DMEA 4018

DOCKET INDEX

ACTION DOCUMENTS

1. APPLICATION DATE RECEIVED 10-14-55

2. CONTRACT DATE 2-6-56

3. TERMINATION AGREEMENT: DATE

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

4. CERTIFICATION DATE

5. AUDIT REPORT DATE

6. AMENDMENTS - NUMBERS DATE

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RECEIVED
FEB 17 1956

MF-200
(Revised June 1954)

Docket No. DMEA 4018

Commodity Mica

Contract No. Idm-E 916

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this FEB 6 1956 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] Sam L. Phillips

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-200), the attached Exhibit "A," Annex I, and map

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

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

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] lessee of [5] the mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] lease, [7] _____ 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: royalty interest set forth in the Operator's lease

(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

[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."

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consent to Lien

(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 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(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 MAR 26 1956 shall commence the work, and on or before June 30, 1956 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

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

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *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.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $ 4,552.00 The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $ 3,414.00 : *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 or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(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. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; but except for any such necessary excesses in categories, subcategories, or items thereunder the Operator is not obligated to incur more than his agreed percentage of the estimated, total allowable cost of the work.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

See Article 13.

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 9.

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the 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. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. 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. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved 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 detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and 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 related costs incurred.

(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 8. *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 7) 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 therof 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 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *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: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) 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.

(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: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) 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 10 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 11. *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 12. *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 13. *Changes and added provisions.*—

Notwithstanding the estimated costs in Exhibit A, the amounts of the Government's contribution (a) to those allowable costs related to sinking an incline or shaft shall not in the aggregate exceed $37.50 per foot, and (b) to those allowable costs related to drifting shall not in the aggregate exceed $25.00 per foot, it being understood that the Operator is required to incur any costs of said work in excess of these maximums for his own account without contribution by the Government.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mitchendorf
Administrator, Defense Minerals
Exploration Administration

SAM L. PHILLIPS
(Operator)

By Sam L. Phillips

Indirg 1/31/56
Appd. Sol. Off."
Hopkins
Hook
Talbot
Martin
Johnson

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

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

RECEIVED
FEB 17 1953

EXPLORATION PROJECT CONTRACT
SAM L. PHILLIPS
DOCKET NO. DMEA-4018

ANNEX I

The land referred to in Article 2 of the Contract is located in Mitchell County, North Carolina, 1.47 airline miles N 26° E of the intersection of the Rebel Creek Road and North Carolina State Highway #104, and is more particularly described as follows:

> Beginning on a stake at the center of what is known as the Greene Prospect No. 1 which is located 197 feet S. W. of another stake and running North 500 feet; thence West 500 feet; thence South 1000 feet; thence East 1000 feet; thence North 1000 feet, thence West 500 feet to a point of closing.

EXPLORATION PROJECT CONTRACT
SAM L. PHILLIPS
DOCKET NO. DMMA-4018

RECEIVED
FEB 17 1956

Exhibit "A"

Description of the Work

The approximate location of the exploration project is shown on the map entitled "The Greene Prospect, Mitchell County, N. C. DMMA-4018 (Mica)" attached hereto and made a part hereof. The work under this Contract will consist of two stages. The Operator shall perform all of Stage I and as much of Stage II as is approved by the Government in writing.

Stage I

1. With a model D-8 or equivalent bulldozer excavate a trench not less than 100 feet by 15 feet by 6 feet along the strike of the pegmatite to expose contacts. This work will involve removing approximately 333 1/3 cubic yards of overburden.

2. Sink two test pits, each 5 feet by 7 feet, 15 feet deep on the pegmatite.

Stage II

1. With a D-8 or equivalent bulldozer scrape road into the prospect for a distance of not less than 3,500 linear feet. This work will involve removing approximately 1,555 cubic yards of overburden.

2. 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 door shall be securely locked with the equivalent of a 5-tumbler jarproof lock.

3. At the most promising point sink 30 feet of additional incline or shaft on the pegmatite.

4. From the shaft or incline drive not more than 60 feet of exploratory drift on the pegmatite.

The drift and incline or shaft shall be timbered as necessary.

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

The incline or shaft and drift shall have maximum cross-sectional dimensions of 5 feet by 7 feet in the clear of timber.

The shaft or incline shall have two compartments.

Costs of the Work

Category (1) - Independent Contracts

Stage I

Excavate Trench 100 feet by 15 feet by 6 feet deep 333 1/3 cubic yards @ $0.30/cu. yd.	$100.00
Excavate two 5 feet by 7 feet test pits 15 feet deep 30 feet @ $20.00/ft.	600.00

Stage II

Scrape 3,500 linear feet of access road 1,555 cubic yards @ $0.151/cu. yd. (rounded to)	235.00

Category (2) - Personal Services

Stage I None

Stage II

(a) Supervision None
(b) Technical services None

(c) Labor:

1 Miner	- 48 shifts @ $1.50/hr.	$576.00
1 Hoistman	- 48 shifts @ $1.25/hr.	480.00
1 Laborer	- 73 shifts @ $1.00/hr.	584.00

(Note: 1 laborer will be employed on shaft work and 2 on drifting.)

Category (3) - Operating Materials and Supplies

Stage I None

Stage II

Miscellaneous 990.00

Category (4) - Operating Equipment

Stage I None

Stage II

(a) Rental

Compressor and Drill	@ $230.00/mo.	
Jack Leg	@ $20.00/mo.	
Hoist & Pump	@ $70.00/mo.	705.00

(b) Purchase None

(c) Depreciation None

Category (5) - Initial Rehabilitation and Repairs

Stage I and Stage II None

Category (6) - New Buildings, Fixtures and Installations

Stage I None

Stage II

1 Toolhouse	$76.00	
1 Powder Magazine	26.00	
1 Exploder Magazine	15.00	117.00

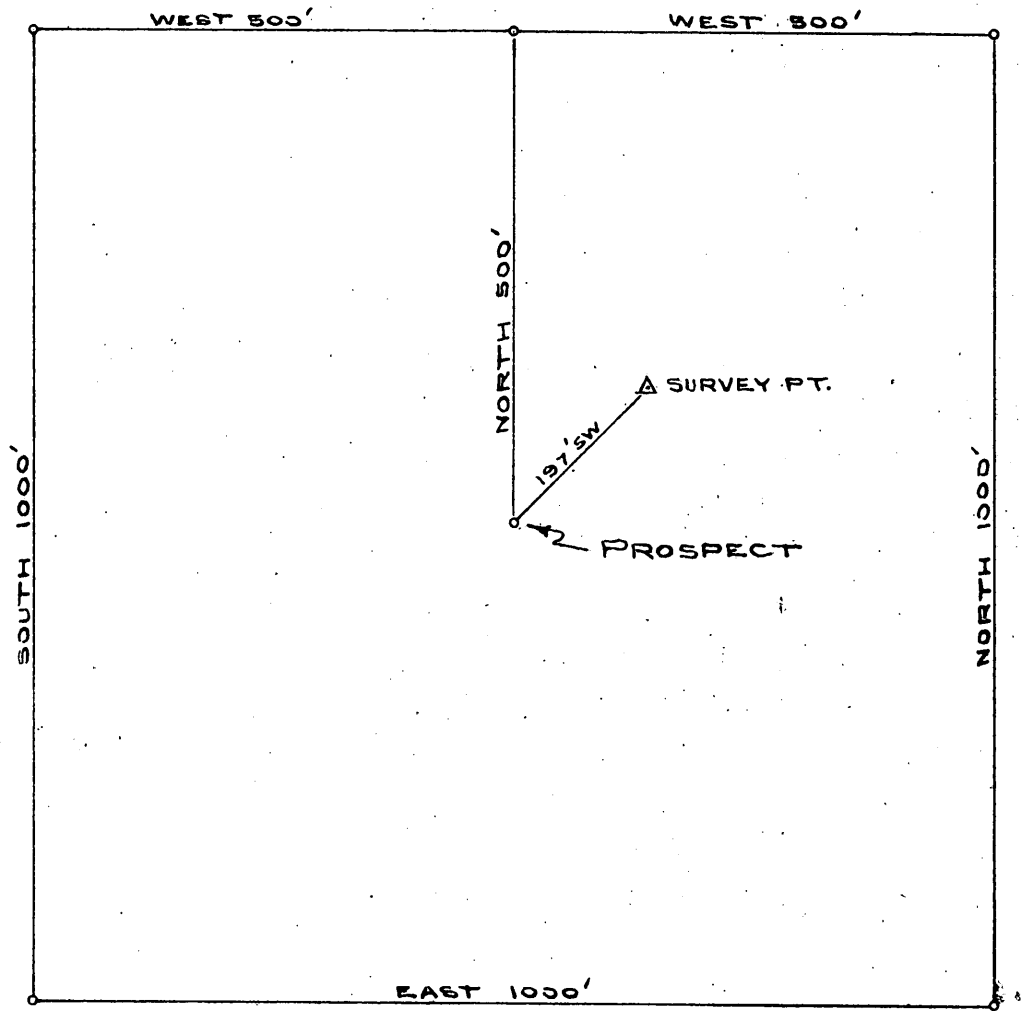
Category (7) - Miscellaneous

Social Security and Liability Insurance

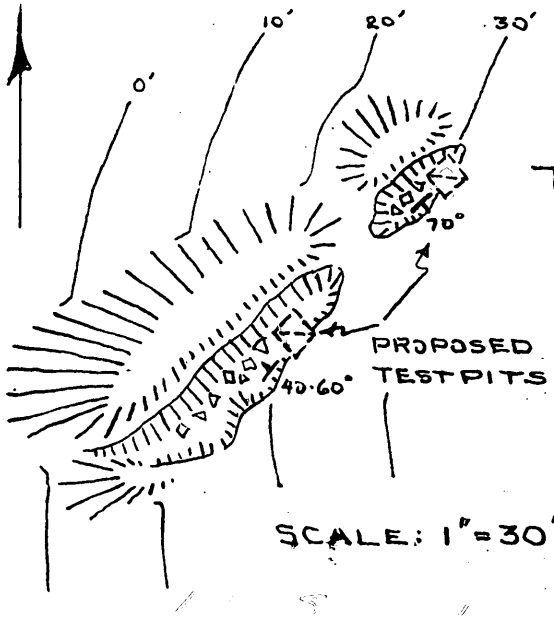
Stage I None

Stage II 165.00

Estimated Total Cost of Stage I	$ 700.00
Estimated Total Cost of Stage II	3,852.00
Estimated Total Cost of Project	$4,552.00
Government Participation @ 75%	$3,414.00



SCALE: 1" = 200'



SCALE: 1" = 30'

THE GREENE PROSPECT

MITCHELL COUNTY, N.C.

DMEA-4018 (MICA)

12/55 SCB

RECEIVED
OCT 14 1955

MF-203
Revised March 24, 1955

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

CONSENT TO LIEN

RECEIVED
FEB 17 1956

To the United States of America:

Referring to that certain land in the County of Mitchell, State of North Carolina, described as follows:1/ Beginning on a stake at the center of what is known as the Greene Prospect No. 1 which is located 197' S.W. of another stake; and running North 500'; thence West 500'; thence South 1000'; thence East 1000'; thence North 1000'; thence West 500' to a point of closing. This property located at the head of Rebel's Creek in Mitchell County, N.C.,

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

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

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

None

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

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

2/ Mining or production from the land is not required, and in the absence of production there is no obligation to repay the Government.

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: _____

_____

_____

_____

_____

_____

_____

_____

Dated this 12th day of October, 1955.

Arthur Young [Seal] Spruce Pine, N. C.

_____ [Seal]

_____ [Seal]

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

_____

[Corporate Seal]

Docket Copy
Surname:
Hopkins
Houk
Chambers
Selfridge

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

OCT 25 1956

Mr. Sam L. Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-4018-Mica
Sam L. Phillips
Greene Prospect
Mitchell County, North Carolina
Contract No. Idm-E916

Dear Mr. Phillips:

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

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

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

Sincerely yours,

G. O. Mittendorf

Administrator

JHopkins:gad 10/23/56
Copy to: Admr. R. File
Docket
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Arthur Greene, Spruce Pine, N. C.
Mr. Chambers

R.C.S.

Docket Copy
Surname:
Hopkins
Yours
Chronologies
Selfridge.

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

OCT 25 1956

Mr. Arthur Greene

Spruce Pine, North Carolina

Re: Docket No. DMEA-4018-Mica
Sam L. Phillips
Greene Prospect
Mitchell County, North Carolina
Contract No. Idm-E916

Dear Mr. Greene:

Reference is made to the Consent to Lien which you executed on October 12, 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 Mr. Sam L. Phillips 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

Enclosure

JHopkins:gad 10/23/56
Copy to: Admr. R. File
Docket
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

R.G.K.

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

Project Summary Report

By: James Hopkins October 23, 1956

1. Docket No. DMEA-4018-Mica
Greene Prospect
Mitchell County, North Carolina
Contract No. Idm-E916

Application: Dated October 12, 1955
Operator: Sam L. Phillips
Operator's Property Rights: Lessee of mineral rights of property owned by Arthur Greene, Spruce Pine, N.C.

2. Contract: Dated February 6, 1956
a) Work authorized:

Stage I	
Excavate 100'x15'x6' trench	$100.00
Excavate 2 - 5'x7'x15' test pits	600.00
Stage II	
Construct 3,500' access road	235.00
Sink 30' of 5'x7' shaft)	3,517.00
Drive 60' of drift on pegmatite)	
Estimated Total Cost	$4,552.00

b) Amendments: None
c) Work completed:

Trench 100'x15'x6'	$100.00
Test Pits (2) 5'x7'x15' each	600.00
Total cost of project	$700.00

Work began on Stage I February 20, 1956, and ended March 16, 1956. Stage II was not authorized.
Final Field Team Report dated April 20, 1956
Final Operator's Report dated April 20, 1956
Value of production during project: About 200# of non-commercial mica -- having no value was produced.
No royalty was due and none paid.

3. Audit: Report of Review dated April 27, 1956

Total cost as billed by contractor	$700.00
Exceptions	None
Total Accepted Cost	$700.00
Government participation @ 75%	$525.00

4. Certification of discovery:
The project was not certified, as no discovery was made.

5. Comments:

This project was established to explore a pegmatite exposed in a 75'x15' trench. The pegmatite is conformable and irregular in a biotite-hornblende gneiss.

The exploration work consisting of trenching and test pitting exposed a pegmatite composed of potash-feldspar (perthite) in 8"x4" crystals surrounded by 1/2" zone of quartz and a 1" zone of very small green muscovite.

Large crystals (up to 12" wide) of green flat heavily stained muscovite occurs in the top 3 foot zone of the pegmatite in each pit. The black stains are biotite and magnetite.

No reserves of strategic muscovite are inferred or indicated. The Field Team concludes that no further exploration is warranted and recommends that the project should not be certified as a discovery.

The Nonmetallic Minerals Division concurs in the Field Team's recommendation.

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

James Hopkins
Nonmetallic Minerals Division

IN REPLY REFER TO:

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

RECEIVED
OCT 18 1956

October 16, 1956

Re: DMEA 4018, Idm-E916
Sam L. Phillips
Greene Prospect
Mitchell Co., N. C.
$4,552.00 - Mica

Memorandum

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

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

Subject: Review of Field Team Final report.

The expenditure of $4,552.00 on a 2-stage program consisting of bulldozing, test pitting, shaft sinking, and drifting was approved.

The bulldozing and test pitting tended to demonstrate that the small amount of mica in the pegmatite is generally not of strategic quality. About 200 pounds of heavily stained green mica was recovered in the course of work costing $700.00. The value of the mica is not estimated.

The examiners and the Field Team recommend that no certificate of discovery be issued.

I concur with that recommendation.

N. E. Nelson

N. E. Nelson

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

RECEIVED
MAY 15 1956

May 14, 1956

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

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

Subject: DMEA-4018 (mica)

Applicant: S. L. Phillips

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

Contract Number: Idm-E 916

Date of Field Team Report: 4/20/56

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 5/10/56

Field Team Recommendation: Recommend no certification of discovery.

Comments:

1. The muscovite recovered was badly stained and generally of non-strategic value.

2. The work was terminated at the completion of Stage I.

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

4. Expenditures -

Total approved	$4,552.00
Total cost	700.00
Gov't. share of the cost	525.00
Value of production during operation	NONE

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

W. F. Dietrich

W. F. Dietrich

4018

ACTION ON INTERIM
OR FINAL FIELD TEAM REPORT

Date 5/14

Referred to:

1. ~~Mr. McMondory~~
2. ~~Mr. John Orr~~
3. ~~Mr. Cammack~~
4. Docket Control Mails and Files
5. _____ Division
6. Docket Control Mails and Files

Note comments in report regarding:

1. Finished!

2.

3.

4.

and take appropriate action.

- - - - - - - -

Action taken by Division:

Robert E. Adams

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
ROOM 1051 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

RECEIVED
MAY 7 - 1956

May 3, 1956

Memorandum

To: Operating Committee, DMEA - Washington

From: DMEA Field Team, Region V - Knoxville, Tenn.

Subject: Final Report, DMEA-4018, Idm-E916 (mica) Sam L. Phillips, Spruce Pine, N. C. Greene Prospect, Mitchell County, N. C.

Enclosed are four copies of the Field Team final report on the subject contract, which was terminated by non-approval of Stage II. Certification ~~xxxx~~ is not recommended.

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

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

Reviewed by
DMEA OPERATING COMMITTEE
5-11-56
(date)

RECEIVED
MAY 7 - 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FINAL REPORT
By

FIELD TEAM, DMEA- REGION V

On

DMEA-4018, GREENE PROSPECT (mica)
Mitchell County, N. C.

By

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

and

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

Reviewed by
DMEA OPERATING COMMITTEE
5-11-56
(date)

April 20, 1956

FINAL REPORT
EXPLORATION PROJECT CONTRACT
On

DMEA-4018, Idm-E916, GREENE PROSPECT
(mica)

Operator: Sam L. Phillips, Spruce Pine, North Carolina

Location: 1.47 airline miles N 26° E of the intersection of Rebel Creek Road and N. C. Highway 104, Mitchell County, N. C.

Summary

Work was terminated at the end of Stage I, because the muscovite recovered, although abundant, was badly stained and generally of non-strategic quality. Two 5' x 7' test pits were sunk to depths of 19 feet and 15 feet respectively in pegmatite. No further exploration is warranted and it is recommended that the prospect not be certified.

General

Work began on Stage I February 20, 1956, and ended March 26, 1956. It consisted of bulldozing of overburden for 100 feet by 15 feet by 6 feet in depth. Two 5' x 7' test pits were sunk in pegmatite on the hanging wall, one to a depth of 15 feet and another to a depth of 19 feet (see map). No buildings or facilities were constructed, and no equipment was purchased under the contract.

Homer Boone, the foreman, conducted the job in an efficient workmanlike manner. The Operator bulldozed a jeep access road to the project at his own expense.

Geology

Pegmatite exposed in each pit is composed of potash-feldspar (perthite) in 8" x 4" crystals, which is surrounded by a 1/2" zone of quartz and a 1" wide zone of very small green muscovite. Oligoclase

crystals are abundant with small disseminated almandite garnets.

Large ctystals (up to 12" wide) of green, flat, heavily stained muscovite occurs in the top 3 ft zone of the pegmatite in each pit (sect. A-A'). About 200 pounds were recovered. The black stains are biotite and magnetite.

The strike of the pegmatite is N 40 to 60° E. On the surface in the NE cut it dips 70° SE, but in the SW cut it dips 40 to 60° NW. (Exam. Report May-Nov.14, 1955). Pit No. 1 was sunk in the SW cut and followed the hanging wall of the pegmatite down 19 feet where the pegmatite pinched out on the SW side and down-dip. The dip changed from the surface to 50 to 60° at the 19 ft level. Pit No. 2 was sunk in the NE cut about 50 ft from No. 1.

Conclusion

No reserves of strategic muscovite are inferred or indicated. About 200 lbs of heavily mineral stained green muscovite was recovered. No further exploration is warranted. It is recommended that the Prospect not be certified as a discovery.

Expenditures:	(a)	Total approved.....	$4,552.00
	(b)	Total cost of project	700.00
	(c)	Government's share of cost	525.00
	(d)	Government's share unexpended	2,889.00
	(e)	Value of production	none
	(f)	Royalty to date	None

April 20, 1956

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

A. L. Peyton, Mining Engineer
Bureau of Mines

Talbert

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

APR 27 1956

Mrs. Helen R. Miller
Administrative Assistant
Bureau of Mines, Region V
P. O. Box 217
Morris, Tennessee

Re: Docket No. DMEA-4018 (Mica)
Sam L. Phillips
Mitchell County, N. C.
Contract No. Idm-2916

Dear Mrs. Miller:

The originals of the February-March, 1956, forms MF-104 and MF-104A (with two supporting invoices and the Operator's narrative attached) applicable to the referenced project, are returned herewith.

In accordance with your memorandum of April 25, 1956, which submitted these documents, a Report of Review in lieu of Final audit is being prepared. This Report of Review, to be released through the Executive Officer, DMEA Field Team, Region V, will state $700.00 as the acceptable costs of the project and $525.00 as the amount valid and proper for payment to the Operator.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosures

EDTalbert/wb
April 27, 1956

Copy to: Docket
Admr. Reading File
Mr. Laurence, Region V
Mr. Chambers
Mr. Houk
Mr. Talbert

R.C.L.

Talbert

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

APR 16 1956

Mrs. Helen R. Miller
Administrative Assistant
Bureau of Mines, Region V
P. O. Box 217
Knoxville, Tennessee

Re: Docket No. DMEA-4018 (Mica)
Sam L. Phillips
Mitchell County, N. C.
Contract No. DMe-2936

Dear Mrs. Miller:

By memorandum dated April 10, 1956, you forwarded to this Division the originals of the February-March, 1956, forms MF-104 and MF-104A, with the Operator's narrative attached, covering the referenced project and requested advice as to the propriety of payment thereon.

The contract covering this project was executed on the "long" form MF-200 (Revised June 1954), which provides that the Government's contribution shall be based on the actual allowable costs incurred. Accordingly, all costs claimed by the Operator must be supported by documentary evidence of the actual incurrence of the costs as specified in the penultimate paragraph of the instructions on the reverse of the form MF-104. The required evidence has not been supplied and, therefore, payment is not authorized.

It is suggested that the Operator be requested to furnish the required documentation, which should then be submitted to this Division for consideration in connection with the issuance of a Report of Review in lieu of a final audit. Upon the release of the Report of Review payment of the Government's contribution may be made.

The original forms MF-104 and MF-104A and the Operator's narrative are returned herewith.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

Copy to: Docket
Admr. Reading File
R. A. Lawrence, (2)
Mr. Hook
Mr. Talbert
Mr. Chambers

KDTalbert/wb
April 16, 1956

RGH.

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

RECEIVED
APR 5 - 1956

April 3, 1956

Mr. Sam Phillips

Spruce Pine, North Carolina

Re: DMEA-4018, Idm-2916-Mica
Greene Prospect, Mitchell County, N. C.

Dear Mr. Phillips:

As the work done under Stage I indicates that further work on the subject contract is not justified, Stage II will not be authorized. This letter, therefore, will serve in lieu of a termination agreement, effective after completion of Stage I.

Very truly yours,

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

RAL/sm
cc:
Lynch
Finance Office
Shirley
Files

Opr. Com.-3

4018

Date 4-9

Referred to:

1. ~~The Matrimonial~~
2. ~~The Chairman~~
3. ~~The Chambers~~
4. ~~Docket Control Mails and Files~~
5. ~~Non-Matrimonial Division~~
6. Docket Control Mails and Files

More comments in report regarding:

1. Recommends termination

2.

3.

4.

and take appropriate action.

- - - - - -

Action taken by Division:

Will continue Subject to Discussion

ROBERT E. ADAMS

Initials

RECEIVED
APR 9 - 1956

INTERIM REPORT

DMEA-4018, Idm-E916 (mica) GREENE PROSPECT

Operator: Sam Phillips, Spruce Pine, North Carolina

Location: 1.47 airline miles N 26° E of the intersection of Rebel Creek Road and N. C. Highway No.104, Mitchell County, N. C.

Test pit No.2 under Stage I has been completed at a depth of 15 feet. About 200 pounds of mica recovered came from the top 3 feet. The mica observed is green with heavy black stain.

The field examiners recommend this project be discontinued because of the poor grade of mica. Certification will not be recommended.

Inspected: March 26, 1956.

A. L. Peyton, Mining Engineer
Bureau of Mines

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

INTERIM REPORT

DMEA-4018, Idm-E916, GREENE PROSPECT
(mica)

Operator: Sam Phillips, Spruce Pine, North Carolina

Location: 1.47 airline miles N 26° E of the intersection of Rebel Creek road and North Carolina State Highway 104, Mitchell County N.C.

The first test pit under Stage I has been completed at a depth of 19 feet. The muscovite observed is of fair size but shows considerable stain. The pegmatite in pit No.1, pinched out to the SW and appears to pinch out downdip.

The Operator was instructed to start pit # 2, which is about 50 feet northeast of Pit No. 1.

Progress is satisfactory.

Inpsected: March 12, 1956

A. L. Peyton

A. L. Peyton, Mining Engineer
Bureau of Mines

A. R. Taylor

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

z

RECEIVED
MAR 12 1956

INTERIM REPORT

DMEA-4018, Idm-E916, Greene Prospect
(mica)

Operator: Sam Phillips, Spruce Pine, North Carolina

Location: 1.47 airline miles N. 26° E. of the intersection of Rebel Creek Road and North Carolina State Highway 104, Mitchell County, North Carolina

The project is in Stage I of the contract. The bulldozing is complete and one test pit is down to 4 feet. Approximately 50 pounds of mica examined discloses a green muscovite with some black stain. Muscovite books up to 12 inches in diameter were noted.

Operator was instructed to continue sinking test pit.

Inspected: February 27, 1956

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 205 POST OFFICE BLDG.
WASHINGTON 25, D.C.
KNOXVILLE 2, TENN.

RECEIVED
FEB 17 1956

February 15, 1956

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region V

Subject: Signed Contract - Idm-E916, DMEA-4018, Sam L. Phillips, Spruce Pine, North Carolina (mica)

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

Robert A. Laurence

Robert A. Laurence

Docket Copy
Surname:

Houk
Hopkins
Talbert
Martin
Lawrence

(7)

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

FEB - 6 1956

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

Subject: Docket No. DMEA-4018 - Mica
Sam L. Phillips
Greene Prospect
Mitchell County, North Carolina

Dear Mr. Laurence:

Enclosed are the original and five copies of a proposed contract which have been signed by the Administrator for the Government with effective date as shown. Attachments to the contract are Annex I, "Exhibit A", Consent to Lien, and a map of the Greene Prospect. Two extra copies of "Exhibit A" are enclosed for the use of the Field Team.

If the proposed contract meets with your approval, present it to the Applicant for execution. Please explain to the Applicant that the contract is a firm commitment to complete the work outlined at the agreed cost. Please instruct the Applicant to submit with his first voucher to this office a copy of his equipment rental agreement. Copies of the executed contract are to be distributed in the usual manner.

If any part of this proposed contract does not have either your approval or that of the Applicant and cannot be amended within your delegated authority, then the original and all copies of the contract and the two extra copies of "Exhibit A" are to be returned to this office, together with the proposed changes for consideration.

Copies of memoranda dated January 16 and 25, 1956, by W. E. Nelson, USGS, and W. F. Dietrich, USBM, respectively, relating to the project are enclosed.

Sincerely yours,

Approved:

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

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

Thor H. Kiilsgaard (JHB)
Member, Geological Survey

JHopkins:gad 1/30/56
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins

Enclosures 12

This letr. was dated 2-6-56 in error
should have been 2-3-56 - date
Mr Martin was acting chairman
of oper. com. - 7 Webster - Per c.c.

R.C.L.

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

RECEIVED
JAN 25 1956

January 25, 1956

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA - 4018 (mica)

Applicant: S. L. Phillips

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

Date of Field Team Report: 11-14-1955

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 1/23/56

Field Team Recommendation: Recommend a two-stage, unit cost exploration contract.

Comments:

1. Some strategic mica is showing in the limited exposures.

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

3. Total estimated costs are in the amount of $4,550.

Recommendation:

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

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

74

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

RECEIVED
JAN 17 1956

January 16, 1956

Re: DMEA 4018
Sam L. Phillips
Greene prospect
Mitchell Co., N. C.
$4,550.00 - Mica

Memorandum

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

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

Subject: Review of Field Team report.

The applicant requested assistance in exploring 3 pegmatite showings at a cost of $8,900.00.

The examiners recommend 2-stage work on a 4-foot pegmatite which is exposed for 75 feet, and consists of a "disseminated mixture of coarsely crystalline plagioclase and potash feldspars, quartz and considerable small books of clear, green flat "A" mica, with minor amounts of very fine biotite and wedge "A" mica." The work recommended consists of:--

Stage I

Bulldozing, 333 cu. yds.	$ 100.00
2 15-foot test pits	600.00

Stage II

Shaft, 30'	1,500.00
Drifting, 60'	2,000.00
Road	235.00
Buildings	115.00
	$4,550.00

The 2-stage work program as recommended by the examiners and the Field Team appears adequate.

I concur with the recommendation.

N. E. Nelson

N. E. Nelson

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

January 6, 1956

Memorandum

To: Operating Committee, DMEA - Washington

From: DMEA Field Team, Region V

Subject: Field Examination Report - DMEA-4018 (mica) Sam L. Phillips, Spruce Pine, N. C. Greene Prospect, Mitchell Co., N. C.

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

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

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

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

RECEIVED
JAN 9 1956

Reviewed by
DMEA OPERATING COMMITTEE
1-13-56
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXAMINATION REPORT BY FIELD TEAM, REGION V

On

DMEA-4018, GREENE PROSPECT
(mica)
Mitchell County, North Carolina

By

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

and

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

RECEIVED
JAN 9 1956

November 14, 1955

Reviewed by
DMEA OPERATING COMMITTEE
1-18-56
(date)

FIELD EXAMINATION REPORT

DMEA-4018 (mica) GREENE PROSPECT

Applicant: Sam L. Phillips, Spruce Pine, North Carolina

DMEA assistance is recommended for the Greene prospect. Some strategic mica is showing. Only one contact is exposed with considerable variation in dip. The examiners recommend a 2-stage project.

The prospect is 1.47 airline miles N. 26° E. of the intersection of the Rebel Creek Road and North Carolina State Highway 104, on the southwestern slope below the gap between the south end of Burns Mountain and the north end of Big Ridge Mountain (Micaville quadrangle, 1927 1/24,000).

The prospect was examined on November 14, 1955. Mr. Homer Boone accompanied the examiners on the inspection which required one hour.

The applicant has had wide experience supervising various DMEA exploration contracts and is well qualified to carry out the proposed work.

The prospect consists of two shallow trenches, 15 feet in width, which cover a strike length of 75 feet. A 4-foot width of pegmatite is exposed. The pegmatite is conformable and irregular in a biotite-hornblende gneiss, and consists of a disseminated mixture of coarsely crystalline plagioclase and potash feldspars, quartz and considerable small books of clear, green flat "A" mica, with minor amounts of very fine biotite and wedge "A" muscovite. The strike of the pegmatite is N. 40-60° E. It dips 70° SE in the NE cut, and 40-60° NE in the SW cut.

The field examiners recommend a 2-stage program. It is suggested that Stage I consist of approximately 10 hours of bulldozing and two 15-foot deep test pits to expose the true downdip attitude of the pegmatite. Stage II is suggested as 30 feet of additional incline or shaft and 60 feet of drift and/or crosscut.

Estimated costs are as follows:

Stage I -	Bulldozing to expose pegmatite contacts along strike 100' x 15' x 6' deep 333 cubic yards @ $0.30/cu. yd.	$100.00
	2 (5' x 7') 15' deep test pits @ $20/ft	600.00
		$700.00

Stage II -

Scrape road into prospect 3500 linear ft.

1555 cu. yds. @ $0.15/cu. yd.	$235.00	
Toolhouse	~~75.00~~ 76.00	
Powder magazines	25.00 26.00	
Exploder magazine	15.00	$350.00 352.00

Sink 30' additional incline or shaft on most promising spot (23 shifts) 1.3

Labor: 1 - Miner @ $1.50/hr.	$276.00	
1 - Hoistman @ $1.25/hr.	230.00	
1 - Laborer @ $1.00/hr.	184.00	
Equipment (rental):	690	
Compressor and drill @ $230/Mo.	230.00	
Hoist @ $50/Mo.	50.00	
Pump @ $20/Mo.	20.00	
Supplies: Explosives	100.00	
Drill steel	55.00	
Gasoline and oil	60.00	
Timber, 1300 b.f. @ $65/M	85.00	
Small tools and pipe	60.00	
Miscellaneous	65.00	
	425.00	
Insurance	60.00	
Social Security	15.00	
Sales tax	10.00	$1500.00

Drive 60 ft. of exploratory drift (25 shifts)

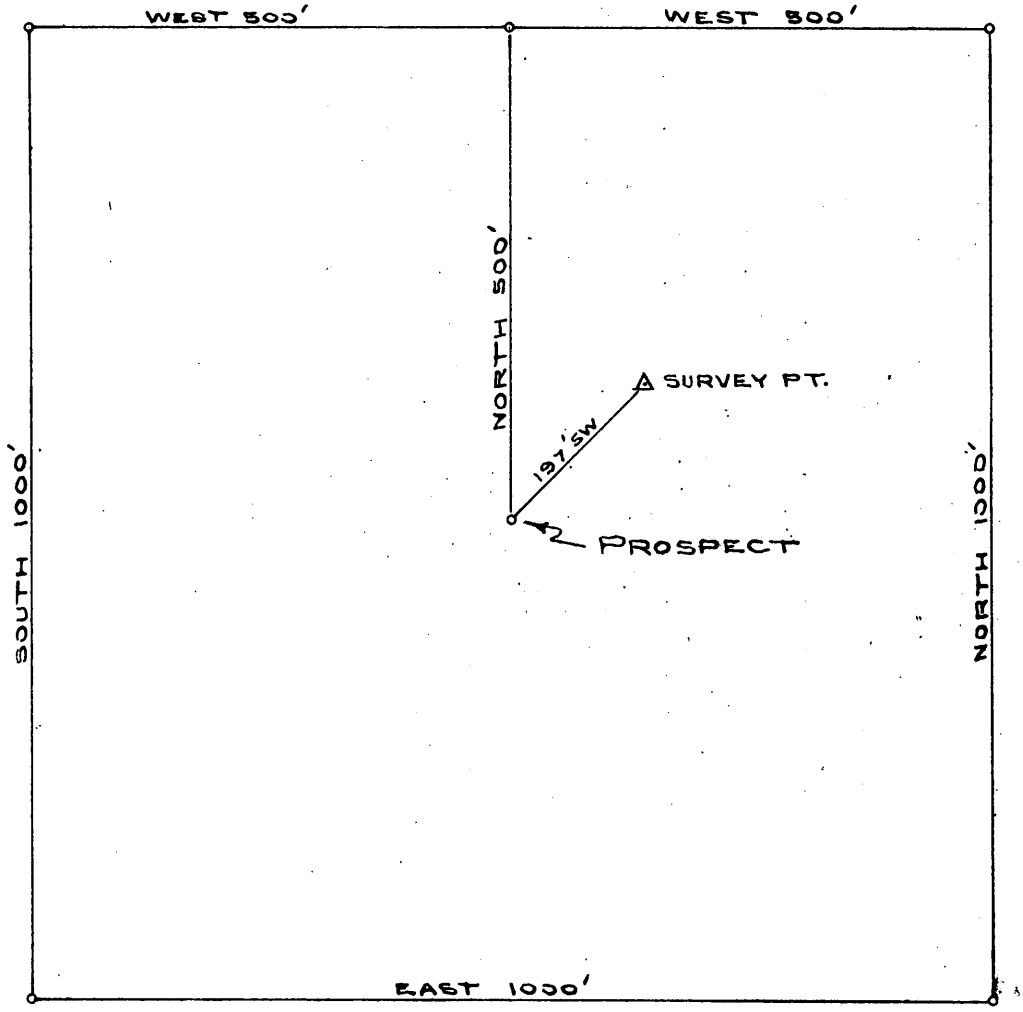
Labor: 1 - Miner @ $1.50/hr.	300.00	
1 - Hoistman @ $1.25/hr.	250.00	
2 - Laborers @ $1.00/hr.	400.00	
Equipment (rental):		
Compressor, drill and jackleg @ $250/Mo.	315.00	
Hoist @ $50/Mo.	65.00	
Pump @ $20/Mo. 1/4	25.00	
Supplies:		
Explosives	180.00	
Drill steel	90.00	
Gasoline and oil	110.00	
Small tools and pipe	70.00	
Miscellaneous	90.00	
Insurance	540 75.00	
Social Security	15.00	
Sales tax	15.00	$2,000.00

Total estimated cost Stage II	$3,856.00
Total estimated cost of Stages I and II	$4,558.00

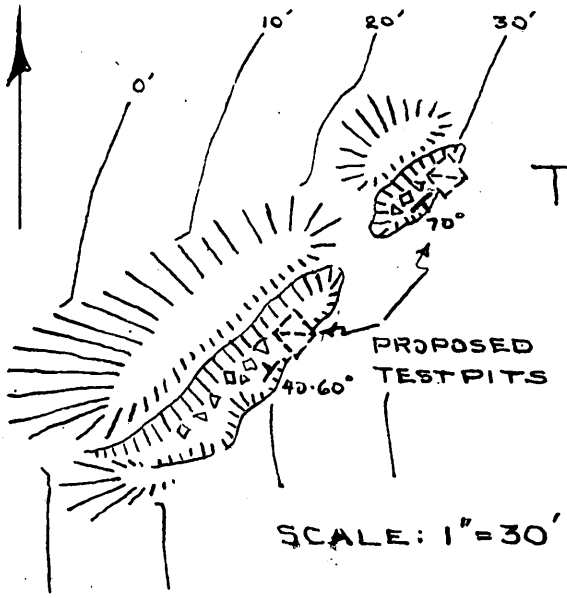
S. C. Bergman and A. R. Taylor, Geologists
U. S. Geological Survey

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

November 14, 1955.



SCALE: 1" = 200'



SCALE: 1" = 30'

THE GREENE PROSPECT

MITCHELL COUNTY, N.C.

DMEA-4018 (MICA)

12/55 SCB

Docket Copy
Surname:

Hopkins
Elkins
Selfridge
Fleming

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

OCT 31 1955

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

Subject: Docket No. DMEA-4018 - Mica
Sam L. Phillips
Greene Prospect
Mitchell County, North Carolina

Dear Mr. Laurence:

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

Copies of memoranda dated October 17 and October 20, 1955, by N. E. Nelson, USGS, and W. F. Dietrich, USBM, respectively, relating to the project are enclosed.

If the surface excavations are recommended for the proposed trenching and shaft site, detailed estimated costs for this work should be reported as costs per cubic yard in lieu of hours and cost of tractor or manual labor time.

If your office recommends an exploration program as submitted or revised by the applicant, please furnish the necessary information to draft a contract. In this connection we will require nine copies of a map showing the proposed work and pegmatite exposures in relation to the property lines.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GCS)

Approved:

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

W. P. Williams (GCS)
Member, Geological Survey

Enclosures 4

JHopkins:gad 10/28/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins

R.C.4

DOCKET FILE
Surname:

Hopkins
F Kennedy
Geehan
Selfridge
W Williams

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

Mr. Sam L. Phillips

OCT 31 1955

Spruce Pine, North Carolina

Re: Docket No. DMEA-4018 - Mica
Sam L. Phillips
Greene Prospect
Mitchell County, North Carolina

Dear Mr. Phillips:

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

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

Sincerely yours,

Frank E. Johnson (for)

Acting Administrator

JHopkins:ad 10/28/55
Copy to: Admr. R. File
Docket
Field Team, Region V
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins

R.C.S.

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

October 20, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-4018 (mica)

Applicant: S. M. Phillips

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

Date Application Rec'd. by Br. of Ceramic & Fertilizer Materials: 10/14/55

Comments:

1. No relationship is given between the various prospects and if they are sufficiently close, separate exploration programs would not be justified.

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

Recommendation:

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

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

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

RECEIVED
OCT 18 1955

October 17, 1955

Re: DMEA 4018
Sam L. Phillips
Greene Prospect
Mitchell Co., N. C.
$8,900 - Mica

Memorandum

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

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

Subject: Review of application.

The applicant requests assistance in doing bulldozing, test pitting and drifting on 3 prospects:--

Bulldozing, 60 hours	at $10.00/hr.	$ 600.00
Test pitting, 120 feet	at $40.00/ft.*	4,800.00
Drifting, 100 feet	at $35.00/ft.	3,500.00
		$8,900.00

* The application notes 3 prospects and the sketch map shows 3 test pits at 30 feet each, a total of 90 feet instead of 120 feet. The total cost would be reduced $1,200 to $7,700, unless the intention is to sink one test pit 60 feet and drift from it.

Pegmatite is exposed but it is not said that mica has been found at the 3 prospects. Perhaps staged work is warranted, with more bulldozing and less test pitting. If good looking pegmatite is found and thoroughly stripped, its potential as a mica bearer should be more or less apparent.

I recommend that this application be referred to the Field Team.

N. E. Nelson

N. E. Nelson

October 14, 1955

Subject: DMEA-4018
Re: Exploration Assistance
Greene Prospect

Mr. Sam L. Phillips
Spruce Pine, North Carolina

Dear Mr. Phillips

The receipt of your application dated October 12, 1955 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-4018 and referred to the Non Metallics Minerals Division.

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

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

60932

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED OCT 14 1955

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

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

Not to be filled in by applicant

Docket No. DMEA- 4018
Metal or Mineral Mica
Date Received 10-14-55
Estimated Cost ~~$8,900~~ 7700.00
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: Sam L. Phillips
Spruce Pine, N. C.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations. Now in DMEA Files.

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

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

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

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

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

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

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

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

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

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

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

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

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

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated 10-12-55, 195..

Samuel L. Phillips
(Applicant)

By Samuel L. Phillips

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

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

RECEIVED
OCT 14 1955

MF-103 (Continuation Sheet)

4. (a) No previous operations.

(b) No past production. These are new prospects.

(c) There is some pegmatite showing. We want to uncover this further, then locate test pits. We believe that strategic quality mica may be produced by exploration.

(d) Project is accessible to roads and shipping.

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

5. (b) We propose to do about twenty hours bulldozing to uncover pegmatite at each of three prospects, run 30' of test pit work at each, then 100' drift at best prospect after testing.

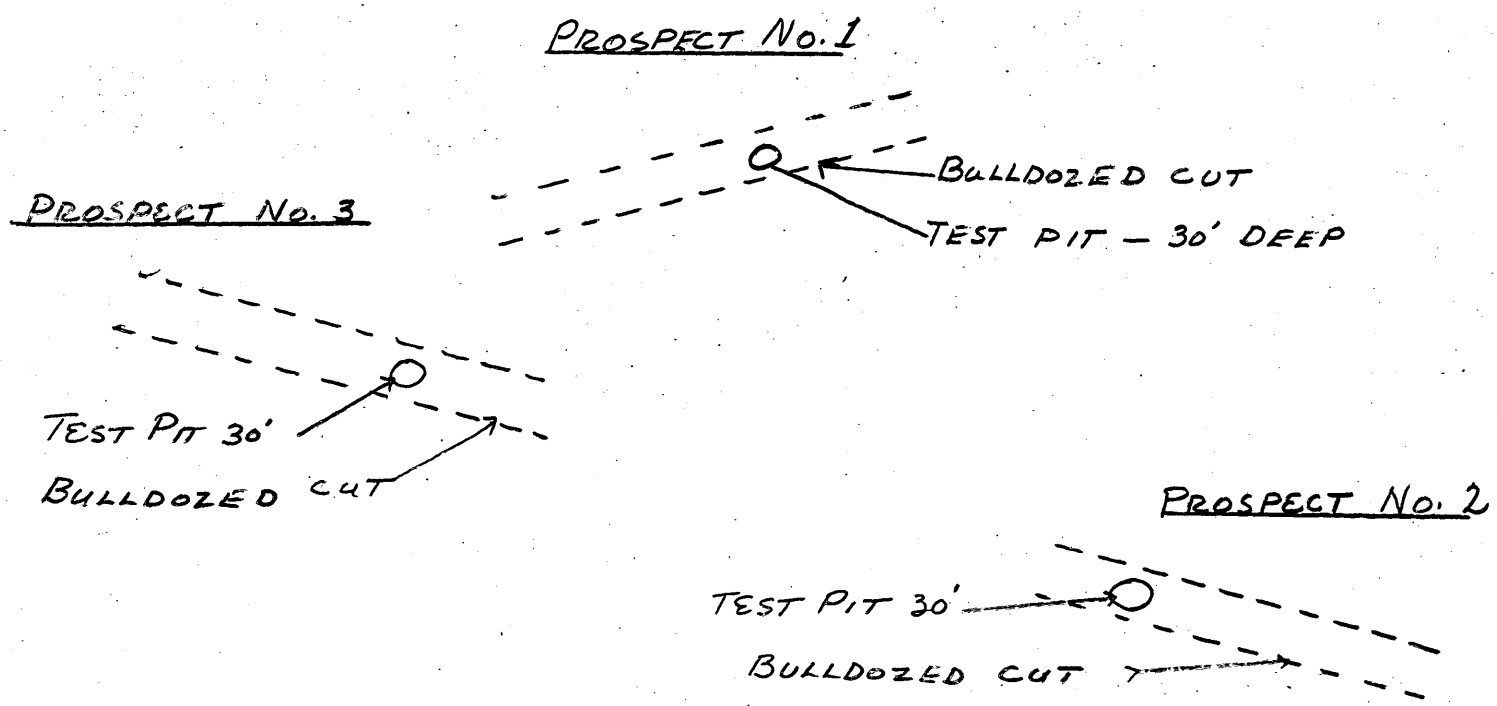
6. Estimate of costs:

60 hrs. Bulldozing (Prospects 1, 2 and 3 - 20 hrs. ea.) @ $ 10.00 per hour	$ 600.00
90	3600.00
120' test pit work (30' each prospect)@ 40.00 ft.	4800.00
100' Drift at best selected prospect @ 35.00 ft.	3500.00
	$ 8900.00
	$9700.00

GREENE PROSPECTS

Mitchell County, N.C.

WE PROPOSE TO DRIFT 100' WITH VEIN AT MOST FAVORABLE PROSPECT — TO BE DECIDED BY FIELD TEAM AFTER TEST PITTING



MINING LEASE

RECEIVED
OCT 14 1955

State of North Carolina Mitchell County:

This indenture made this 12 day of October, 1955, 195X,

between Arthur Greene

of Mitchell County and State of North Carolina as party of the first part, and known as lessor, and Sam L. Phillips

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

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

Beginning on a stake at the center of what is known as the Greene Prospect No. 1 which is located 197' S.W. of another stake; and running 500' North; thence 500' West; thence 1000' South; thence 1000' East; thence 1000' North; thence 500' West to a point of closing. This property located at the head of Rebel's Creek, in Mitchell County, N. C.

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

AND IT IS FURTHER AGREED That the party of the second part, the lessee hereby agrees to pay to the said part of the first part, or his or their heirs or assigns, a rental royalty of 1/8

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

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

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

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

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

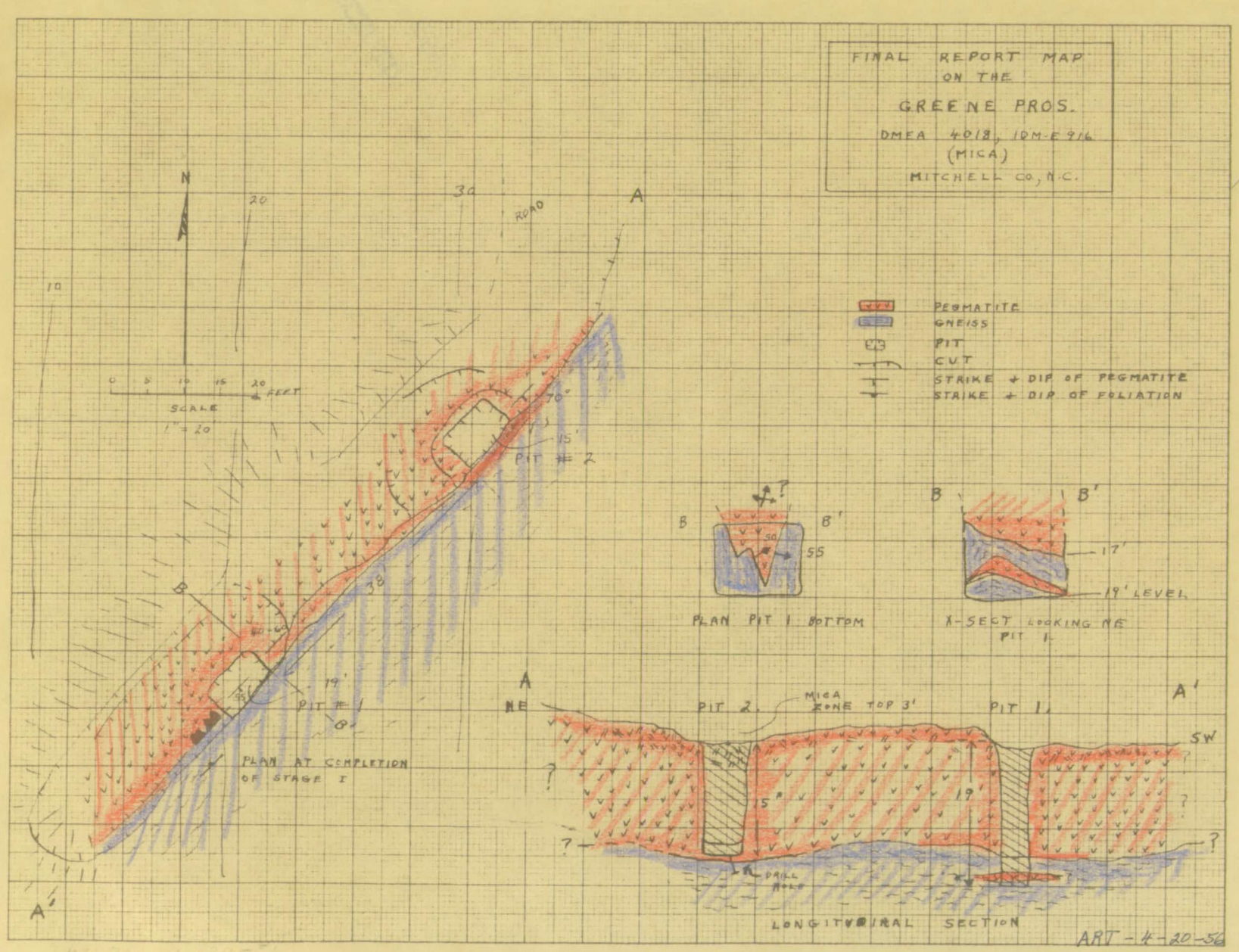
Witness:

Kenneth R McKinney
Notary Public
My Com. Exp. 8/17/57

Arthur Greene (Seal)

_____ (Seal)

_____ (Seal)


FINAL REPORT MAP
ON THE
GREENE PROS.
DMEA 4018, 10M-E 916
(MICA)
MITCHELL CO., N.C.
N
SCALE
1" = 20'
FEET
ROAD
PIT # 2
PIT # 1
PLAN AT COMPLETION OF STAGE I
PEGMATITE
GNEISS
PIT
CUT
STRIKE & DIP OF PEGMATITE
STRIKE & DIP OF FOLIATION
PLAN PIT 1 BOTTOM
X-SECT LOOKING NE PIT 1
19' LEVEL
MICA ZONE TOP 3'
PIT 2
PIT 1
NE
SW
DRILL HOLE
LONGITUDINAL SECTION
ART - 4-20-56

RECEIVED
MAY 7 - 1956