIPS AND JIM McKINNEY, JR.
(Operator)

By John Phillips (Partner)

By Jim McKinney Jr. (Partner)

THE UNITED STATES OF AMERICA

By O. M. Mitchell
Administrator, Defense
Minerals Exploration
Administration

Porter
Dwyer
Hopkins
F. L. Kennedy
Chambers

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.

.....

Selfridge

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
JOHN PHILLIPS AND JIM McKINNEY, JR.
DOCKET NO. DMEA-3947

ANNEX I

The land referred to in article 2 is described as follows:

> Beginning at a stake located at the center of the Bob Wise Mine which is located 275 feet S. W. of a large hickory tree and running North 300 feet; thence West 300 feet; thence South 600 feet; thence East 600 feet; thence North 600 feet; thence West 300 feet to a point of closing.

The Bob Wise Mine is located 3.66 airline miles N. 67° W. of Plumtree, North Carolina, and is near the Mitchell-Avery County line.

EXPLORATION PROJECT CONTRACT
JOHN PHILLIPS AND JIM McKINNEY, JR.
DOCKET NO. DMEA-3947

EXHIBIT "A"

Description of the Work

The location of the proposed work is shown in part on the attached map entitled "Sketch of Bob Wise Mine Mitchell Co., N. C. DMEA-3947 (mica) 9/6/55." The work is divided into two stages, as indicated below. The Operator shall perform Stage I, and shall perform as much of Stage II as the Government approves in writing.

Stage I

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 equipped with the equivalent of a 5-tumbler jarproof lock.

2. On the southeast pegmatite, at a site approved by the Government, sink a 60-feet, two-compartment, inclined shaft on the pegmatite.

3. From a point or points in the shaft (item 2) approved by the Government, drive 80 feet of drift on the pegmatite.

4. From the northwest wall of any drift driven under item 3, drill four holes, with a percussion drill w/sectional drill steel, at 20-foot intervals to depths of approximately 30 feet, to penetrate the northwest pegmatite. Each hole shall be drilled at an angle of 5 to 15 degrees above the horizontal and as near a right angle to the direction of the drift as is practical. Each hole shall have a diameter of not less than 2½ inches.

Stage II

1. From any drift driven under Stage I, drive not more than 40 feet of crosscut to the northwest to intersect the northwest pegmatite.

2. Drive not more than 80 feet of drift on the northwest pegmatite.

* * * * * * * *

GENERAL CONDITIONS

The cuttings from each two-foot section of drill hole shall be collected in separate and suitable containers and labeled, showing the hole number and location in the hole from which the sample was obtained. All samples shall be retained until they have been examined by the Government.

All workings shall be timbered as necessary.

The shaft, crosscuts, and drifts shall have minimum cross-sectional dimensions of 5 feet by 7 feet in the clear of timber.

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

Fixed Unit Costs

Stage I

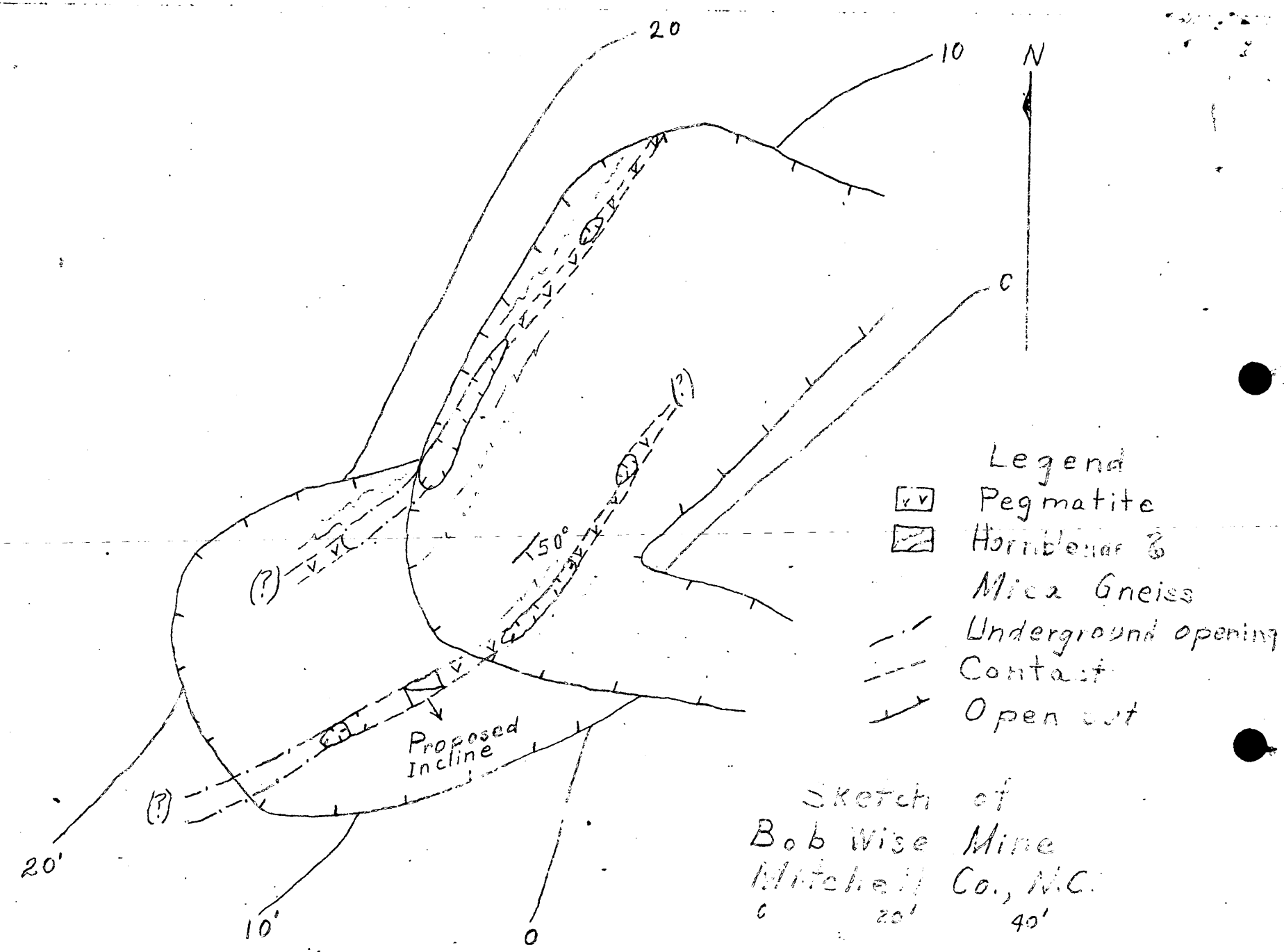
Construct:

Toolhouse 1/		$ 76.00	
Powder Magazine 1/		26.00	
Exploder Magazine 1/		14.00	
Shaft sinking	60 feet @ $47.00/ft.	2,820.00	
Drifting	80 feet @ $37.00/ft.	2,960.00	
Drilling	150 feet @ $2.00/ft.	300.00	
Estimated Total Cost of Stage I			$6,196.00

1/ The completed work constitutes the unit.

Stage II

Crosscutting	40 feet @ $37.00/ft.	$ 1,480.00	
Drifting	80 feet @ $37.00/ft.	2,960.00	
Estimated Total Cost of Stage II			$4,440.00
Estimated Total Cost of Project			$10,636.00
Government participation @ 75%			$7,977.00



DMEA - 3947 Gneiss

F-203
Revised March 24, 1955

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JAN 6 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator John Phillips & Jim McKinney
Docket No. DMEA-2947
Contract No. Idm-E 894
Contract Date NOV 8 1955

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of Mitchell, State of North Carolina, described as follows:1/
"Beginning at a stake located on the center of the Bob Wise Mine which is located 275 feet S. W. of a large hickory tree and running North 300 feet; thence West 300 feet; thence South 600 feet; thence East 600 feet; thence North 600 feet; thence West 300 feet to a point of closing. This property lies about 12 miles Northeast of Spruce Pine, N. C., and 3.06 airline miles N. 67° W. of Plumtree, N. C., being near the Mitchell-Avery County line."

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: **This lien shall be in effect for ten (10) years from the date of the contract.**

Dated this 23rd day of July, 1955.

_____ [Seal]

Land and Mineral Company _____ [Seal]

By J. Fuller Brown _____ [Seal]
President

I, J. L. Boeller 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.

J. L. Boeller
[Corporate Seal]

RECEIVED
DEC 13 1956

Messrs. John Phillips and
Jim McKinney, Jr.
Spruce Pine, North Carolina

Re: Docket No. DMEA-3947-Mine
John Phillips and Jim McKinney, Jr.
Bob Wise Mine
Mitchell County, North Carolina
Contract No. Lim-E894

Gentlemen:

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

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

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

Sincerely yours,

C. O. Mittendorf

Administrator

JHopkins:gad 9/20/56
Copy to: Admr. R. File
Docket
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Chambers
Mr. Hopkins

Land & Mineral Company

Biltmore, North Carolina

Re: Docket No. DMEA-3947-Mica
John Phillips and Jim McKinney, Jr.
Bob Wise Mine
Mitchell County, North Carolina
Contract No. Idm-2894

Gentlemen:

Reference is made to the Owner's Consent to Lien which you executed on July 28, 1955, in connection with the DMEA contract for an exploration project on your property located in Mitchell County, North Carolina.

For your information, there is enclosed a copy of our letter of this date to Messrs. John Phillips and Jim McKinney, Jr. advising that the Government retains no claim or lien against the property described in the contract or on any future production therefrom.

Sincerely yours,

C. O. Mittendorf

Administrator

JHopkins:gad 9/20/56
Copy to: Admr. R. File
Docket
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

IN REPLY REFER TO:

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

RECEIVED
SEP 24 1956

September 20, 1956

Ref: DMA 1947, Ism-894
John Billing and Jim
Pettingey, Jr.
Bob Lee Mine
Mitchell Co., N. C.
$10,[illegible].00 - Idea

Memorandum

To: L. [illegible] Hook, Defense Minerals Exploration Administration

From: [illegible] Nelson, U. S. Geological Survey

Subject: Review of Field Team final report.

The expenditure of $10,[illegible].00 was authorized, the work to consist of sinking [illegible] feet, crosscutting [illegible] feet, and drifting [illegible] feet.

The work was stopped upon completion of 27 feet of shaft and the drilling of three long (20-ft.) holes. In the course of sinking, an old filled working was sunk through indicating that the place being explored had been prospected before.

No mica-bearing pegmatite was discovered and the examiners and Field Team recommend that no certificate of discovery be issued.

I concur with that recommendation.

M. E. Nelson

M. E. Nelson

MENelson:btr
O 9/21/56

cc: R. T. Dietrich, 3001
Director's reading file (4212)
Branch reading file (4212)
DMEA (3)
Chron. file
Docket file

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

RECEIVED
JUN - 7 1956

June 6, 1956

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: W. F. Dietrich, Chief
Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3947 (mica)

Applicant: J. Phillips and J. McKinney Jr.

Name and Location of Property: Bob Wise Mine, Mitchell County, N. C.

Contract Number: Mm-N 894

Date of Field Team Report: 5/21/56

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 6/4/56

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

Comments:

1. The contract was terminated by mutual consent following failure to intersect the inferred parallel pegmatite.

2. Further work was not justified because of the discontinuous nature of the spotty mica-bearing pods.

3. Possibility for discovery of a shortthnile deposit of strategic mica is considered poor.

4. Expenditures -

Total approved	$10,636.00
Total cost	1,465.00
Gov't. share of the cost	1,098.75
Value of production during operation	N O N E

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

Signed

W. F. Dietrich

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

May 21, 1956

RECEIVED
MAY 23 1956

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: Final Field Team Report - Idm-1894, DMEA-3947 (mica)
John Phillips and Jim McKinney, Jr., Bob Wise Mine,
Mitchell County, N. C.

Transmitted are four copies with maps attached of the subject report.

The Field Team is in agreement with the Examiners that no certification be issued on this project.

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

V. J. Lynch, Member
Bureau of Mines

5-28-56

IM.
cc:
Lynch
Shirley
Files

Reviewed by
DMEA OPERATING COMMITTEE
5-28-56
(date)

RECEIVED
MAY 23 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FINAL REPORT

DMEA-3947, BOB WISE MINE (mica)
Mitchell County, North Carolina

Idm-E894

By

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

A. L. Peyton, Mining Engineer
U. S. Bureau of Mines

May 21, 1956

Reviewed by
DMEA OPERATING COMMITTEE
5-28-56
(date)

RECEIVED
MAY 23 1956

EXPLORATION PROJECT

FINAL REPORT
On

DMEA-3947, BOB WISE MINE (mica)
Mitchell County, N. C.

Operator: John Phillips and Jim McKinney, Jr. Spruce Pine, North Carolina

Summary

A 27 ft shaft was sunk under the contract. It ended in country rock. Two drill holes from the bottom failed to intersect the inferred parallel pegmatite. The contract was terminated by mutual consent on March 28, 1956 without discovering reserves of muscovite. The field examiners recommend that no certification be issued.

General

Work began February 14, 1955 at the Bob Wise Mine which is 3.66 airline miles N. 67° W. of Plumtree, Mitchell County, North Carolina and was terminated by mutual agreement, effective March 28, 1956.

A 27 ft solidly cribbed 5' x 7' shaft, sunk on the SE pegmatite went through a mixture of pegmatite and biotite schist and gneiss (part apparently old muck in an adit) and bottomed in biotite gneiss with a 2 inch wide pegmatite stringer. It went through old works at the 22-foot level into hard, mixed pegmatite and country rock.

The contract was amended to allow for two 20-foot percussion drill holes to be drilled from the shaft instead of the proposed drift. The two holes explored for either the supposed parallel structure to the NW at a -45° angle from the horizontal or to hit vertically a pegmatite below the shaft. Both holes were in country rock.

A toolhouse and powder and exploder magazines were built under the contract. No equipment was purchased under the contract.

The job was handled in a competent workman like manner.

Geology

Two parallel series of small pegmatite pods emplaced along small dragfold crests and troughs (anticlinal and synclinal with the limbs pinching out), existed at one time. They have apparently been mined out.

The shaft sunk on an extension of the pegmatite exposed 12 ft SW of the adit entrace (maps) was about 30 ft S 15° W from the portal of the adit of the parallel workings. The only adit accessible, the southern-most one 12 ft from the shaft, extends 44 ft S 70° W, thence 26 ft S 25° W from the caved portal. The small pods seen in the old works are discontinuous, plunge to the SW, and are overturned to the NW.

Further work was not recommended because of the discontinuous nature of the spotty mica-bearing pods.

No muscovite was recovered. No reserves are indicated nor inferred.

Recommendations

No further exploratory work is warranted from the shaft. The field examiners recommend that no certification of discovery be issued.

Expenditures:	(a)	Total approved	$10,636.00
	(b)	Total Spent	1,465.00
	(c)	Government share of cost	1,098.75
	(d)	Government's share unexpended	9,171.00
	(e)	Royalty to date	None
	(	Value of production	None

May 21, 1956

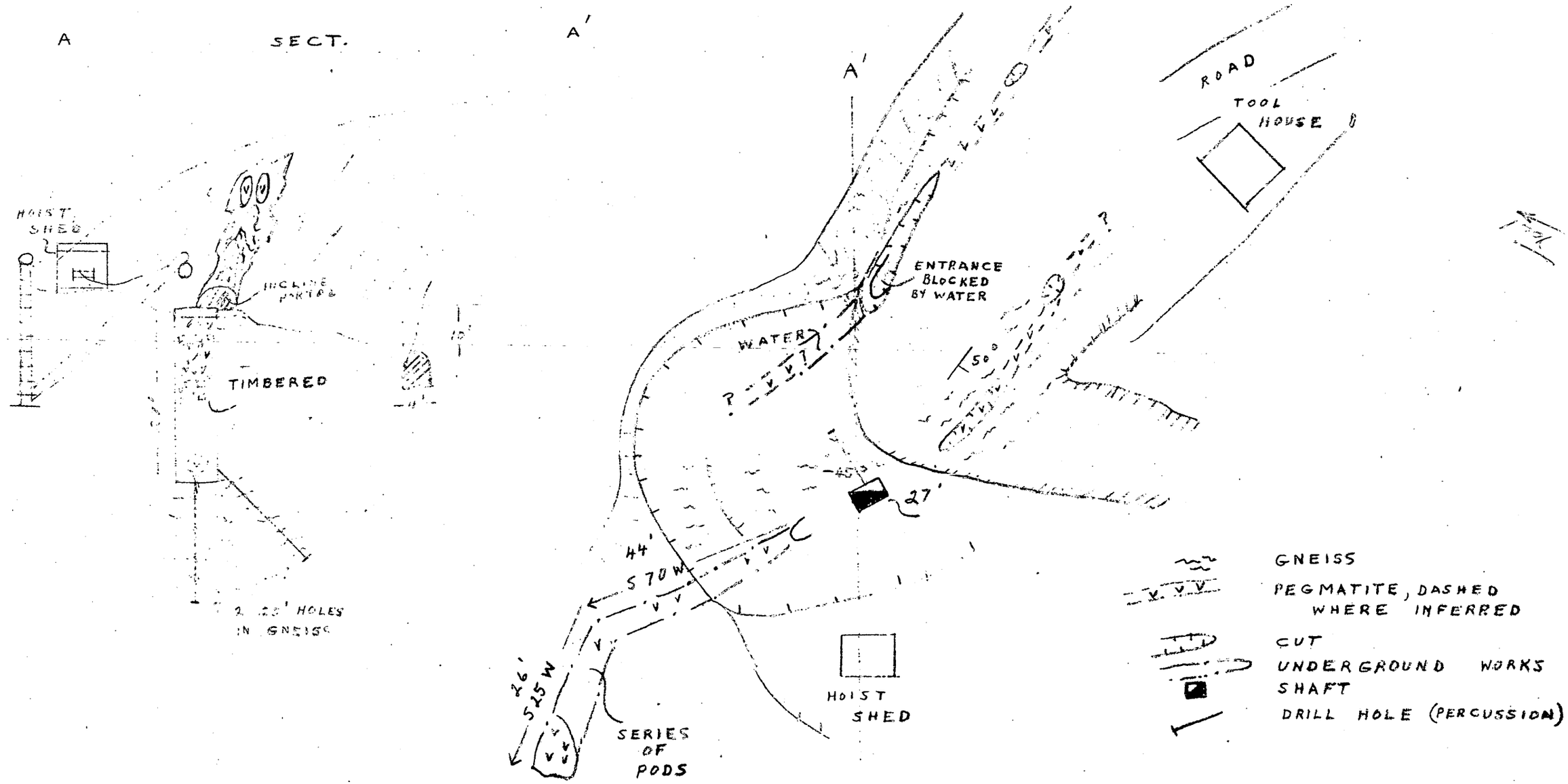
A. R. Taylor and S. C. Bergman, Geologists
U. S. Geological Survey

A. L. Peyton, Mining Engineer
Bureau of Mines

BOB WISE MINE

DMEA 3947 (MICA)

MITCHELL CO., N.C.



PLAN

TAYLOR
MAY 16, 1956

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

I[illegible]l Report

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHEDULE OF PAYMENTS X

OPERATOR'S MONTHLY REPORT AND VOUCHER

RECEIVED MAY 16 1956

Month of March 1956 Docket No. DMEA 3947 Contract No. Idm-E 894
Operator's Name John Phillips and Jim McKinney, Jr. Minerals Mica
Address Spruce Pine, N. C.
Contract Amount, $ 10,636.00 Government Participation: 75% Amount, $ 7977.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
40' Drilling @ 2.00 ft.	80.00		80.00			
Bulldozing						
Crosscutting						
Drifting						
11' Shaft @ 47.00 ft.	517.00	752.00	1269.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Toolhouse		76.00	76.00			
Powder & Exploder Mags.		40.00	40.00			
(8) Contingencies (specify):						
TOTALS	597.00	868.00	1465.00	597.00	868.00	1465.00

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

Date 3-27-56 *Payee John Phillips & Jim McKinney, Jr.

Per John Phillips Title Partner

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

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

(Instructions on reverse)

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

$ 447.75

Signature Helen R. Miller
(Authorized Certifying Officer)

Date MAY 15 1956 Vou. No. 223
(See other side)

149.25

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-894 in accordance with the terms of the contract.

Signature A. T. Peyton Title Mining Engineer Date MAY 14 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature V. J. Lynch Title ACTING EXECUTIVE OFFICER DMEA REGION V Date MAY 14 1956

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED
MAY 16 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March 1956 Docket No. DMEA 3947 Contract No. Idm-E 894
Operator's Name John Phillips and Jim McKinney, Jr. Minerals Mica
Address Spruce Pine, N. C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
11' Shafts @ 47.00	Ft.	517.00	11	1269.00	27	47.00	60	47.00
Winzes								
40' Drilling: ~~xxx~~ Steel@2.00	Ft.	80.00	40	80.00	40	2.00	150	2.00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		597.00		1349.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				76.00				
Powder & Exploder Magazines				40.00				
Total Costs		597.00		1465.00				

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 3-27-56 Operator John Phillips & Jim McKinney, Jr.

Per John Phillips Title Partner

Remarks:

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

(Instructions on reverse)

(For Government use only)

A. L. Peyton
U. S. Bureau of Mines

INSTRUCTIONS

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

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

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

GPO 872894

MAY 16

OPERATOR'S
Monthly Progress Report

March, 1956

DMEA-3947

Idm-E 894

Work Accomplished:

We completed 11' of additional shaft, making a total of 27 feet, and after running out of vein, the field team stopped the shaft work. They advised doing some drilling with steel, and we put in two 20' drill holes; one at a 45° angle back where the ve should have been, and another straight down. Neither test hole struck pegmatite, and work was stopped by the field team at this point. Work was stopped on March 22.

Daily Notes.:

March 1 - 9: Continued down with shaft, drilling and shooting in hard material. Small vein narrowing as we went dow Timbered, drilled, shot and mucked.

March 12-16: Field team visited mine and stopped shaft work. They suggested drilling test holes and showed men where to put them. Shaft was stopped at 27' depth, after vein narrowed out.

March 20-22: Worked at drilling two holes, each 20' deep. Had so difficulty with steel hanging, which prolonged the j somewhat. No pegmatite struck. Work stopped on Ma

No mica recovered, except one small piece from muck old works.

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

RECEIVED
MAY 11 1956

May 10, 1956

Memorandum

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

From: Executive Officer, DMEA Field Team, Region V

Subject: DMEA-3947, Idm-E894 - Operators' Final Report
John Phillips and Jim McKinney, Jr., Spruce Pine, N.C.
Bob Wise Mine, Mitchell County, North Carolina (Mica)

Enclosed are the original and three copies of the Operators' final report.

Robert A. Laurence

mg
Enclosures 4
cc - Operating Committee (2)
Mr. V. J. Lynch
Files

RE
MAY

Spruce Pine, North Carolina
March 27, 1956

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

Re: DMEA-3947, Idm-E894, (Mica)
Bob Wise Mine, Mitchell Co., N. C.
Final Engineering Report

Dear Mr. Laurence:

We began work at the Bob Wise Mine on February 6, 1956, an were stopped on March 22, 1956.

We constructed tool house and magazines, moved in supplies and equipment, and began work in early February. We sank a shaft to a depth of 27', cleaning out old muck at the top and timbering the shaft all the way down. The small vein that we started down continued to narrow until it pinched out. The field team stopped work at a depth of 27'.

At the suggestion of the field team, we drilled two 20' holes, one at a 45° angle back toward where we expected to find the vein; and another straight down. We did not contact pegmati with either test hole, and work was stopped at this point.

No mica was recovered from this operation.

We wish to express our thanks to the field team for their assistance at the Bob Wise project. If further information is necessary, please contact us.

Very truly yours,

BOB WISE MINING COMPANY

John Phillips

John Phillips

P/b

COPY
mg 5/10/56

May 9, 1956

RECEIVED
MAY 11 1956

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA Field Team, Region V

Subject: Idm-E894, DMEA-3947, John Phillips & Jim McKinney, Jr.
Spruce Pine, N. C.
Amendment No. 2 and Termination Agreement.

Transmitted are three signed copies each of the Amendment No. 2 and Termination Agreement on the subject contract.

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

Robert A. Laurence

ZM.
cc:
Lynch
Finance Office
Files

COPY
mg 5/10/56

RECEIVED
MAY 11 1956

May 9, 1956

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA Field Team, Region V

Subject: Idm-E894, DMEA-3947, John Phillips & Jim McKinney, Jr.
Spruce Pine, N. C.
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Robert A. Laurence

ZM.
cc:
Lynch
Finance Office
Files

458

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

Re: Docket No. DMEA-3947-mica
John Phillips and Jim McKinney, Jr.
Bob Wise Mine
Mitchell County, North Carolina
Contract No. Idm-5894

Dear Mr. Lawrence:

Reference is made to the Field Team memorandum of April 4, 1956, requesting an amendment to change the location of drill holes on the subject property, and a termination of the contract by mutual agreement effective March 28, 1956.

We have prepared and enclose the original and five copies of Amendment #2 and the Termination Agreement, which have been signed by the Administrator for the Government. Two extra copies of Amendment #2 are enclosed for the use of the Field Team. If the Amendment and Termination Agreement meet with your approval, please present them to the Operators for approval and signatures.

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

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Approved:

P. F. Yopes
Member, Bureau of Mines

N. E. Nelson
Member, Geological Survey

Enclosures: 14

JHopkins:ms 4/27/56
Copy to: Docket
Operating Committee
Mr. Killagnard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins
Admr. R. File

600

April 23, 1956

Memorandum

To: Mr. Robert Dugan, Associate Solicitor

From: L. G. Houk, Chief
Nonmetallic Minerals Division

Subject: Termination Agreement - Docket No. DMEA-3947-Mica
John Phillips and Jim McKinney, Jr.
Bob Wise Mine
Mitchell County, North Carolina
Contract No. [illegible]

Please prepare a mutual agreement Termination of the subject contract effective March 28, 1956, as requested by the Field Team, Region V, in a memorandum dated April 4, 1956.

James Hopkins
Nonmetallic Minerals Division

JHopkins:ms 4/23/56
Copy to: Docket
Mr. Houk
Mr. Hopkins
Admr. R. File

600

April 10, 1956

Memorandum

To: Mr. Robert Dwyer, Associate Solicitor

From: L. G. Houk, Chief
Nonmetallic Minerals Division

Subject: Amendment No. 2 - Docket No. DMEA-3947-Mica
John Phillips and Jim McKinney, Jr.
Bob Wise Mine
Mitchell County, North Carolina
Contract No. Idm-E894

Please prepare the following amendment to the subject contract effective November 8, 1955, authorizing a change in the location of long-hole drilling:

Exploration Project Contract
John Phillips and Jim McKinney, Jr.
Docket No. DMEA-3947

It is agreed the _____ day of _____ between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration and John Phillips and Jim McKinney, Jr., that contract No. Idm-E894 (Docket No. DMEA-3947) dated November 8, 1955 is amended as follows:

1. In Exhibit "A" on page 2, paragraph 4, add the words, "From the shaft or" to the beginning of the first sentence of the paragraph.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, or the agreed unit cost of any item of work.

James Hopkins,
Nonmetallic Minerals Division

JHopkins:ms 4/10/56
Copy to: Docket
Mr. Houk
Mr. Hopkins
Admr. R. File

RECEIVED
APR 9 - 1956

INTERIM REPORT

DMEE-3947, Idm-E894 (mica) BOB WISE MINE

Operator: John Phillips and Jim McKinney, Jr. Spruce Pine, N. C.

Location: 3.66 airline miles N 67° W of Plumtree, Mitchell County, N. C.

The 27 feet of shaft cut on this contract failed to expose the target pegmatite. At the suggestion of the Field Examiners, two 20-foot holes were drilled in the bottom of the shaft. One hole was to the northwest at -45° and the second hole was vertical. Neither hole cut pegmatite. Due to the absence of pegmatite material the Field Examiners recommend the project be discontinued. Certification will not be recommended.

Inspected: March 27, 1956.

A. L. Peyton, Mining Engineer
Bureau of Mines

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

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

RECEIVED
APR 6 - 1956

April 4, 1956

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: DMEA-3947, Idm-E894-Mica. John Phillips and Jim McKinney, Jr. Spruce Pine, N. C. Bob Wise Mine, Mitchell County, N.C.

Reference is made to your letter of March 30.

Because of the lack of continuity of the pegmatite lenses, as reported in the March 13, interim report, it appeared probable that the contract would have to be terminated. However, as there was a chance of cutting an additional pegmatite, the field examiners recommended the two holes from the shaft. At the same time, they cautioned the Operator that payment could not be made until an amendment was approved. We have delayed requesting the amendment until results were available, so that the nature of the amended work could be known.

The drill holes had negative results. Therefore, we recommend:

1)- An amendment to provide that two holes be drilled from the shaft, a total of 40 feet (20 feet each).

2)- Termination by mutual agreement, effective March 28, 1956. Certification will not be recommended.

If you approve, please prepare the amendment and termination, or authorize preparation of them by the Field Team.

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

VJL/zm
cc
Lynch
Shirley
Files

V. J. Lynch, Member
Bureau of Mines

600

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

MAR 30 1956

Re: Docket No. DMEA-3947-Minn
John Phillips and
Jim McKinney, Jr.
Bob Wiss Mine
Mitchell County, North Carolina
Contract No. DMe-8894

Dear Mr. Lawrence:

Reference is made to the Interim Report dated March 13, 1956, in which it is recommended that the project be terminated for lack of a mineable and continuous pegmatite structure unless mineable structure is cut by two exploratory drill holes being drilled by instructions from the examiners.

We note that instructions were given to drill the holes from the shaft. The contract authorizes drill holes to be drilled from the drift. Unless the contract is amended to allow the change in location of the holes, payment by the Government for this work cannot be authorized. Please send us the necessary information to prepare an amendment that will provide for a change in the work.

If the results of the exploratory drill holes are negative, approval is granted to terminate the subject contract 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-200 A)"

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

JHopkins:ms 3/29/56

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

Approved:

/s/ Robert W. Geehan

Member, Bureau of Mines

N. E. Nelson

Member, Geological Survey

INTERIM REPORT

DMEA-3947, Idm-E894 (mica) BOB WISE MINE

Operator: John Phillips and Jim McKinney, Jr. Spruce Pine, N. C.

Location: 3.66 airline miles N 67° W of Plumtree, Mitchell County, N. C.

The Operator has completed 27 feet of shaft through old works. Except for a 2-inch pegmatite lense, the shaft is in a mica schist. The old works bottomed at 22 feet. The Operator was instructed to stop sinking and drill two 20-foot exploratory holes to the NW toward the Stage III structure.

Access to two old inclined adits was gained for the first time. It was found that two continuous parallel pegmatite structures as outlined in the examination report do not exist. The pegmatites are small discontinuous anticlinal nose and dragfold implacements plunging to the SW and overturned to the NW. These structures have very little continuity down the limbs of the folds. It is recommended that the project be terminated for lack of a sizeable and continuous pegmatite structure unless sizeable structure is cut by the 2 exploratory holes.

March 13, 1956, Inspected:

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

A. L. Peyton, Mining Engineer
Bureau of Mines

Hopkins
Houk

600

March 19, 1956

Memorandum

To: Administrator

From: Nonmetallic Minerals Division

Subject: Amendment No. 1 - Docket No. DMEA-3947-Mica
John Phillips and Jim McKinney, Jr.
Bob Wise Mine
Mitchell County, North Carolina
Contract No. Idm-E894

The Nonmetallic Minerals Division concurs in Amendment No. 1 to the subject contract as written and executed in the field. This amendment changes the starting date from January 15, 1956 to February 15, 1956.

Amendment No. 1 is necessary because drilling equipment was in use on another property and was not available for use on the contract until February 14, 1956.

/S/
James Hopkins
Nonmetallic Minerals Division

JHopkins:ms, 3/19/56
Copy to: Mr. Houk
Mr. Hopkins
Admr. R. File

RECEIVED
MAR 12 1956

INTERIM REPORT

DMEA-3947, Idm-E894, BOB WISE MINE
Mica

Operator: John Phillips and Jim McKinney, Jr., Spruce Pine, N. C.

Location: 3.66 airline miles N 67° W of Plumtree, Mitchell County, N. C.

Progress todate totals 16 feet of timbered shaft, the bottom of which is in loose material, probably old works. The Operator expects to get through the loose material in 3 or 4 feet and continue in pegmatite. Construction of tool house and magazines is complete.

Inspected: February 28, 1956.

V. J. Lynch and A. L. Peyton, Mining Engineers
U. S. Bureau of Mines

and

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

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K- 63

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of February, 1956 Docket No. DMEA 3947 Contract No. Idn-E 894

Operator's Name John Phillips and Jim McKinney, Jr. Minerals Mica

Address Spruce Pine, N. C.

Contract Amount, $ 10,636.00 Government Participation: 75% Amount, $ 7,977.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
16' Shaft @ 47.00 ft.	752.00		752.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Toolhouse	76.00		76.00			
Powder & Exploder Mags.	40.00		40.00			
(8) Contingencies (specify):						
TOTALS	868.00		868.00	868.00		868.00

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

Date 3-1-56 *Payee John Phillips & Jim McKinney, Jr.

Per John Phillips Title Partner

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

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

(Instructions on reverse)

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

$ 651.00

Signature Walter R. Miller
(Authorized Certifying Officer)

Date MAR 8 1956 Vou. No.
(See other side)

217.00

(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. E-894 in accordance with the terms of the contract.

Signature V. J. Lynch Title Mining Eng. Date 3-5-56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION V Date MAR 5 1956

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RECEIVED
APR 6 - 1956

April 4, 1956

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: DMEA-3947, Idm-E894-Mica. John Phillips and Jim McKinney, Jr. Spruce Pine, N. C. Bob Wise Mine, Mitchell County, N.C.

Reference is made to your letter of March 30.

Because of the lack of continuity of the pegmatite lenses, as reported in the March 13, interim report, it appeared probable that the contract would have to be terminated. However, as there was a chance of cutting an additional pegmatite, the field examiners recommended the two holes from the shaft. At the same time, they cautioned the Operator that payment could not be made until an amendment was approved. We have delayed requesting the amendment until results were available, so that the nature of the amended work could be known.

The drill holes had negative results. Therefore, we recommend:

1)- An amendment to provide that two holes be drilled from the shaft, a total of 40 feet (20 feet each).

2)- Termination by mutual agreement, effective March 28, 1956. Certification will not be recommended.

If you approve, please prepare the amendment and termination, or authorize preparation of them by the Field Team.

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

VJL/xm
cc
Lynch
Shirley
Files

V. J. Lynch, Member
Bureau of Mines

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED MAR 5 1956

Month of February 195 6 Docket No. DMEA 3947 Contract No. Idn-E394

Operator's Name John Phillips and Jim McKinney, Jr. Minerals Mica

Address Spruce Pine, N. C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
16' Shafts @ 47.00	Ft.	752.00	16	752.00	16	47.00	60	47.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		752.00		752.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		76.00		76.00				
Powder & Exploder Magazines		40.00		40.00				
Total Costs		868.00		868.00				

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 3-1-56 Operator John Phillips & Jim McKinney, Jr.

Per John Phillips Title Partner

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

(Instructions on reverse)

Remarks:

(For Government use only)

V. J. Lynch
Bureau of Mines
3-5-56

INSTRUCTIONS

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

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

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

GPO 872894

OPERATOR'S

Monthly Progress Report

February,1956

DMEA-3947

Idm-E 894 (Mica)

Work Accomplished:

We have constructed tool house, powder and exploder magazines, and have lowered the shaft 16', timbering all the way down. Shaft is in muck and old works, and we recovered one small block of mica.

Daily Notes:

February 6 - 10: Moved in equipment and supplies, worked on tool house and powder and exploder magazines. Brought in timber.

February 13- 17: Completed tool house and magazines, began to lower shaft. Timbered, cleaned out muck.

February 20-24 : Continued down with shaft, still in old works. Mucked, timbered each day. Recovered one small block of nice mica.

February 27- 29: Completed 16' of shaft, still in old works but hitting hard material. Drilled and shot.

Three men working full time.

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

RECEIVED
FEB 27 1956

February 24, 1956

Memorandum

To: Operating Committee, DMEA - Washington

From: Acting Executive Officer, DMEA - Region V

Subject: Amendment No. 1 - DMEA-3947, Lm-E894 (mica)
Phillips & McKinney - North Carolina

Transmitted are three signed copies of the subject Amendment. The usual distribution of the other copies has been made.

V. J. Lynch

VJL/m

cc:

Lynch
Finance Office
Shirley
Files

INTERIM REPORT

DMEA-3947, Idx-E894, BOB WISE MINE (mica)

Operator: John Phillips and Jim McKinney, Jr., Spruce Pine, N. C.

Location: 3.66 airline miles N. 67° W of Plumtree, Mitchell County, N. C.

This project was started February 14, 1955. ? 1956

Sinking the incline had not begun at the time of this visit. Drilling equipment arrived on the job as of this date. Construction of buildings was underway. Sinking of incline will start immediately.

This project will explore two pegmatites occurring in hornblende-mica gneiss.

Inspected: February 14, 1956

A. L. Peyton, Mining Engineer
Bureau of Mines

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

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

RECEIVED
JAN 6 1956

January 4, 1956

Memorandum

To: Operating Committee, DMEA - Washington

From: DMEA Field Team, Region V - Knoxville

Subject: Signed Contract - Idm-8894, DMEA-3947 (mica) N. C.

Transmitted are three signed copies of the subject contract.

The usual distribution of the other copies has been made.

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION V

V. J. Lynch, Member
Bureau of Mines

ZM.
cc:
Finance Office
Lynch
Shirley
Files

DEC 1 6 1955 600

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

Subject: Docket No. DMEA-3947 - Mica
John Phillips and Jim McKinney, Jr.
Bob Wise Mine
Mitchell County, North Carolina

Dear Mr. Laurence:

Please find herewith six executed copies of an acceptable Consent to Lien on the subject property. These new forms are to be attached to the original and five copies of the contract which were sent to you November 8, 1955.

After attachment of the Consent to Lien to the contract present it to the Operators for approval and signature. The lease has been corrected in accordance with our request and a copy has been returned to this office.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

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

Thor H. Kiilsgaard
Member, Geological Survey

Enclosures 6

JHopkins:ad 12/14/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins

NOV 17 1955 600

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

Subject: Docket No. DMEA-3947 - Mica
John Phillips and Jim McKinney, Jr.
Bob Wise Mine
Mitchell County, North Carolina

Dear Mr. Laurence:

Please refer to the telephone conversation of November 14 requesting you to defer execution of the contract until corrections could be made on the lease from the Land & Mineral Company.

We are enclosing our copy of the lease which grants to the lessee the right to explore the property for the various grades of mica and "feldspar only" and excludes all other minerals. In its present form the lease is not acceptable to DMEA because of its apparent conflict with Article 3 (b) of the contract which states that the operator shall pay to the Government a royalty on all minerals mined or produced from the land.

Please return our copy of the lease to the applicants and request them to have the words, "feldspar only" deleted and the words, "all minerals commonly found in a pegmatite" added.

When this correction has been made present the contract to the applicants for their signature and return the lease to this office.

Sincerely yours,

[illegible]

Chairman, Operating Committee

Approved:

[illegible]

Member, Bureau of Mines

Member, Geological Survey

JHopkins:gad 11/15/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

Enclosure 1

November 14, 1955

Mr. Hopkins calling Mr. Laurence in Knoxville, Tennessee

Re: Docket No. DMEA-3947 - Mica
Phillips & McKinney
Bob Wise Mine

Mr. Hopkins: This is Hopkins in Nonmetallic Minerals Division and I am calling about Docket No. 3947, Phillips and McKinney. We sent you down a contract the other day on this docket. Have you received it?

Mr. Laurence: I have been away for a week.

Mr. Hopkins: In our transmittal letter we sent you the Consent to Lien forms and we asked you to have the new forms executed down there. Probably you have not done that yet.

Mr. Laurence: No. The last thing we have is November 2, maybe Mr. Lynch handled that during the week while I was out. Let me check. What was the name of that mine again?

Mr. Hopkins: The Bob Wise Mine.

Mr. Laurence: I don't recall seeing that. When was it sent.

Mr. Hopkins: November 8. We want to stop it.

Mr. Laurence: We can stop that tomorrow.

Mr. Hopkins: Go ahead and have the consents to lien executed. In the meantime we will send you a letter on their lease which is undesirable. It has a provision in the lease which calls for only mica and feldspar. We discovered it today and it is objectionable. We will write you a letter giving you the details and send you a copy of the lease. In the meantime hold up on the execution of the contract.

Mr. Laurence: We can go ahead and get the consent to lien.

Mr. Hopkins: ~~If~~ The objectionable part on the back of the consent to lien ~~xxxxxxxxxx~~ must be stricken out. We will write you and send the lease down.

Mr. Laurence: We will handle it accordingly then.

DEFENSE MINERALS ADMINISTRATION

97023

PRODUCTION EXPANSION DIVISION

PROCUREMENT APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

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

Metals or Minerals involved _____

Length of Contract (preproduction plus production) _____

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

Floor price or Guaranteed price and whether or not escalated _____

Maximum Government Commitment _____

Comments on Contract: _____

_____

_____

_____

_____

_____

Date sent to Legal Division _____

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

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

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

Additional Remarks: _____

_____

_____

_____

_____

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

Signed _____

Interior—Duplicating Section, Washington, D. C.

600

NOV - 8 1955

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

Subject: Docket No. DMEA-3947 - Miss John Phillips and Jim McKinney, Jr. Bob Wise Mine Mitchell County, North Carolina

Dear Mr. Laurence:

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

Before presenting the contract to the Operators for their signatures, please show on the map attached to each copy of the contract the location of the "stake" and identify it as the point of beginning in the property description. Copies of a memorandum from the Associate Solicitor dated November 2, 1955, are enclosed for your information. We are returning the Consent to Lien forms that contain an undesirable provision. Please return these to the applicants and request them to have the enclosed forms executed. The new forms are to be attached to the contract before presenting it to the applicants for their signatures.

If the contract meets with your approval present it to the Operators for 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 dated September 20, September 23 and October 3, 1955, by N. E. Nelson, USGS, and W. F. Dietrich, USBM, respectively, relating to the project are enclosed.

Approved:

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

Thor H. Kilsgaard
Member, Geological Survey

Enclosures 28

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins

JHopkins:ad 11/3/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kilsgaard, 5222

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

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

Subject: Docket No. DMEA-3947 - Mica
John Phillips and Jim McKinney, Jr.
Bob Wise Mine
Mitchell County, North Carolina

Dear Mr. Laurence:

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

Before presenting the contract to the Operators for their signatures, please show on the map attached to each copy of the contract the location of the "stake" and identify it as the point of beginning in the property description.

If the contract meets with your approval present it to the Operators for 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 dated September 20, September 23 and October 3, 1955, by N. E. Nelson, USGS, and W. F. Dietrich, USBM, respectively, relating to the project are enclosed.

Sincerely yours,

Chairman, Operating Committee

Approved:

Member, Bureau of Mines

Member, Geological Survey

Enclosures 14

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

NOV - 2 1955

Memorandum

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

From: Associate Solicitor, Division of Mineral Resources

Subject: Docket No. DMEA-3947 (Mica)
John Phillips and Jim McKinney, Jr.
Consent to Lien

Mr. Hopkins' memorandum dated October 26 asked that the Consent to Lien form submitted with the subject contract be re-examined.

The provision in question was inserted by the landowner under the "Added provision" article, and reads as follows:

> "The term of the lease to be ten years conditioned that lessee will pay to the U. S. Government 5% of all gross sales of minerals from the leased premises during the term of said lease. It being agreed that the lien of the U. S. Government will be co-existent with the lease and shall not extend beyond the ten year period. It being further understood that if there is no production there will be no lien."

The lease submitted is for a term of five years, renewable for another 60 days. With the term of the lease in mind, we interpreted the added provision in the Consent to Lien to mean that the landowner intended to extend the lease to 10 years and was limiting the lien of the Government to the 10-year period in the contract. However, as this provision apparently is susceptible of the interpretation that the Consent to Lien is of no effect should the lease be terminated, a new Consent to Lien should be required with the added provision omitted.

A Consent to Lien form is attached for your use.

Robert P. Dwyer

HCRubin/wg
11/1/55
Copies to:
DMEA Docket
Sol. Docket
L.Houk
G.C.Selfridge
R.P.Dwyer
H.C.Rubin
Chron.

Attachment

October 26, 1955

Memorandum

To: Assistant Solicitor for Defense Minerals

From: Nonmetallic Minerals Division

Subject: Consent to Lien by Land and Mineral Company
Docket No. DMEA-3947

Reference is made to the Consent to Lien forms from the Land and Mineral Company and attached to copies of a contract on the subject docket.

Under Item 5 - "Added provision" the lessor states, "It being agreed that the lien of the U. S. Government will be co-existent with the lease and shall not extend beyond the ten year period".

Does this condition conflict with any policies of the DMEA?

If the lease were forfeited before the end of the ten year period, would the Government lien be jeopardized?

Please comment fully on this added provision for our records.

James Hopkins
Nonmetallic Minerals Division

JHopkins:gad 10/25/55
Copy to: Admr. R. File
Docket
Mr. Houk
Mr. Hopkins

IN REPLY REFER TO:

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

October 4, 1955

Re: DMEA 3947
John Phillips and
Jim McKinney, Jr.
Bob Wise Mine
Mitchell Co., North Carolina
$10,334 - Mica

Memorandum

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

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

Subject: Review of supplementary Field Team recommendation.

The alternate recommendation that long-hole drilling be used to determine the presence or absence of the northwest pegmatite at the level of the drift on the southeast pegmatite is acceptable. The holes will not tell whether or not the pegmatite, if there, is sheet mica-bearing but will tend to justify crosscutting if such is done later.

Unless the equipment must be procured especially for this job the cost, $2.00 per foot, allowed appears to be higher than necessary.

N. E. Nelson

N. E. Nelson

NENelson:iml
G-10/4/55

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

IN REPLY REFER TO:

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

October 4, 1955

Re: DMEA 3947
John Phillips and
Jim McKinney, Jr.
Bob Wise Mine
Mitchell Co., North Carolina
$10,334 - Mica

Memorandum

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

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

Subject: Review of supplementary Field Team recommendation.

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N. E. Nelson

N. E. Nelson

NENelson:iml
G-10/4/55

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

IN REPLY REFER TO:

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

October 4, 1955

Re: DMEA 3947
John Phillips and
Jim McKinney, Jr.
Bob Wise Mine
Mitchell Co., North Carolina
$10,334 - Mica

Memorandum

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

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

Subject: Review of supplementary Field Team recommendation.

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Unless the equipment must be procured especially for this job the cost, $2.00 per foot, allowed appears to be higher than necessary.

N. E. Nelson

N. E. Nelson

NENelson:iml
G-10/4/55

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

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

October 3, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

Subject: DMEA-3947 (mica)

Applicant: J. Phillips & J. McKinney, Jr.

Name and Location of Property: Bob Wise Mine, Mitchell Co., N. C.

Date of Field Team Report: 9/27/55

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 9/30/55

Field Team Recommendation: Recommend long-hole drilling before stage II as proposed in field team report of 9/6/55.

Comments:

1. The proposed long-hole drilling program should show the presence or absence of the north-west pegmatite at this level.

2. If the pegmatite is intersected in the long holes, Stage II should be undertaken to determine if the pegmatite contains any strategic mica.

3. In mica exploration, drilling can be used to determine the existence of a pegmatite but cannot determine the presence or absence of strategic mica.

Recommendation: I concur with the field team's memo of Sept. 27, 1955 for long-hole drilling to test for the presence of the northwest pegmatite but not to take the place of Stage II.

W. F. Dietrich

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

September 27, 1955

RECEIVED
SEP 2 0 1955

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: DMEA-3947 (mica) John Phillips and Jim McKinney, Jr.
Bob Wise Mine, Mitchell County, North Carolina

Reference is made to a telephone call from Mr. Knouse to Mr. Lynch on September 23, 1955, regarding certain proposed changes on the subject examination report.

The Field Team is in agreement that long drill holes as proposed in the telephone discussion will be cheaper and should be used to test the occurrence of the northwest pegmatite from the proposed level on the southeast pegmatite. We are in agreement that five holes drilled at 20-foot intervals would adequately test the presence or absence of the northwest pegmatite at the 60-foot level. If the long hole drilling is successful, we recommend that Stage II be undertaken as proposed in the examination report (dated September 6, 1955).

The proposed $2.00 per foot should be adequate for the long hole drilling. Each hole would be approximately 30 feet and in no case should exceed 40 feet. A total of 150 feet of long holes at $2.00 per foot is recommended - cost of holes $300.00.

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

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

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

September 23, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3947 (mica)

Applicant: J. Phillips, J. McKinney, Jr.

Name and Location of Property: Bob Wise Mine, Mitchell Co., N. C.

Date of Field Team Report: 9/6/55

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 9/19/55

Field Team Recommendation: Recommend a 2-staged unit cost exploration project at a cost of $10,434.00.

Comments:

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

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

3. Definite plans for Stage II should not be made before the completion and evaluation of results of Stage I.

Recommendation: I concur with the field team's recommendation for a 2-stage exploration program but with the reservations noted above.

Signed

W. F. Dietrich

September 23, 1955

Mr. F. L. Knouse calling Mr. Victor Lynch, Knoxville, Tennessee.

Docket No. DMEA-3947 - Mica
John Phillips and Jim McKinney, Jr.
Bob Wise Mine
Mitchell County, North Carolina

Mr. Knouse: Mr. Hopkins is on the line. I am calling in regard to this case DMEA-3947, John Phillips and Jim McKinney, Jr., the Bob Wise Mine. The examiners report recommended in the first stage to sink a shaft and do some drifting on the south pegmatite. In the second stage they propose to drive a crosscut (40 feet) to the north pegmatite and drift on the pegmatite.

Mr. Lynch: We proposed an incline shaft.

Mr. Knouse: On the south pegmatite.

Mr. Hopkins: Southeast pegmatite.

Mr. Knouse: You also have one on the north side or northwest side. It is not clear in the report whether you propose to drive the crosscut from the drift in the shaft or from another location.

Mr. Lynch: Wait a second. Stage II to be approved after completion of Stage I, should include the crosscut and drifting on the northwest pegmatite. In the event Stage I is unsuccessful it may then be changed to sinking an inclined shaft and drifting on the northwest pegmatite.

Mr. Hopkins: Where do you propose starting that crosscut?

Mr. Lynch: From the southeast pegmatite drift in the shaft to the northeast pegmatite.

Mr. Knouse: We are wondering if you people would agree to some long hole drilling from the drift to explore the northwest pegmatite in lieu of the crosscut and drift proposed for Stage II.

Mr. Lynch: That would tell us if the pegmatite was there.

Mr. Knouse: Would you expect similar conditions to exist in depth in the northwest pegmatite as found in the southeast pegmatite by shafting and drifting if the northwest pegmatite was penetrated by 3 or 4 long drill holes to be drilled with long hole sectional steel, recovering the drill cuttings, should determine the existence of the pegmatite. Such holes drilled at 20 foot intervals. 3 or 4 holes approximately 150 feet of drilling would be enough to prove or disapprove the existence in depth.

Mr. Lynch: I think the idea would be all right.

Mr. Knouse: What do you think the cost per hole would be?

Mr. Lynch: Diamond drilling?

Mr. Knouse: No. Long hole drilling. 35 or 40 foot length holes should be ample. The reports indicate the pegmatites are 25-30 feet apart.

Mr. Hopkins: Do they have long hole drilling equipment down there? Would it be difficult to pick up the sectional steel?

Mr. Lynch: I understand there is only one place where they could get the steel down here.

Mr. Knouse: Do you believe the steel for this short job could be rented.

Mr. Lynch: Yes they probably could. We will have to investigate that question.

Mr. Hopkins: Then we would just give him the first stage of work and add the drilling. Thereafter we could consider an amendment to add additional work if the field team considered it justifiable.

Mr. Knouse: Provided we could justify it. And if the pegmatite was thick enough.

Mr. Lynch: The drilling should give enough information without additional drifting or crosscutting. However, we could then decide whether additional work is justified and if it could be added with an amendment.

Mr. Hopkins: Crosscutting may not then necessarily be development.

Mr. Knouse: I don't know your prices on long hole drilling but the top price we paid in Alaska was $2.00 per foot and ranges from $0.75 to $1.15 for surface drilling. Probably $2.00 for such a small quantity of drilling would be about in line since the operator would require a skilled operator for a short time only, and be required to pay a high rent for equipment.

Mr. Lynch: That would be all right.

Mr. Knouse: In that case we would have to have a breakdown of the cost from you. If you think that is a favorable approach it should be talked over with the operator to see if he is in accord.

Mr. Lynch: We will do that and in the meantime we can see what chance they have of getting the steel.

Mr. Hopkins: 150 feet of drilling at $2.00.

Mr. Knouse: Holes would be spaced at 20 foot intervals along this drift and at locations to be approved by the Government.

Mr. Lynch: I believe we should try exploring that second pegmatite with long hole drilling.

Mr. Knouse: Ok, we will await a supplement to the Field Team Report covering this problem.

FLKnouse:gad 9/23/55
Copy to: Admr. R. File Docket Nonmetallic Minerals Mr. Knouse

IN REPLY REFER TO:

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

RECEIVED
SEP 21 1955

September 20, 1955

Re: DMEA 3947
John Phillips & Jim McKinney, Jr.
Bob Wise Mine
Mitchell Co., N. C.
$10,334.00 - 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 examiners recommend work on two pegmatites, Stage I to consist of shaft sinking and drifting on the southeast pegmatite to cost:—

Preliminary, toolhouse, etc.	$ 114.00
Sinking, 60 feet	2,820.00
Drifting, 80 feet	2,960.00
Total, Stage I	$5,894.00

Stage II, crosscut from southeast pegmatite to northwest pegmatite and drift 80 feet on it.

Crosscut, 40 feet	$1,480.00
Drift, 80 feet	2,960.00
Total, Stage II	$4,440.00
Total, Stages I & II	$10,334.00

The examiners propose making assistance on Stage II work contingent on the lack of discovery and non-profitability of Stage I work, a good but, I fear, unrealistic recommendation.

As a practical consideration, the opportunity to explore the northwestern pegmatite should perhaps be taken while the shaft is open and work in progress, no matter what the outcome of work in the southeastern pegmatite. However, if Stage I work is unsuccessful the probability of success of the Stage II work should be assessed in the light of the new information.

I concur with the recommendation of the Field Team.

N. E. Nelson

N. E. Nelson

NENelson:iml
G-9/20/55

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
WASHINGTON 25, D. C.

RECEIVED
SEP 16 1955

September 14, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: DMEA Field Team, Region V

Subject: Field Examination Report, DMEA-3947 (mica) John Phillips and Jim McKinney, Jr. Bob Wise Mine, Mitchell County, N. C.

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

We agree with the examiners that this property is worth exploration and recommend approval of a two-stage, unit-cost contract. However, we do not agree that Stage II should be undertaken only if Stage I is not successful. As the two pegmatites are entirely separate bodies, each should be considered on its own merits and the fact that the Operator may then be successfully mining the southeast pegmatite should not prevent his receiving aid to explore the northwest one.

We therefore recommend approval of a two-stage contract, with Stage I being the shaft and drifts on the southeast pegmatite. Stage II to be approved after completion or termination of Stage I, should include the crosscut and drifting on the northwest pegmatite. However, in the event Stage I is unsuccessful, it may then be preferable to change Stage II to sinking an inclined shaft and drifting on the northwest pegmatite.

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION V

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

RAL/sm
cc:
Lynch
Shirley
Files

UNITED STATES

DEPARTMENT OF THE INTERIOR

RECEIVED
SEP 16 1955

DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXAMINATION REPORT BY FIELD TEAM, REGION V

On

DMEA-3947, BOB WISE MINE
(mica)
Mitchell County, N. C.

By

K. H. Teague, Geologist
U. S. Geological Survey
and
L. E. Shirley, Mining Engineer
U. S. Bureau of Mines

September 6, 1955

FIELD EXAMINATION REPORT
On
DMRA-3947, BOB WISE MINE (mica)

RECEIVED
SEP 16 1955

Applicants: John Phillips and Jim McKinney, Jr., c/o John Phillips, Spruce Pine, North Carolina

This property has not been worked extensively, probably due to inaccessibility. Recently a good jeep road has been completed to the deposit. Two parallel pegmatites have been worked, resulting in the recovery of an unknown amount of mica. Additional exploration appears to be warranted.

The deposit was examined on September 6, 1955. Messrs. Jim McKinney, Dewey Watson and Jim McKinney, Jr. accompanied the examiners on the inspection which required two hours.

The Bob Wise Mine (elevation 4350 ft.) is about one-half mile southeast of Hawk Mountain at the head of Hinson Creek, 3.66 airline miles N. 67° W. of Plumtree. It is near the Mitchell-Avery county line in Mitchell County, North Carolina. Access is good to within two miles of the mine. A good jeep road extends from this point to the mine.

Both applicants have mica mining experience and are competent to conduct the proposed work. Area under lease is adequate for the project.

There are no facilities on the property. Old workings consist of inaccessible adits on both pegmatites, as well as two adits, one on each pegmatite, which are now poorly accessible. These old adits are about 25-feet below the pegmatite outcrop. Recently the applicants have stripped an area about 125 feet long by 50 feet wide that has an uphill depth of 15 feet.

The pegmatites are essentially parallel and are conformable to the mica gneiss, hornblende gneiss wall rock. They are 25-30 feet apart and are similar in thickness, mineral composition, mica content, and shape. The wall rock has been strongly folded and sheared in the immediate vicinity of the pegmatite, although the pegmatites and mica show no effect of this movement, suggesting that the deformation was pre-pegmatite. Furthermore, the thicker portion of the pegmatites appear to rake to the southwest at about 25° parallel to rake of the folds.

Strike of the pegmatites are somewhat variable, as they are slightly curved. In the southwesten part they trend about N. 60° E, gradually swing to the north, and at the northeast end strike about N. 30° E. Dips range from 45 to 60° SE. They are exposed intermittently on the strike for about 130 feet. The pegmatite thickens and thins along the strike and apparently down dip. They range between two and six feet, with an

average thickness of about four feet. Apparently the thicker portions are toward the southwest end, or at least that is true of the pegmatite exposed.

The pegmatites are of simple composition, containing plagioclase, dark gray quartz, muscovite, and scattered red garnet. The plagioclase is mostly white, however, some is glassy and transparent. No zoning is apparent, although exposures are not too good, so they may be in part zoned. In any case many of the pegmatites in this area are zoned.

The mica is hard, clear, flat, ruby colored, and is reported to occur in relatively large sizes. Even in the thinner portions of the pegmatite, mica is relatively abundant. During World Warr II the deposit was worked to a small extent. Sales to the Colonial Mica Corporation were made of 264.98 pounds for $1500.64. About 95 percent of the mica sold was classified as stained or better.

Early history of this deposit is not known. Apparently, the deposit was first worked by Bob Wise during the early 1900's. It has been worked with hand tools at various intervals since then. During World War II the Dillinger Brothers worked it to a limited extent. No work was done after that until the recent stripping by the applicants.

Apparently both pegmatites are about of equal richness so far as the mica content; however, the southeast pegmatite is slightly larger, especially at the southwest end. The examiners believe the best approach to exploring the deposit is to sink an inclined shaft (60 ft) on the southeast pegmatite at approximately the position shown on the attached sketch and drive 80 feet of drift on the southeast pegmatite. If results of this work are satisfactory, no additional exploration should be undertaken. The applicant then should be expected to defray the cost of exploring the northwest pegmatite out of profits from production from the southeast one. However, if a deposit of strategic mica is not found in the southeast pegmatite, a crosscut should be driven northwestward to intersect the northwest pegmatite and 80 feet of drift driven on it.

Estimated Cost:

Stage I

Toolhouse	$ 76.00	76.00
Powder Magazine	25.00	26.00
Exploder Magazine	13.00	14.00

Sink 60-foot, 5' x 7' incline, timbered where necessary on southeast pegmatite (40 shifts)

Labor:

1 - Miner @ $1.50/hr.	$480.00	
1 - Hoistman @ $1.25/hr.	400.00	20,000/6L
1 - Laborer @ $1.00/hr.	320.00	1200

Equipment (rental)

Compressor, drill - @ $220/Mo.	440.00	
Pump, 1 Mo. @ $20/Mo.	20.00	
Hoist @ $50/Mo.	100.00	560

Supplies:

Explosives	$180.00	
Gasoline and oil	100.00	
Drill steel	100.00	
Timber, 3M @ $65/M	195.00	
Small tools and pipe	150.00	
Miscellaneous	145.00	
Compensation insurance	120.00	
Unemployment Ins. & Social Sec.	48.00	
Sales tax	22.00	$2,820.00

Drive 80 ft. of drift on pegmatite from incline (40 shifts)

Labor:

1 - Miner @ $1.50/hr.	480.00
1 - Hoistman @ $1.25/hr.	400.00
2 - Laborers @ $1.00/hr.	640.00

Equipment (rental)

Compressor, pump, drill and jackleg @ $250/Mo.	500.00
Hoist @ $50/Mo.	100.00

Supplies:

Explosives	240.00	
Gasoline and oil	120.00	
Drill steel	100.00	
Small tools and pipe	80.00	
Miscellaneous	75.00	
Compensation Ins.	150.00	
Unemployment Ins. and Social Sec.	60.00	
Sales tax	15.00	$2,960.00

Estimated total cost of Stage I..... ~~$5,994.00~~

STAGE II

Drive not more than 40 feet of crosscut to northwest to intersect northwest pegmatite @ $37.00/ ft. 1,480.00

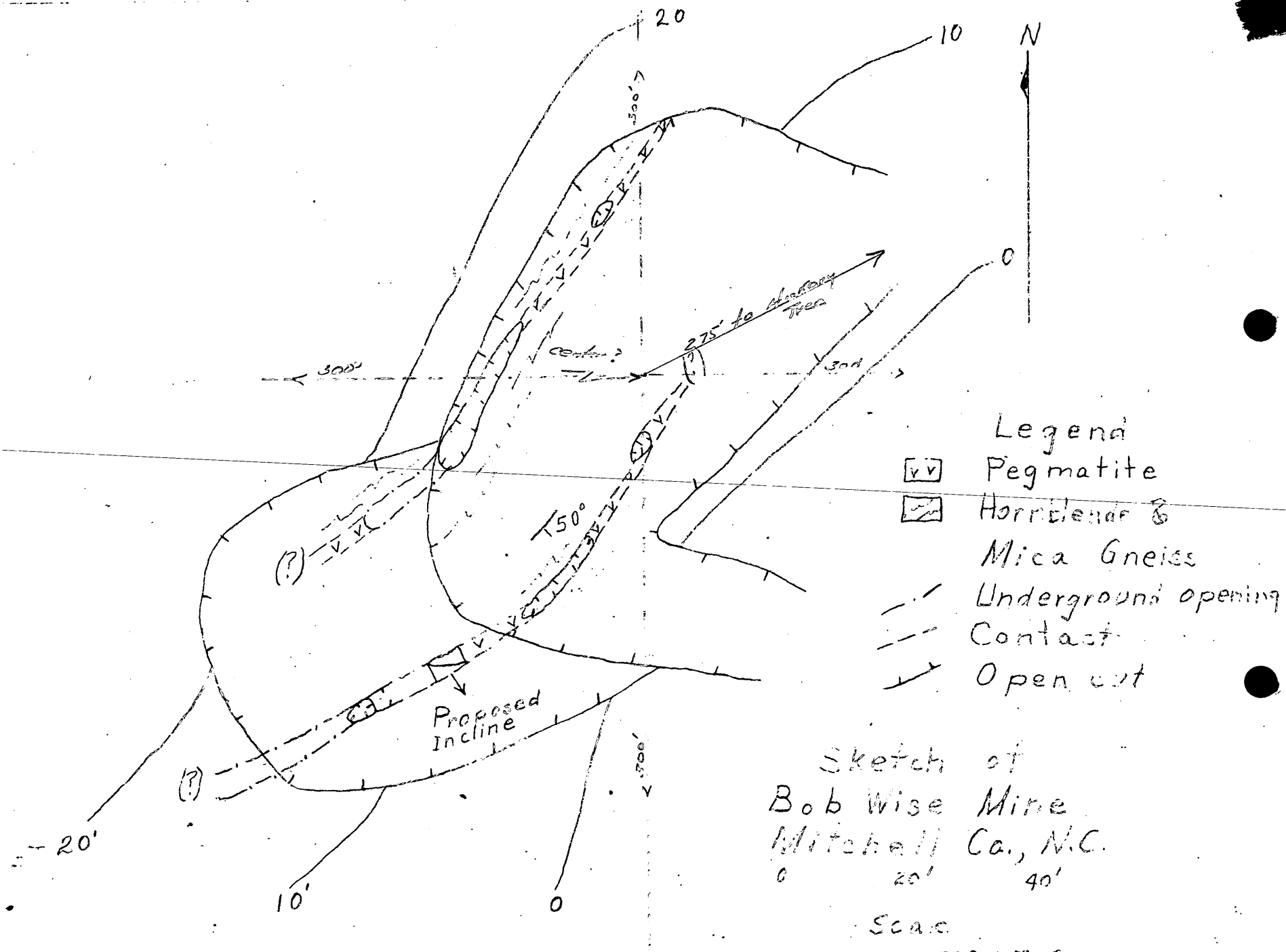
Drive 80 ft. of drift on northwest pegmatite @ $37.00/ft. 2,960.00

Estimated total cost of Stage II... $4,440.00

Estimated total cost of Stages I and II ~~$10,434.00~~

Examined: Sept. 6, 1955

K. H. Teague, Geologist
U. S. G. S.
and
L. E. Shirley, Mining Engineer
U. S. B. M.



DMEA-3947 Gneiss

Memorandum

To: The Files

From: James Hopkins

Subject: Evaluation of Application and Field View Report:

Docket No D MEA 3947

John Phillips and Jim McKinney Jr

Bob Muse Mine

Mitchell County N.C.

Two parallel pegmatites have been mined, resulting in the recovery of an unknown amount of mica.

Mica:

The mica is hard, clear flat, ruby colored and is reported to occur in relatively large sizes. 95% is stained by the Pegmatites

The pegmatites are of simple composition, containing plagioclase, dark gray quartz, muscovite and tourmaline. No zoning is apparent. They are 25 to 30 feet apart.

Both are of equal thickness. They are exposed intermittently on the strike for 180 feet. They thicken and thin along strike and apparently flare up. They range from 5 to 5½ feet in width.

Old Workings

Old workings consist of inaccessible adits and one on each that is poorly accessible.

Recently the applicants have stripped an area about 15.5' x 50' x 15'

Proposed Exploration:

The applicant proposed

1	60 foot Shaft @ 50.00	$3000.00
1	40 foot Drift @ 35.00	$1400.00

The Field Team recommended the following:

1.	Construction of buildings	114.00
2.	60 foot Shaft on S.E. pegmatite @ 47.00	$2820.00
3.	80 feet of Drift " " " @ 37.00	$2960.00
4.	40 feet of X-cut to N.W. " @ 37.00	$1480.00
5.	80 feet of Drift on " " @ 37.00	2960.00
	Total	$10,454.00

This is good sound mining engineering practice.

Recommendation:

I concur in the Field Team's recommendation to explore the two pegmatites.

[signature]

600

AUG 31 1955

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

Subject: Docket No. DMEA-3947 - Mica
John Phillips and Jim McKinney, Jr.
Roll Wise Mine
Mitchell County, North Carolina

Dear Mr. Lawrence:

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

Copies of memoranda from Mr. W. E. Nelson of the Geological Survey, dated August 17, 1955, and from Mr. Donald R. Irving of the Bureau of Mines, dated August 24, 1955, are enclosed for your information.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

P. F. Yopes

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

Enclosures 4

JHopkins:pk 8/29/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrick, 3061
Mr. Houk
Mr. Hopkins

600

AUG 31 1955

Messrs. John Phillips and
Jim McKinney, Jr.
Spruce Pine, North Carolina

Re: Docket No. DMEA-3947 - Mica
John Phillips and Jim McKinney, Jr.
Bob Wise Mine
Mitchell County, North Carolina

Gentlemen:

Your application for assistance in exploring the subject property has been reviewed by the Nonmetallic Minerals Division of the Defense Minerals Exploration Administration and has been referred to Mr. Robert A. 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 you may give the members of the Field Team during the examination will be appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

JHopkins:pk 8/29/55
Copy to: Admr. R. File
Docket
Operating Committee
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins

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

RECEIVED
AUG 24 1955

August 24, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Acting Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3947 (mica)

Applicant: John Phillips and Jim McKinney, Jr.

Name and Location of Property: Bob Wise Mine, Mitchell County, N. C.

Date Application Rec'd. by Br. of Ceramic & Fertilizer Materials: 8/15/55

Comments:

1. From the limited information presented, it is difficult to determine if an exploration program is justified or if the proposed plan would be the best method of exploring this property.

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
Donald R. Irving

IN REPLY REFER TO:

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

RECEIVED
AUG 18 1955

August 17, 1955

Re: DMEA 3947
John Phillips and
Jim McKinney, Jr.
Bob Wise Mine
Mitchell Co., N. C.
$4,400 - Mica

Memorandum

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

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

Subject: Review of Application.

The applicants propose to sink 60 feet from the face of a small old tunnel and drift 40 feet at the 60-foot level.

There is no recorded production, but the application says high-grade mica came from the tunnel. The proposal lacks substance. Unless the 'unlost' part of the vein is known to have a rake into the hill, the work proposed may well be in the wrong place. Should the rake be in the other direction the vein would remain lost.

The application merits little attention, but the examiners may know the applicants, perhaps the prospect. Referral to the Field Team is recommended.

N. E. Nelson

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NENelson:iml
G-8/17/55

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