E 1005 8/31/56 DMSa-4239 John Phillips

Mitchell County, N.C. Roby (Robby) Mine

Last reported Depot sale BO-146(a) 4/19/57 $394.66

Other known parties of possible interest:

H. H. McKinney Owner

Robby (Roby) Mining Co. DMS4-335B Non Ruby DMS4-1978A

Sam Phillips

Roby Mining Co. "B" Non Ruby

| Lot no | Pounds | Pailing | Date | Final amount | |
|---|---|---|---|---|---|
| 45 | 2,800 | $ 316.66 | 4/11/57 | $ 195.67 | |
| 131 | 3,660 | 499.99 | 7/3/57 | 96.99 | |
| 138 | 2,910 | 499.99 | 7/12/57 | 249.30 | |
| 146 4/19/57 | 3,110 | 300.02 | 7/19/57 | 94.64 | |
| | 12,280 | $ 1,616.66 | | $ 55.98 | $ 1,560.68 |

"A" Non Ruby

| | | | | | |
|---|---|---|---|---|---|
| 716 | 92.37 | $ 1,222.22 | 1/29/57 | $ 665.16 | |
| 759 | 54.19 | 737.50 | 2/8 | 105.95 | |
| 821 | 57.32 | 859.52 | 2/26 | 90.22 | |
| 869 | 54.49 | 510.07 | 3/21 | 181.95 | |
| 911 | 50.12 | 462.28 | 3/29 | 141.05 | |
| 954 | 69.99 | 687.23 | 4/12 | 189.53 | |
| 1008 | 85.88 | 689.93 | 4/26 | 220.82 | |
| 1044 4/19/57 | 97.75 | 927.62 | 5/9 | 236.43 | |
| | 562.11 | $ 6,096.37 | | 1,829.11 | 7,925.48 |

Royalty received on the above.

No subsequent sales from this mine noted in S.P. Depot records

$9,486.16

C.E.F. 6/20/62

Jean Hutchins 5/10/62

A ✓

MME Form 7
(10-58)

OFFICIAL FILE COPY

| Date | Surname | Code |
|---|---|---|
| 6/26 | | 800 |
| | | 500 |
| | | 120 |
| | | 110 |
| | | 100 |
| | | 220 |
| | | |
| | | |
| | | |

June 26, 1962

Memorandum

To: The File

From: C. E. Fisher, OME Auditor

Subject: Check of Spruce Pine Mica Purchase Depot Records, June 18 - 22, 1962

During the period of June 18 to 22, 1962, I examined the purchase records of the G.S.A. Mica Purchase Depot at Spruce Pine, North Carolina, for the purpose of ascertaining any unreported production under DMEA exploration project contracts. My examination did not disclose any unreported production subject to royalty under the following contracts:

| Contract No. | Docket No. | Operator | Mine Names |
|---|---|---|---|
| E- 684 | 3244 | Alex Teague | Old Denson (Denison) |
| 687 | 3256 | Glenn C. Rathburn | Fox, Busby Creek |
| 692 | 3260 | Sam L. Phillips | W. A. McKinney, McKinney No. 1 |
| 694 | 3199 | W. B. Chrisawn | R. D. (W. H.) Westall |
| 712 | 3410 | Rock Mining Company | Rock |
| 737 | 3469 | A. Ward | Elmore |
| 757 | 3559 | C. R. Phillips, et al. | Sugar Dave, Ralph |
| 762 | 3577 | Keller Mining Co. | Royster |
| 805 | 3720 | Alvin White, et al. | Howard |
| 830 | 3265 | Mines and Mining, Inc. | Farlow Gap |
| 835 | 3813 | T. B. Vance | Shuffle Vance, Red, Charlie Burleson |
| 840 | 3799 | J. R. Beam | Bennett, Mica Field |
| 865 | 3860 | Ed Boone | Goog Rock |
| 882 | 3924 | J. R. Beam & John Phillips | Little Ray, Pat |
| 891 | 3543 | Buchanan Minerals, Inc. | Buchanan, Dream |
| 900 | 3942 | Sam G. Smith | Doe Hill, Sam Smith |
| 962 | 4147 | Sam L. Phillips | Old Buchanan |
| 1005 | 4239 | John Phillips | Roby (Robby) |
| 1008 | 4332 | John Phillips | John (John's) Brown |
| 1037 | 4268 | Murphy Mining Co. | Murphy, Murphy Rock |
| 1042 | 4449 | Clifton D. Buchanan | Boone, Phillips |
| 1089 | 4554 | Sam L. Phillips | Black Mountain |

cc: Docket
Director's Reading File
CA & A Division
Region IV Files (2)

CEFisher/ama
6-26-62

63603

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

## REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E1005, Docket DMEA-4259 (mica), dated August 31, 1956, with

John Phillips
Spruce Pine, North Carolina

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Reby (Robby) Prospect located in Mitchell County, North Carolina, during the period February 19, 1958, through June 15, 1960.

A certification of discovery or development was issued on July 31, 1957, and, in accordance with Article 6 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 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. A Report of Review dated February 13, 1957, indicated accepted costs under the exploration contract amounting to $6,612.00 with the Government's contribution on a 75 percent basis being $4,959.00.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Royalty Audit Certificate which found the sales subject to the Government's royalty through February 18, 1958, to be $9,835.56. The royalty account as of February 18, 1958, was:

| | |
|---|---|
| Total Royalty Payable | $491.89 |
| Total Royalty Paid | 491.89 |
| Balance of Royalty Due | $ -0- |

As of June 15, 1960, the royalty account of this project was found to be:

| | |
|---|---|
| Total Royalty Payable | $491.89 |
| Total Royalty Paid | 491.89 |
| Balance of Royalty Due | $ -0- |

E. D. Talbert

February 12, 1962

E. D. Talbert, OME Auditor

Idm-E1005 John Phillips DMEA-4239

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This exploration project contract provides that the Operator, as principal if the producer and as surety if not the producer, shall pay the Government a percentage royalty on all minerals produced from the 500' x 500' tract thereunder. The Operator was in possession at the time the contract was executed by virtue of a five-year mining lease granted on April 2, 1956, by H. H. McKinney, Route 1, Bakersville, North Carolina. A Consent to Lien and Subordination Agreement was executed by the lessor on April 2, 1956, as an inducement for the Government to enter into the contract.

Exploration work under the contract was completed on January 22, 1957, and all operations on the property ceased with the removal of equipment during April 1957. Sales of production aggregating $9,835.56 from the exploration and the subsequent work consisted of 562.11 lbs. of sheet mica and 12,280 lbs. of hand-cobbed mica sold to the G.S.A. Mica Purchase Depot, 14,910 lbs. of scrap mica sold to the English Mica Company, and 2,175 lbs. of punch mica sold to Clarence Rathbone and Dewey Young. These sales, which usually were made in the name of Robby Mining Co., were covered by a Royalty Audit Report and Certificate dated March 11, 1958. That audit included a check of both the sales and production records maintained by Sam Phillips at his Spruce Pine office and the purchase records of the Mica Purchase Depot.

The files indicate that subsequent examinations on March 13 and July 30, 1958, and January 28 and November 3, 1959, found the property inactive. The property also is included on a Region IV listing of inactive projects "checked at the Government Purchasing Depot, Spruce Pine, N. C., or by contacting the Operators or by inquiring in and around the vicinity" during the period of June 13 to 15, 1960.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(1) The files indicate that the property was inactive during the period covered by this review;
(2) All prior sales of production have been accounted for and proper royalty thereon paid; and
(3) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

FEB 13 1962

Memorandum

To: Chief, Fiscal Section, Division of Administrative Services, Office of the Secretary

From: Chief, Division of Field Operations, OMR

Subject: DMRA-4239 (Mica)
John Phillips
Ruby Prospect
Mitchell County, North Carolina
Contract Idm-21005

Enclosed for your files is the original of a Report of Royalty Review on the subject contract.

George C. Selfridge

Enclosure

GCSelfridge/hb (2/13/62)
cc to: Docket DMRA-4239
Director's Reading File
CA&A Division
G.C.Selfridge
R.A.Laurence, Reg. IV, w/cy of Report of Royalty Review dtd 2/12/62 & orig. cy of memo dtd 2/12/62 to Chief, Div. of Field Operations from CA&A Div.
V.J.Lynch, Reg. IV, w/cy of ea. item sent to Mr. Laurence.

FEB 12 1962

Memorandum

To: Chief, Division of Field Operations

From: E. D. Talbert, Acting Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: DMEA-4239 (Mica)
John Phillips
Roby Prospect
Mitchell County, North Carolina
Contract Idm-E1005

Enclosed are the original and two copies of a Report of Royalty Review covering the subject Region IV contract. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary; and

(b) Two copies to Region IV files.

This report is for OME record purposes only; therefore, no copy has been provided for the Operator.

As evidence of your concurrence, a copy of your memorandum transmitting the original of the report to the Department's Fiscal Section should be furnished this Division. If for any reason you do not concur, the original and both copies should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 2-12-62

cc:
Docket
Director's Reading File
CA & A Division
Mr. Rothrock

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

ROYALTY AUDIT CERTIFICATE

I have examined the records and sales documents pertaining to the sale of mica for the period August 31, 1956, to February 18, 1958, by

John Phillips
Spruce Pine, North Carolina

produced from Roby Prospect, located in Mitchell County, North Carolina, on which royalty is due the U. S. Government under terms of Contract IDM-81095, Docket No. DMEA-4239 (Mica), dated August 31, 1956.

My examination was made in accordance with generally accepted standards applicable in the circumstances.

The audit established the total sales of mica for this period, subject to DMEA royalty, to be $9,835.56. Royalty due the Government at the 5 percent rate specified in the contract is $491.89. The royalty paid and balance due are as follows:

| | |
|---|---|
| Total Royalty Due | $491.89 |
| Total Royalty Paid | 491.89 |
| Balance of Royalty Due | - 0 - |

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

March 11, 1958

# ROYALTY AUDIT REPORT

## I. INTRODUCTION

On February 18, 1958, an audit was made of the production records and sales documents of

John Phillips
Spruce Pine, North Carolina

pertaining to the sale of mica produced from Roby Prospect, located in Mitchell County, North Carolina, for the period August 31, 1956, to February 18, 1958, on which royalty is due the U. S. Government under terms of Contract Idm-K1005, Docket No. DMEA-4239 (Mica), dated August 31, 1956.

William A. Beck, mining engineer, DMEA Region V, Knoxville, Tennessee, and Sam L. Phillips were present and rendered assistance during the audit which was accomplished in the latter's office in Spruce Pine, North Carolina.

## II. GENERAL INFORMATION

Article 6 of the exploration contract provides that the Government may certify that a discovery or development has resulted from the work in which event the Operator, or his successor in interest, is obligated to pay the Government a percentage royalty on all minerals produced from the land described in Annex I to the contract within 10 years from the date of the contract, or until the net amount contributed by the Government is repaid, without interest, whichever occurs first. A certificate of discovery or development was issued on July 31, 1957.

According to a report of review in lieu of final audit dated February 13, 1957, prepared by E. D. Talbert, DMEA Auditor, the total accepted costs of the exploration amounted to $6,612.00, with the Government's contribution, on a 75 percent basis being $4,959.00.

## III. SCOPE OF AUDIT AND FINDINGS

### A. Conference with Examining Engineer

A conference with the examining engineer (Mr. Beck) disclosed that the only production from Roby Prospect during the period covered by this audit consisted of mica. The production was sold to the Mica Purchase Depot, Spruce Pine, North Carolina, as hand-cobbed or as sheet mica, with the resulting punch or scrap mica being sold to local dealers in such products. All production was sold as soon as a saleable quantity became available. The mine has not been operated since April, 1957.

B. Audit of Settlement Statements

A considerable amount of preaudit work was done in the DMEA office, Region V, Knoxville, Tennessee, prior to the field audit. During this preaudit work a statement of royalty received was prepared from copies of Mica Purchase Depot settlement sheets and other documents and reports supporting royalty payments by the Operator. The royalty receipts were verified with deposits made by the regional Finance Officer. All of the data included in the statement were confirmed by detailed recomputation. This statement, which is filed as a part of my audit work papers, was reconciled with the production and sales records maintained by Sam L. Phillips. The statement was also checked and found to be in agreement with the purchase records of the Depot so far as sales to it were concerned.

## IV. CONCLUSIONS

A summary analysis of the production and sales subject to DMEA royalty follows:

| Item | Production Pounds | Sales |
|---|---|---|
| Sheet mica | 562.11 | $7,925.48 |
| Hand-cobbed mica | 12,280.00 | 1,560.68 |
| Scrap mica | 14,910.00 | 223.65 |
| Punch mica | 2,175.00 | 125.75 |
| Totals | 29,927.11 | $9,835.56 |
| Royalty due at 5% | | $ 491.89 |
| Royalty paid | | 491.89 |
| Balance of Royalty Due | | - 0 - |

The audit has determined that all indicated sales of mica produced from the property from the date of the contract to February 18, 1958, have been properly accounted for and the royalty due the Government has been paid.

C. E. Fisher, Auditor

March 12, 1958

Check Sheet of Examining Engineer

Operator's Name John Phillips

Address Spruce Pine, North Carolina

Roby Prospect

Exploration Contract No. Idm-E1005 Docket No. DMEA-4239

| | Check One Yes | No |
|---|---|---|
| 1. (a) Does the Operator stockpile ore subject to royalty repayment? | | X |
| (b) If so, is segregation and identification procedure adequate? | | |
| 2. (a) Does Operator commingle production subject to DMEA royalties with exempt production? | | X |
| (b) If so, do you consider the allocation of the commingled production equitable? | | |
| 3. (a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period? | X | |
| (b) If so, are adequate records maintained on such material to protect the Government's interest? | X | |
| 4. Do you consider the assay controls in effect are adequate? | X | |
| 5. Do you consider that the manner of disposing of production gives the Government its fair royalty returns? | X | |
| 6. Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA royalties? | X | |
| 7. Does the Operator buy from or sell to other Operators? | | X |

8. Comment on any item 2 (b) to 6 if answer is No.

3. (a) Operator stockpiled mica scrap until a sufficient amount had been obtained to make a sale. Mine is not in operation.

Date 2-19-58

Wm. A. Beck, Mining Engineer

82448

MAR 13 1958

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

Re: Docket No. DMF1-4239 (Mica)
John Phillips
Roby Prospect
Mitchell County, North Carolina
Contract No. Idm-71005

Dear Mr. Laurence:

I am enclosing the original and two copies of Mr. Fisher's royalty audit certificate and report dated March 11, 1958, pertaining to the subject contract.

If you concur with the findings, the original should be forwarded to the Regional Finance Officer, a copy should be retained in your files, and a copy should be sent to the Operator.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

Enclosures

CEFisher/ama
March 13, 1958

Copy to: Docket
Admr. Reading File
Helen R. Miller
Mr. Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHEDULES
OF PAYMENTS

October 18, 1957

12/25 C 22 Q

[redacted]

[redacted] Helen Miller, Region V - Morris, Tennessee

[redacted] Executive Officer, DMEA Field Team, Region V

[redacted] DMEA-4239, Idm-[redacted]-Mica. John Phillips, Spruce Pine, N. C., [redacted] Mine, Mitchell County, N.C.

Enclosed is a letter from the Operator, requesting [redacted] of royalty, and three settlement sheets for sal[redacted] [redacted] to the [redacted] Depot, as follows:

| [redacted] | [redacted] | Royalty Due | Royalty Paid |
|---|---|---|---|
| [redacted] | [redacted] | $20.15 | $25.00 |
| [redacted] | [redacted] | 12.53 | 25.00 |
| [redacted] | [redacted] | 19.73 | 15.00 |
| | $[redacted].35 | $52.41 | $65.00 |

Thus it appears that Mr. Phillips is entitled to a refund of $12.59, although he has claimed only $12.47. No [redacted] are expected, so the overpayment cannot be [redacted] against future royalties.

[redacted] A. Lawrence

12.47

Helen R. M[illegible]

Date [redacted] 23 1957

Bu. Vou. 75

GENE[illegible] RVICES ADMINISTRATION

REGION 3

# FINAL SETTLEMENT

MICA PURCHASING DEPOT, SPRUCE PINE, N. C.

| | | | | | |
|---|---|---|---|---|---|
| CERTIFICATE AUTHORIZATION NO. [redacted] | | LOT NO. SP [redacted] (a) | | DATE PURCHASED [redacted] | |
| | | | | ACCEPTANCE NO. [redacted] | |
| | TOTAL WGT. (LBS.) | LBS. - G. S. | LBS. - STAINED | VOUCHER NO. | |
| PROCESSED FOR PAYMENT | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| PROCESSED - NO PAYMENT | | | | | |
| THINS | | | | | |
| BLACK - DOTS / SPOTS / STAIN | | | | | |
| UNDERSIZED | | | | | |
| PROCESS - GAIN / LOSS | | | | | |
| TOTAL LBS. PURCHASED | [redacted] | | | | |
| LESS: INITIAL PAYMENT - VOUCHER NO. [redacted] | | | | | |
| BALANCE DUE | | | | | |

FOR USE OF CERTIFYING OFFICER

SELLER'S NAME AND ADDRESS

[redacted]

GOVERNMENT ☐ SELLER [redacted]

NAME OF MINE AND LOCATION

[redacted]

DMEA-4200

APPROVED

[redacted]

DEPOT SUPERINTENDENT

DATE 7-10-57

R3 T152 JULY 1957

GENERAL ADMINISTRATION

MICA PURCHASING

CERTIFICATE AUTHORIZATION NO.

VALUE

PROCESSED FOR PAYMENT

PROCESSED - NO PAYMENT

THINS

BLACK - DOTS SPOTS STAIN

UNDERSIZED

PROCESS - TAIN LOSS

TOTAL LBS. PURCHASED

LESS: INTERIM PAYMENT

BALANCE DUE

OFFICIAL FOR USE

DMEA

RECEIVED

GOVERNMENT

SELLER

SELLER'S NAME AND ADDRESS

NAME OF MINE AND LOCATION

APPROVED

TEPCO SUPERINTENDENT

DATE

Form R4-T3 May 1956

GENERAL SERVICES ADMINISTRATION

FINAL SETTLEMENT

MICA PURCHASING DEPOT, SPRUCE PINE, N. C.

DATE PURCHASED

ACCEPTANCE NO.

CERTIFICATE AUTHORIZATION NO.

LOT NO. SP

VOUCHER NO.

| | TOTAL WGT (LBS) | LBS. - G. S. | LBS. - STAINED | LBS.-HVY.STAINED | TOTAL VALUE |
|---|---|---|---|---|---|
| PROCESSED FOR PAYMENT | | | | | |
| PROCESSED - NO PAYMENT | | | | | |
| THINS | | | | | |
| BLACK - DOWN GRADE | | | | | |
| UNDERSIZED | | | | | |
| PROCESS - GAIN LOSS | | | | | |
| TOTAL LBS. PURCHASED | | | | | |

FOR USE OF CERTIFYING OFFICER

OFFICIAL FILE COPY

OMEA

RECEIVED

DATE

LESS: INITIAL PAYMENT VOUCHER NO. SCH. NO.

BALANCE DUE GOVERNMENT ☒ SELLER ☐

SELLER'S NAME AND ADDRESS

NAME OF MINE AND LOCATION

APPROVED

DEPOT SUPERINTENDENT DATE

OMEA -

Form R4-T10, May 1954

ORIGINAL FILE COPY
RECEIVED

Your [illegible] show... [illegible] amount

Administrative [illegible]

Billed - Lot SF BC-1[illegible] (a)
Lot SF BC-1[illegible] (a) - Total value -
Previous [illegible]
Amount of overpayment
Balance due the Government - Lot SF BC-[illegible]

[illegible] 99
[illegible] 35

D/MEA-4[illegible]

OFFICIAL FILE COPY
D M E A
RECEIVED OCT 25 1957

| DATE | INITIALS | CODE |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Spruce Pine, North Carolina
October [illegible], 1957

Mr. Robert A. Laurence, Executive Officer
D.M.E.A., Region I
Room 12, Post Office Building
Knoxville, Tennessee

Dear Mr. Laurence:

Re: Rob[illegible] Mining Company
D[illegible]99

In April we were paid $499.99 for m[illegible] from the above-named Mining Company, when we [illegible] for the mica we had been over pa[illegible] The Partners are making up this a[illegible] will pa[illegible] back to General Services Administ[illegible]

On April 16, 1957 we paid you roy[illegible] on the full amount of $499.99, si[illegible] of this amount back we will apprec[illegible] a check for $12.47 for 5% roya[illegible]

Thanking you, I am

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

| EXTRA COPY DMEA RECEIVED 0 957 | | |
|---|---|---|
| DATE | INITIALS | CODE |
| 10/17 | 6 8 9 | 800 |
| | | |
| | | |
| | | |
| | | |

October 15, 1957

Mr. John Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-4239 (mica)
Roby Mine
Mitchell County, North Carolina
Contract No. Idm-K1005

Dear Mr. Phillips:

In discussing the royalty payments today, Mrs. Grindstaff explained that, in the final settlements with the Depot the overpayment on the April 1 sale and the underpayment on the April 19 sale almost exactly cancelled each other, leaving $2.35 overpayment to be refunded to the Depot.

In order that our records will show that final settlement on these two sales has been made and no royalty is due on them, please send me copies of the settlement sheets from the Depot.

Sincerely yours,

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

RAL/mg
cc
Operating Committee (2)
Mr. V. J. Lynch
File

E-1005

For Certificate of Deposit No. 106, dated May 21, 1957, giving royalty payment of $11.82, see E-57.

For Certificate of Deposit No. 101, dated May 9, 1957, giving royalty payment of $11.04, see E-980.

E-1005

For Certificate of Deposit No. 97, dated May 1, 1957, giving royalty payment of $61.38, see E-659.

E-1005

For Certificate of Deposit No. 96, dated April 25, 1957, giving royalty payment of $9;38, see E-161.

For Certificate of Deposit No. 95, dated April 23, 1957, giving royalty payments of $2.37, $36.60, and $25.00 see E-98.

Oak Ridge, Tennessee

# THIS DEPOSIT IS NOT SUBJECT TO CHECK

| DEPOSIT NO. |
|---|
| 14-23-070-91 |

For credit of 1428 Br. Trsy. [redacted]ional Office, Oak Ridge, Tenn. [redacted]/11/57
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

$ 80.79

for accounts listed below. SCHEDULE NOS.

| ACCOUNT SYMBOL | TITLE OF ACCOUNT TO BE CREDITED | AMOUNT |
|---|---|---|
| 14X4401 | Idm-E1008 John Phillips (Royalty Payment) | 48.74 |
| | Idm-E1005 John Phillips (Royalty Payment) | 32.05 |

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen R. Miller, Adm. Asst.
P. O. Box 217
Norris, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

# THIS DEPOSIT IS NOT SUBJECT TO CHECK

Oak Ridge, Tennessee

DEPOSIT NO. 14-23-070-89

For credit of 1428 Br. Trsy. National Office, Oak Ridge, Tenn. [redacted]/8/57
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

$ 1.81

for accounts listed below. SCHEDULE NOS.

| ACCOUNT SYMBOL | TITLE OF ACCOUNT TO BE CREDITED | AMOUNT |
|---|---|---|
| 14X4401 | Idm-E1005 John Phillips (Royalty Payment) | $1.81 |

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen R. Miller, Adm. Asst.
P. O. Box 217
Norris, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

DEC 9 1957

(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

E-1005

For Certificate of Deposit No. 87, dated April 2, 1957, giving royalty payment of $43.46, see E-245.

E-1005

For Certificate of Deposit No. 86, dated March 26, 1957, giving royalty payment of $23.11, see E-98.

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service.

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Oak Ridge, Tennessee

DEPOSIT NO. 14-23-070-85

For credit of 1428 Dr. Troy. [redacted]gional Office, Oak Ridge, Tenn. [redacted]3/21/57
(Name, title, and disbursing or other identification symbol of accountable officer) (Date sent)

deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

$ 4.40

for accounts listed below. SCHEDULE NOS.

| ACCOUNT SYMBOL | TITLE OF ACCOUNT TO BE CREDITED | AMOUNT |
|---|---|---|
| 14X4401 | Idm-F1005 John Phillips (Royalty Payment) | $4.40 |

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen R. Miller, Adm. Asst.
P. O. Box 217
Norris, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

MAR 21 1957

(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

E-1005

For Certificate of Deposit No. 83, dated March 18, 1957, giving royalty payments of $3.19 and $30.76, see E-392.

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

# THIS DEPOSIT IS NOT SUBJECT TO CHECK

Oak Ridge, Tennessee

DEPOSIT NO. 14-23-070-78

For credit of 1428 Br. Trsy. Regional Office, Oak Ridge, Tenn. 2/21/57
(Name, title, and disbursing or[illegible]r identification symbol of accountable officer) [illegible]ate sent)

deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

$ 48.28

for accounts listed below. SCHEDULE NOS.

| ACCOUNT SYMBOL | TITLE OF ACCOUNT TO BE CREDITED | AMOUNT |
|---|---|---|
| 14X4401 | Idm-E1005 John Phillips (Royalty Payment) | 48.28 |

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen R. Miller, Adm. Asst.
P. O. Box 217
Morris, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

TRIPLICATE

STANDARD FORM 261 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

Oak Ridge, Tennessee

# THIS DEPOSIT IS NOT SUBJECT TO CHECK

DEPOSIT NO. 14-23-070-73

For credit of 1428 Br. Trsy. [redacted]ional Office, Oak Ridge, Tenn. [redacted]/11/57
(Name, title, and disbursing or [redacted]r identification symbol of accountable officer) (Date sent)

deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

$ 33.26

for accounts listed below. SCHEDULE NOS.

| ACCOUNT SYMBOL | TITLE OF ACCOUNT TO BE CREDITED | AMOUNT |
|---|---|---|
| 14X4401 | Idm-E1005 John Phillips (Royalty Payment) | $33.26 |

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen R. Miller, Adm. Asst.
P. O. Box 217
Norris, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

Thomas J. Duncan Auditor
(Authorized signature)

FEB 11 1957
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

E-1005

For Certificate of Deposit No. 70, dated February 4, 1957, giving royalty payment of $36.87, see E-57.

E-1005

For Certificate of Deposit No. 69, dated January 29, 1957, giving royalty payment of $2.86, see E-311.

E-1005

For Certificate of Deposit No. 67, dated January 25, 1957, giving royalty payment of $9.78, see E-865.

E-1005

For Certificate of Deposit No. 66, dated January 22, 1957, giving royalty payment of $61.11, see E-194.

E-1005

For Certificate of Deposit No. 51, dated November 20, 1956, giving royalty payment of $15.83, see E-57.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

John Phillips

Spruce Pine, North Carolina

pertaining to Exploration Project Contract No. Idm-R1005, DMEA-No. 4239, for the months of September 1956, to January 1957, inclusive, covering a project for the exploration of mica on property, known as the Roby Prospect 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 correspondence, 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 | | $6,612.00 |
| Exceptions: | | |
| Prior to this review | $ -0- | |
| Herewith | -0- | -0- |
| Total Accepted Cost | | $6,612.00 |

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 Four thousand nine hundred fifty-nine and no/100 Dollars

**$4,959.00**

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

E. D. Talbert, Auditor

February 13, 1957

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

WASHINGTON 25, D.C.

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 11 1957

| DATE | INITIALS | CODE |
|---|---|---|
| 2-12 | C | 220 |
| | | 800 |
| | | |
| | | |
| | | |
| | | |
| | | |

February 8, 1957

Memorandum

To: Jay L. Chambers, Chief Contract Administration and Audit Division

From: Executive Officer, DMEA - Region V - Knoxville

Subject: Completion of DMEA-4239, Idm-E1005-Mica.
John Phillips, Spruce Pine, N.C.,
Roby Prospect, Mitchell County, N.C.

Work on this prospect has been completed, the Operator's final report has been received, and the final MF-104 has been approved and forwarded to the Finance Office today.

Work done under this contract, and verified by our field examiners is:

Road Construction excavation, 300 cu. yds.
Construction of toolhouse and magazines.
Rehabilitation of existing incline, 30 feet.
Sinking inclined shaft, 50 feet.
Drifting and/or crosscutting, 100 feet.

Several royalty payments have been received, but there is still some unprocessed mica, and undoubtedly more will be recovered and sold from continuing operations.

A report of review is now in order.

V. J. Lynch, Member
Bureau of Mines

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

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- 45

# OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of January, 1957 Docket No. DMEA 4239 Contract No. Idm-E 1005
Operator's Name John Phillips Minerals Mica
Address Spruce Pine, N.C.
Contract Amount, $ 6,612.00 Government Participation: 75 % Amount, $ 4,959.00

| 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 | | 120.00 | 120.00 | | | |
| Crosscutting | | | | | | |
| 22' Drifting @ $ 36.80 | 809.60 | 2870.40 | 3680.00 | | | |
| Incline | | 2225.00 | 2225.00 | | | |
| (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 | | 471.00 | 471.00 | | | |
| (6) New Bldgs., Improvements, etc. | | 77.00 | 77.00 | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | | | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | | | | | | |
| Liability Insurance | | | | | | |
| Powder & Exploder Mags. | | 39.00 | 39.00 | | | |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | 809.60 | 5802.40 | 6612.00 | 809.60 | 5802.40 | 6612.00 |

RECEIVED FEB 11 1957 D.M.E.A.

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

Date 2-1-57 *Payee John Phillips

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:

$ 607.20

Signature Helen R. Melin
(Authorized Certifying Officer)

Date FEB 8 1957 Vou. No. 123

(See other side)

547

1/31 e

202.00

(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. Idn-E 1005 in accordance with the terms of the contract.

Signature Lawrence E. Shirley Title Mining Engr. U.S.B.M. Date Feb. 6, 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lowman Title EXECUTIVE OFFICER REGION V Date FEB 7 1957

# 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 FEB 11 1957 D.M.E.A.

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

Month of January 195 7 Docket No. DMEA 4239 Contract No. Idm-E 1005
Operator's Name John Phillips Minerals Mica
Address Spruce Pine, N.C.

| OPERATION | UNIT | COSTS THIS MONTH | UNITS THIS MONTH | COSTS TO DATE | UNITS TO DATE | UNIT COSTS TO DATE | AUTHORIZED BY CONTRACT Units | AUTHORIZED BY CONTRACT Unit Costs |
|---|---|---|---|---|---|---|---|---|
| Drifting | Ft. | 809.60 | 22 | 3680.00 | 100 | 36.80 | 100 | 36.80 |
| ~~Crosscutting~~ Incline | Ft. | | | 2225.00 | 50 | 44.50 | 50 | 44.50 |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | | | | | | | |
| Churn | | | | | | | | |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| Bulldozing | Hrs. | | | 120.00 | 12 | 10.00 | 12 | 10.00 |
| TOTAL DISTRIBUTED COSTS | | 809.60 | | 6025.00 | | | | TOTAL COSTS AUTHORIZED BY CONTRACT |
| Operating Equipment Purchased | | | | | | | | |
| Initial Rehabilitation and Repairs | | | | 471.00 | | | | |
| New Buildings, Improvements, etc. | | | | 77.00 | | | | |
| Powder & Exploder Mags. | | | | 39.00 | | | | |
| TOTAL COSTS | | 809.60 | | 6612.00 | | | | |

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 2-1-57 Operator John Phillips

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.

REMARKS:

(Instructions on reverse)

(For Government use only)

L. E. Shirley
MINING ENGINEER
U. S. BUREAU OF MINES
Feb. 6, 1957

## 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

DMEA- #4239, Idm=E 1005

Roby Prospect

Work Accomplished:

In this month we completed 22' of drift, making a total of 100' of drift, which completed our contract. We are still working at this mine and are finding some mica, from the entire contract we have recovered approximately $2,000.00 worth of mica.

Daily Notes:

| | |
|---|---|
| 2 - 11 : | Shot, drilled and mucked out waste daily. |
| 14 - 18: | Continued work on drift, making good progress. |
| 21 - 25 : | We completed 22' of drift making a total of 100' of drift, which completed the contract. |
| 28 - 31 | From the contract we recovered approximately $2,000.00 worth of mica. |

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-

# OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of December, 1956 Docket No. DMEA 4239 Contract No. Idm-E 1005
Operator's Name John Phillips Minerals Mica
Address Spruce Pine, N.C.
Contract Amount, $ 6,612.00 Government Participation: 75 % Amount, $ 4,959.00

| ITEMS OF COSTS | FOR OPERATOR'S USE | | | FOR GOVERNMENT USE ONLY | | |
|---|---|---|---|---|---|---|
| | Monthly Total | Totals Previously Reported | Totals To Date | Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
| (1) Independent Short Form Contracts: | | | | | | |
| Drilling | | | | | | |
| Bulldozing | | 120.00 | 120.00 | | | |
| Crosscutting | | | | | | |
| 20 Drifting @ 36.80 | 736.00 | 2134.40 | 2870.40 | | | |
| Incline | | 2225.00 | 2225.00 | | | |
| (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 | | 471.00 | 471.00 | | | |
| (6) New Bldgs., Improvements, etc. | | 77.00 | 77.00 | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | | | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | | | | | | |
| Liability Insurance | | | | | | |
| Powder & Exploder Mags. | | 39.00 | 39.00 | | | |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | 736.00 | 5066.40 | 5802.40 | 736.00 | 5066.40 | 5802.40 |

RECEIVED JAN 7 1957 D.M.E.A.

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

Date 12-31-56 *Payee John Phillips

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:

$ 552.00

Signature Helen R. Miller
(Authorized Certifying Officer)

Date JAN 4 1957 Vou. No. 99
(See other side)

4

184.00

(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. E1005 in accordance with the terms of the contract.

Signature S. C. Bergman Title GEOLOGIST, U. S. G. S. Date JAN 2 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. J. Lynch Title ACTING EXECUTIVE OFFICER DMEA - REGION V Date JAN 2 1957

# 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 JAN 2 1957 D.M.E.A.

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

Month of December 1956 Docket No. DMEA 4239 Contract No. Idm-E 1005
Operator's Name John Phillips Minerals Mica
Address Spruce Pine, N.C.

| OPERATION | UNIT | COSTS THIS MONTH | UNITS THIS MONTH | COSTS TO DATE | UNITS TO DATE | UNIT COSTS TO DATE | AUTHORIZED BY CONTRACT Units | AUTHORIZED BY CONTRACT Unit Costs |
|---|---|---|---|---|---|---|---|---|
| 20 Drifting @ 36.80 | Ft. | 736.00 | 20 | 2870.40 | 78 | 36.80 | 100 | 36.80 |
| ~~Crosscutting~~ Incline | Ft. | | | 2225.00 | 50 | 44.50 | 50 | 44.50 |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | | | | | | | |
| Churn | | | | | | | | |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| Bulldozing | Hrs. | | | 120.00 | 12 | 10.00 | 12 | 10.00 |
| TOTAL DISTRIBUTED COSTS | | 736.00 | | 5215.40 | | | | TOTAL COSTS AUTHORIZED BY CONTRACT |
| Operating Equipment Purchased | | | | | | | | |
| Initial Rehabilitation and Repairs | | | | 471.00 | | | | |
| New Buildings, Improvements, etc. | | | | 77.00 | | | | |
| Powder & Exploder Mags. | | | | 39.00 | | | | |
| TOTAL COSTS | | 736.00 | | 5802.40 | | | | |

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 12-31-56 Operator John Phillips

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) S. C. Bergman
GEOLOGIST, U. S. G. S. JAN. 2 1957

## INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
JAN 5 1957
DMEA

OPERATOR'S

Monthly Progress Report

DMEA-#4239, Idm-E1005

Roby Prospect

Work Accomplished:

In this month we completed 20' of drift, making a total of 78' to date. We are finding some large mica, however it is not of very good quality.

3 - 7 : Drilled, shot, and mucked out waste.

10 - 14 : We completed 20' of drift in this month.

17 - 21 : Total drift to date is 78', we are finding some mica.

24 - 31 : We have recovered some large mica, but it is not very good quality.

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-

# OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of ~~December~~ November 1956 Docket No. DMEA 4239 Contract No. Idm-E 1005

Operator's Name John Phillips Minerals Mica

Address Spruce Pine, N.C.

Contract Amount, $ 6,612.00 Government Participation: 75% Amount, $ 4,959.00

| ITEMS OF COSTS | FOR OPERATOR'S USE | | | FOR GOVERNMENT USE ONLY | | |
|---|---|---|---|---|---|---|
| | Monthly Total | Totals Previously Reported | Totals To Date | Approved Monthly Total | Approved Totals Previously Reported | Approved Totals To Date |
| (1) Independent / Short Form } Contracts: | | | | | | |
| Drilling | | | | | | |
| Bulldozing | | 120.00 | 120.00 | | | |
| Crosscutting | | | | | | |
| 48' Drifting @ $36.80 | 1766.40 | 368.00 | 2134.40 | | | |
| Inline | | 2225.00 | 2225.00 | | | |
| (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 | | 471.00 | 471.00 | | | |
| (6) New Bldgs., Improvements, etc. | | 77.00 | 77.00 | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | | | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | | | | | | |
| Liability Insurance | | | | | | |
| Powder & Exploder Mags. | | 39.00 | 39.00 | | | |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | 1766.40 | 3300.00 | 5066.40 | 1766.40 | 3300.00 | 5066.40 |

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

Date 12-3-56 *Payee John Phillips

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:

$ 1324.80

Signature Helen R. Miller
(Authorized Certifying Officer)

Date DEC 6 1956 Vou. No. 37
(See other side)

3

44.60

(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-1005 in accordance with the terms of the contract.

Signature Alfred R. Taylor Title GEOLOGIST, U. S. G. S. Date DEC 5 1956

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature V. J. Lynch Title ACTING EXECUTIVE OFFICER DMEA - REGION V Date DEC 4 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

# UNITED STATES
# DEPARTMENT OF THE INTERIOR

## DEFENSE MINERALS EXPLORATION ADMINISTRATION

## OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of ~~Dec.~~ November 1956 Docket No. DMEA 4239 Contract No. ~~Idm-E 1005~~

Operator's Name John Phillips Minerals Mica

Address Spruce Pine, N.C.

| OPERATION | UNIT | COSTS THIS MONTH | UNITS THIS MONTH | COSTS TO DATE | UNITS TO DATE | UNIT COSTS TO DATE | AUTHORIZED BY CONTRACT Units | AUTHORIZED BY CONTRACT Unit Costs |
|---|---|---|---|---|---|---|---|---|
| 48' Drifting @ $36.80 | Ft. | 1766.40 | 48 | 2134.40 | 58 | 36.80 | 100 | 36.80 |
| ~~Crosscutting~~ Incline | Ft. | | | 2225.00 | 50 | 44.50 | 50 | 44.50 |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | | | | | | | |
| Churn | | | | | | | | |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| Bulldozing | | | | 120.00 | 12 | 10.00 | 12 | 10.00 |
| TOTAL DISTRIBUTED COSTS | | 1766.40 | | 4479.40 | | | | TOTAL COSTS AUTHORIZED BY CONTRACT |
| Operating Equipment Purchased | | | | | | | | |
| Initial Rehabilitation and Repairs | | | | 471.00 | | | | |
| New Buildings, Improvements, etc. | | | | 77.00 | | | | |
| Powder & Exploder Mags. | | | | 39.00 | | | | |
| TOTAL COSTS | | 1766.40 | | 5066.40 | | | | |

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 12-3-56 Operator John Phillips

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.

REMARKS:

(Instructions on reverse)

(For Government use only)

Alfred R. Taylor
GEOLOGIST, U. S. G. S.

DEC 5 1956

## 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

DMEA-4239, Idm-E 1005

Roby Prospect

Work Accomplished:

In this month we have completed 48' of drift, making a total of 58' to date. We are still in vein material, making good progress, and are recovering some mica.

Daily Notes:

| | |
|---|---|
| 1 - 9 | Drilled, shot, mucked out waste, and pumped water daily. |
| 12 - 16 | We are still in vein material, and are making good progress. |
| 19 - 23 | There are three men working full time, and we are recovering some mica. |
| 26 - 30 | We completed 48' of drift this month, making a total of 58' of drift to date. |

NOTE:

15' of Incline was turned in as Drift last month in error, therefore I'm turning in 15' Incline at $7.70 this month, which is the difference in the price between Incline and Draft.

John Phillips

NOTE:

15' of Incline was turned in as Drift last month in error, therefore I'm turning in 15' Incline at $7.70 this month, which is the difference in the price between Incline and Drift.

John Phillips

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

Budget Bureau No. 42-R1036.5

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

ON VOUCHER & SCHEDULE OF PAYMENTS K-

# OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October, 1956 Docket No. DMEA 4239 Contract No. Idm-E 1005

Operator's Name John Phillips Minerals Mica

Address Spruce Pine, N.C.

Contract Amount, $ 6,612.00 Government Participation: 75 % Amount, $ 4,959.00

| 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 | | 120.00 | 120.00 | | | |
| Crosscutting | | | | | | |
| 10' Drifting @ $36.80 | 368.00 | | 368.00 | | | |
| 35' Incline @ $44.50 | 1557.50 | | 2225.00 | | | |
| 15' Incline @ $7.70 | 115.50 | 552.00 | | | | |
| (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 | | 471.00 | 471.00 | | | |
| (6) New Bldgs., Improvements, etc. | | 77.00 | 77.00 | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | | | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | | | | | | |
| Liability Insurance | | | | | | |
| Powder & Exploder Mags. | | 39.00 | 39.00 | | | |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | 2041.00 | 1259.00 | 3300.00 | 2041.00 | 1259.00 | 3300.00 |

RECEIVED NOV 16 1956 D.M.E.A.

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

Date 11-1-56 *Payee John Phillips

Per [signature] 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:

$ 1530.75

Signature Helen R. Miller (Authorized Certifying Officer)

Date NOV 14 1956 Vou. No. 71

(See other side)

15' of Incline @ 7.70 a foot included to correct error in Sept. voucher.

(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. E1005 in accordance with the terms of the contract.

Signature S. C. Bergman Title Geologist USGS Date 11/5/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION V Date NOV 9 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.

GPO 872893

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED NOV 16 1956 D.M.E.A.

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

Month of Oct. 195 6 Docket No. DMEA 4239 Contract No. ~~Mm-E~~ 1005
Operator's Name John Phillips Minerals Mica
Address Spruce Pine, N.C.

| OPERATION | Unit | Costs This Month | Units This Month | Costs to Date | Units to Date | Unit Costs to Date | Authorized by Contract: Units | Authorized by Contract: Unit Costs |
|---|---|---|---|---|---|---|---|---|
| 10' Drifting @ $36.80 | Ft. | 368.00 | 10 | 368.00 | 10 | 36.80 | 100 | 36.80 |
| 35' ~~Crosscuts~~ Incline @$44.50 | Ft. | 1557.50 | 35 | 1557.50 | 50 | 44.50 | 50 | 44.50 |
| 15' ~~Raising~~ Incline @$ 7.70 | Ft. | 115.50 | 15 | 667.50 | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | | | | | | | |
| Churn | | | | | | | | |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| Roads and Trails | | | | | | | | |
| Bulldozing @ $10.00 | Hrs. | | | 120.00 | 12 | 10.00 | 12 | 10.00 |
| Total Distributed Costs | | 2041.00 | | 2713.00 | | | | Total Costs Authorized by Contract |
| Operating Equipment Purchased | | | | | | | | |
| Initial Rehabilitation and Repairs | | | | 471.00 | | | | |
| New Buildings, Improvements, etc. | | | | 77.00 | | | | |
| Powder & Exploder Mags. | | | | 39.00 | | | | |
| Total Costs | | 2041.00 | | 3300.00 | | | | |

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

Date 11-1-56 Operator John Phillips

Per [signature] 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.

Remarks:

(Instructions on reverse)

(For Government use only)

S. C. Bergman - Geologist USGS, 11/5/56

15' of Incline @ 7.70 a foot included to correct error in sept. voucher.

## INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
NOV 16 1956
D.M.E.A.

OPERATOR'S

Monthly Progress Report

DMEA-4239, Idm-E 1005

Roby Prospect

**Work Accomplished:**

We completed 35' of incline in this month, making a total of 50' of incline, we have also completed 10' of drift. There is a good size vein, approximately 20' wide, however we are finding very little mica.

**Daily Notes:**

1 - 5 : Drilled, shot and mucked out waste daily, pumped out water daily.

8 - 12 : There is a good size vein, but we are finding very little mica.

15 - 19 : We completed 35' of incline, making a total of 50'.

22 - 31 : We completed 10' of drift. There are three men working full time.

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

RECEIVED
OCT 29 1956

October 24, 1956

Memorandum

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

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

Subject: Docket No. DMEA-4239, Contract I&m-E1005 (Mica)
John Phillips, Spruce Pine, North Carolina
Roby Prospect, Mitchell County, North Carolina

Reference is made to your letter of October 19, 1956.

The interim report was correct; shaft-sinking is still continuing. The voucher was approved only for the $1259.00 which the Operator claimed.

Some time ago, we were advised by Mr. Talbert that we are not authorized to add the difference in such cases; therefore, we will approve the next voucher for the increased amount if the Operator claims it on his next voucher.

Robert A. Laurence
Executive Officer

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

RAL/mg
cc - Operating Committee (2)
Lynch
Shirley
File

C
O
P
Y

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

October 19, 1956

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

Re: Docket No. DMEA-4239-mica
John Phillips
Roby Prospect
Mitchell County, North Carolina
Contract No. Idm-E1005

Dear Mr. Laurence:

Reference is made to the Field Team Interim Report of October 2, 1956, and the Operator's Voucher and Progress Report for the month of September, 1956.

There appears to be a discrepancy between these two reports. The Field Team reports 18 feet of shaft sinking while the operator reports 15 feet of drifting. The operator was paid $36.80 per foot for the new work. If it was shaft work as reported by the Field Team, it should be $44.50 per foot.

Please check this apparent discrepancy and make the necessary correction.

Sincerely yours,

/s/ George C. Selfridge

Chairman, Operating Committee

APPROVED:

/s/ Frank D. Lamb
Member, Bureau of Mines

/s/ N. E. Nelson
Member, 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
RECEIVED
OCT 15 1956

# OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of September, 1956 Docket No. DMEA 4239 Contract No. Idm-E 1005
Operator's Name John Phillips Minerals
Address Spruce Pine, N.C.
Contract Amount, $ 6,612.00 Government Participation: 75% Amount, $ 4,959.00

| 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 | | | | | | |
| 12 hrs. Bulldozing @ $10.00 | 120.00 | | 120.00 | | | |
| Crosscutting | | | | | | |
| 15' Drifting @ $36.80 | 552.00 | | 552.00 | | | |
| (2) Labor and Supervision: | | | | | | |
| Labor | | | | | | |
| Supervision | | | | | | |
| Technical Services | | | | | | |
| (3) Operating Mat'ls. and Supplies: | | | | | | |
| Timber | | | | | | |
| Explosives | | | | | | |
| Pipe | | | | | | |
| Track | | | | | | |
| (4) Operating Equipment: | | | | | | |
| Rental | | | | | | |
| Purchase | | | | | | |
| Depreciation | | | | | | |
| (30' Incline shaft @ $15.70) | | | | | | |
| (5) Initial Rehabilitation and Repairs | 471.00 | | 471.00 | | | |
| (6) New Bldgs., Improvements, etc. | 77.00 | | 77.00 | | | |
| (7) Miscellaneous: | | | | | | |
| Repairs to Equipment | | | | | | |
| Sampling and Analysis | | | | | | |
| Payroll Taxes | | | | | | |
| Liability Insurance | | | | | | |
| Powder & Exploder Mags. | 39.00 | | 39.00 | | | |
| (8) Contingencies (specify): | | | | | | |
| TOTALS | 1259.00 | | 1259.00 | 1259.00 | | 1259.00 |

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

Date 10-1-56 *Payee John Phillips

Per John Phillips Title Operator

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

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

(Instructions on reverse)

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

$ 944.25

Signature Helen R. Miller
(Authorized Certifying Officer)

Date OCT 11 1956 Vou. No. 56
(See other side)

59/10

314.75

(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 1095 in accordance with the terms of the contract.

Signature S.C. Bergman Title Geologist, USGS Date 10/8/56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lemmon Title EXECUTIVE OFFICER DMEA REGION V Date OCT 8 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

# UNITED STATES
# DEPARTMENT OF THE INTERIOR

## DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED
OCT 15 1956

# OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Sept. 1956 Docket No. DMEA 4239 Contract No. Idm-E 1005
Operator's Name John Phillips Minerals Mica
Address Spruce Pine, N.C.

| OPERATION | Unit | Costs This Month | Units This Month | Costs to Date | Units to Date | Unit Costs to Date | Authorized by Contract: Units | Authorized by Contract: Unit Costs |
|---|---|---|---|---|---|---|---|---|
| 15' Drifting @ $36.80 | Ft. | 552.00 | 15 | 552.00 | 15 | 36.80 | 100 | 36.80 |
| Crosscutting | | | | | | | | |
| Raising | | | | | | | | |
| Shafts | | | | | | | | |
| Winzes | | | | | | | | |
| Drilling: Core | | | | | | | | |
| Churn | | | | | | | | |
| Auger | | | | | | | | |
| Stripping | | | | | | | | |
| Trenching | | | | | | | | |
| Test Pits | | | | | | | | |
| 12 hrs. Bulldozing | | | | | | | | |
| Roads and Trails @ $10.00 | Hrs. | 120.00 | 12 | 120.00 | 12 | 10.00 | 12 | 10.00 |
| Total Distributed Costs | | 672.00 | | 672.00 | | | | Total Costs Authorized by Contract |
| Operating Equipment Purchased | | | | | | | | |
| Initial Rehabilitation and Repairs | | 471.00 | | 471.00 | | | | |
| New Buildings, Improvements, etc. | | 77.00 | | 77.00 | | | | |
| Powder & Exploder Mags. | | 39.00 | | 39.00 | | | | |
| Total Costs | | 1259.00 | | 1259.00 | | | | |

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

Date 10-16-56 Operator John Phillips

Per John Phillips Title Operator

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

Remarks:

(Instructions on reverse)

(For Government use only)

S. C. Bergman - Geologist USGS
10/8/56

## 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

September, 1956

DMEA - 4239 - Roby Prospect

Idm-E 1005

Work Began: September 10, 1956

Work Accomplished:

300 cubit yards of road access , and rehabilitation of 30 feet of incline shaft has b een completed in this month. Toolhouse and magazines were constructed, and 15 feet of drift has been completed. There is a good size vein approximately 7 feet wide. ~~Sometimes~~ We are finding some mica, but it is not very good quality.

Daily Notes:

10 - 14 : Bulldozed 300 cubit yards of road access to project.

17 - 21 : Constructed toolhouse and magazines, begain rehabilitation of incline shaft.

24 - 30 : We completed 15 feet of drift, good size vein approximately 7 ' wide,finding some not very good quality mica.

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

[illegible]

To: [illegible] Mr. [illegible] Williams

[illegible] Spruce Pine, North Carolina

Pursuant to the provisions of Exploration Project Contract No. [illegible]-1005, dated August 31, 1956, Docket No. [illegible], hereinafter called the "contract", between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

The nature of said discovery or development is described broadly or indicated as follows:

Shaft sinking and subsequent drifting on the 50-foot level exposed a mica-bearing pegmatite conformably enclosed in contorted schistose rocks. Sufficient data were obtained to calculate indicated and inferred reserves of strategic mica.

[illegible]

[signature]
Administrator, Defense Minerals Exploration Administration

Dated JUL 31 1957

[illegible]nderson:rsl 7/26/57

Copy to: [illegible]. R. File
Mr. Johnson
Operating Committee
Mr. Chambers
Mr. Predell, [illegible]
Field Team, Region V
Finance Office
Mr. Hillsgrand, 5222
Mr. Lamb, 3649
Mr. Houk
Certification File
H. R. Mahney

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

AUG 7 1957

Mr. [illegible] Grimsey

Route 1
Roberseville, North Carolina

[illegible]
[illegible] Williams
[illegible] Copy requested
[illegible] Mitchell County, North Carolina
[illegible] Contract No. [illegible]

Dear Mr. Grimsey:

Enclosed is a copy of a certification of discovery or development with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the consent to lien and subordination agreement signed by you on April [illegible], 1956. The Government's prior lien on the land and upon any reduction therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to execute no new and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give immediate notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the reduction therefrom.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures 2

WCAnderson:rsi 7/26/57
Copy to: Admr. R. File
Mr. Johnson
Mr. Chambers
Operating Committee
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

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

Mr. John Williams

Spruce Pine, North Carolina

Re: Project No. [illegible] Mica
John Williams
Toby Prospect
Mitchell County, North Carolina
Contract No. [illegible]1005

Dear Mr. Williams:

Transmitted herewith is a certification of discovery or development under Contract No. [illegible]1005 on the Toby Prospect, Mitchell County, North Carolina.

By the terms of the exploration project contract, all minerals mined or produced from August 31, 1956, to August 31, 1966, are subject to the Government's percentage royalty as set forth in the contract until the sum of $4,995.00 is repaid to the Government.

You should continue to make royalty payments to Mr. Robert A. Lawrence, Executive Officer, Field Team, Region V, Room 13, Post Office Building, Knoxville 1, Tennessee, as you have in the past and checks should be drawn payable to the Defense Minerals Exploration Administration.

Also, royalty payments to the Government should be accompanied by suitable evidence such as copies of settlement sheets showing quantity and grade of ore sold, the name of the purchaser, and the price and charges certified to be correct by the purchaser.

You are requested to notify Mr. Lawrence of any changes in ownership or production rights that may have an effect on the Government's right to its percentage royalty. Also, if production ceases at any time for any extended period, please notify Mr. Lawrence at six-month intervals that no production has been made.

Sincerely yours,

C. O. Mittendorf

Director

Enclosure

CAnderson:rsi 7/26/57

Copy to: Mr. File
Mr. Johnson
Operating Committee
Mr. Chambers
Mr. Crisell, GSA
Mr. Field Team, Region V
Finance Officer
Mr. Kilsheimer, [illegible]
Mr. Lamb, [illegible]
Mr. Hoffman
Certification File
Mr. H. H. Mahinney

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

JUL 31 1957

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

Re: Docket No. DMA-423-Ice
John Phillips
Roby Prospect
Mitchell County, North Carolina
Contract No. Idm-1005

Dear Mr. Laurence:

Enclosed is a letter to be forwarded to the signer of the Consent to Lien and Subordination Agreement under the subject contract.

Kindly complete the address and forward, retaining four copies and returning the remaining copies.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

Approved:

Frank D. Lamb
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

Enclosure

WCAnderson:rsi 7/26/57
Copy to: Admr. R. File
Mr. Chambers
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

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

SEP 9 1957

Mr. Clarence A. Fredell, Acting Director
Technical Services Division
Defense Materials Service
General Services Administration
7 th and D Streets, S. W.
Washington 25, D. C.

Re: Docket No. DMA-4279-Nica
John Phillips
Roby Prospect
Mitchell County, North Carolina
Contract No. Idm-21005

Dear Mr. Fredell:

I am enclosing one copy of a certification of discovery or development relating to the subject contract.

The exploration contract was signed on August 31, 1956, with the Government participating to the extent of 75 percent of $6,612.00 or $4,959.00. The project was started on September 10, 1956, and was completed on January 22, 1957, after the expenditure of $6,612.00, which is the total net accepted cost according to the Audit Division. The Government paid 75 percent of the total accepted cost or $4,959.00.

The work performed on this project consisted of constructing an access road, rehabilitating an existing 30 foot incline, sinking 50 feet of incline on the pegmatite and driving a total of 100 feet of drifts, 22 feet on the 30-foot level and 78 feet on the 62-foot level.

About 27,000 pounds of mica was recovered during the contract period and up to early April, 1957. The mica consisted of sheet, block, punch, scrap, stained sheet, and flake. The project work furnished sufficient data to calculate the following mica reserves (recoverable):

Indicated - 66 tons of "run-of-mine" mica
Inferred - 66 tons of "run-of-mine" mica

The DMEA concurs in the Field Team's evaluation of the work performed and has, therefore, certified that a discovery or development has resulted from the work under the contract.

Sincerely yours,

Jack E. Johnson

Enclosures

Director, Administrator

Mr. Lamb, 3649
Operating Committee
Field Team, Region V
Mr. Houk

WCAnderson:rsl 8/29/57
Copy to: Admr. R. File
Mr. Johnson
Mr. Chambers
Mr. Kilgaard, 5222

Contract No. Idm-E 1005

Docket No. 4239

DEPARTMENT OF THE INTERIOR **Executed contract**

DEFENSE MINERALS EXPLORATION ADMINISTRATION

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

| Date of Contract | Region | State | Commodity |
|---|---|---|---|
| August 31, 1956 | V | North Carolina | Mica |

Name and Address of Operator: John Phillips
Spruce Pine
North Carolina

| | Reserve | Obligation |
|---|---|---|
| Prior Amount | $4,959.00 | 0 |
| Increase | 0 | $4,959.00 |
| Decrease | 4,959.00 | 0 |
| Revised Amount | 0 | $4,959.00 |

Remarks:

(Name)
Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington 9/10/56

98963

Government's copy

MF-200A
(Rev. April 1956)

RECEIVED
SEP 10 1956

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

| *DMEA No.* | *Commodity* | *Contract No. Idm–E* | *County* | *State* |
|---|---|---|---|---|
| 4239 | Mica | 1005 | Mitchell | North Carolina |

AUG 3 1 1956

It is agreed ....., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and John Phillips

whose mailing address is Spruce Pine, North Carolina

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) 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 Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before OCT 10 1956, and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 8 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $6,612.00. The Government will contribute 75 percent of the fixed unit cost of the work performed, not exceeding $4,959.00, in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: Royalty interest as set forth in the lease

(b) 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

(c) 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. 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. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(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 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. 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 will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *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 all pertinent books, documents, papers, and records of the Operator.

(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 6. *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 the Operator has rendered a sufficient final report (see Article 5), 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 (for example, if the Operator either transfers or fails to retain his interest in the land), 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, for 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, 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, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(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 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 7. *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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

.....

.....

.....

.....

.....

.....

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

John Phillips
(Operator)

By John Phillips

By Frank E. Johnson
ACTING Administrator, Defense Minerals Exploration Administration

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: 1956—O-383069

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EXPLORATION PROJECT CONTRACT
JOHN PHILLIPS
DOCKET NO. DMEA-4239

ANNEX I

The land referred to in Article 2 of the Contract is known as the Roby Prospect and is held by the Operator under a lease. It is located on the southern slope of Meadlock Mountain at approximately 3500 feet elevation, in Cane Creek Township, 2.44 airline miles N $42\frac{1}{2}^{o}$ E from the intersection of highways 26 and 261 in Bakersville, Mitchell County, North Carolina, and is described as follows:

> Beginning on an iron stake at the center of the Roby Prospect which is located 285 feet South 10 degrees West to a large Chestnut Oak tree, this being a corner in the property line between H. H. McKinney and Stokes Ledford, as shown on deed recorded in Book 115, Page 208 recorded in Register of Deeds Office, Bakersville, N. C.; and running 250' North; thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to a point of closing. This property located approximately four miles N.W. of Bakersville on Cane Creek.

MF-205
(Combines and supercedes MF-20[illegible] and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E 1005
Contract Date AUG 3 1 1956

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

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To the United States of America:

Referring to that certain land in the County of Mitchell, State of North Carolina, described as follows: 2/ Beginning on an iron stake at the center of the Roby Prospect which is located 285 feet South 10 degrees West to a large Chestnut Oak tree, this being a corner in the property line between H.H. McKinney and Stokes Ledford, as shown on deed recorded in Book 115, Page 208 recorded in Register of Deeds Office, Bakersville, N.C. ; and running 250' North; thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to a point of closing. This property located approximately four miles N.W. of Bakersville on Cane Creek.

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;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

none

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

2/ 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.

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[illegible] 1956

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: _____ (State "None" or "See Annex No.____")

Dated this 2nd. day of April, 1956.

H. H. McKinney [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

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]

EXPLORATION PROJECT CONTRACT
JOHN PHILLIPS
DOCKET NO. DMEA-4239

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EXHIBIT "A"

Description of the Work

Exploration for concentrations of strategic mica shall be performed in the area indicated on the map entitled "Roby Prospect, Mitchell County, N. C. DMEA-4239 (mica)", attached hereto and made a part hereof.

1. Bulldoze 300 feet of access road, amounting to approximately 300 cubic yards of excavation.

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 unfinished lumber, with protective roof covering; and shall be equipped with lock and key.

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

3. Rehabilitate an existing 30 foot deep incline.

4. From the bottom of the rehabilitated incline, sink not more than 50 feet of additional incline.

5. Explore the pegmatite by driving, from the bottom or near the bottom of the incline, not more than 100 feet of drifts and/or crosscuts.

The total length of the incline and the drifts and/or crosscuts shall be timbered as necessary and shall have minimum cross-sectional dimensions of 5 feet by 7

feet in the clear of timber. All work shall be performed on the pegmatite or in as close proximity thereto as possible.

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

## Fixed Unit Costs

| | | |
|---|---|---|
| 1. | Bulldoze 300 cubic yards of access road @ $0.40/cu. yd. | $120.00 |
| 2. | Construct - Tool house 1/ | 77.00 |
| | Powder magazine 1/ | 25.00 |
| | Exploder magazine 1/ | 14.00 |
| 3. | Rehabilitate 30 feet of incline @ $15.70/ft. | 471.00 |
| 4. | Sink 50 feet of incline @ $44.50/ft. | 2,225.00 |
| 5. | Drive 100 feet of drifts and/or crosscuts @ $36.80/ft. | 3,680.00 |
| | Estimated total cost of project | $6,612.00 |
| | Government participation @ 75% | $4,959.00 |

1/ The completed work constitutes the unit.

Contract No. Idm-E 1005

Docket No. 4239

DEPARTMENT OF THE INTERIOR

Approved contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

| Date of Contract | Region | State | Commodity |
|---|---|---|---|
| August 31, 1956 | V | North Carolina | Mica |

Name and Address of Operator: John Phillips
Spruce Pine
North Carolina

| | Reserve | Obligation |
|---|---|---|
| Prior Amount | 0 | 0 |
| Increase | $4,959.00 | 0 |
| Decrease | 0 | 0 |
| Revised Amount | $4,959.00 | 0 |

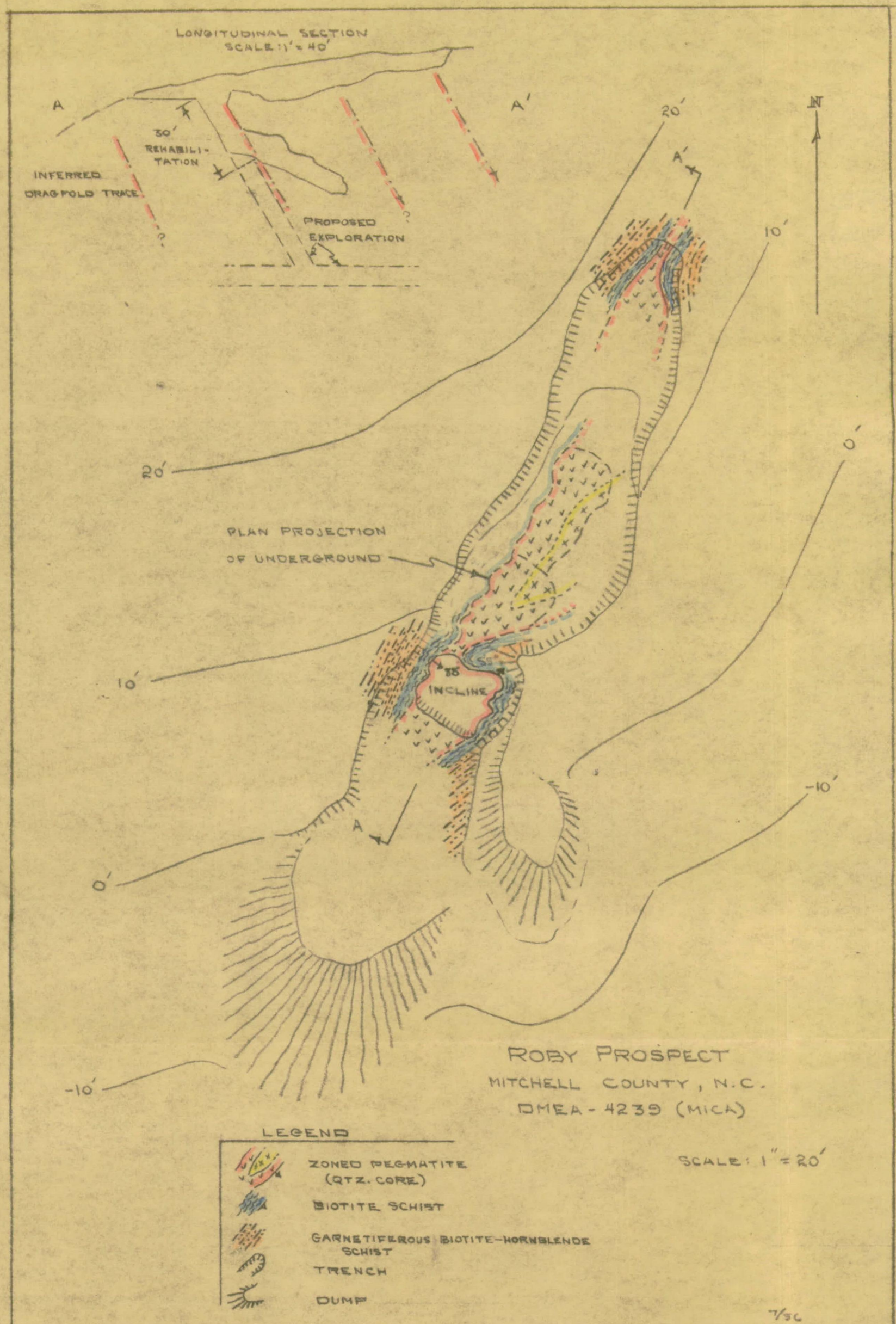
Remarks:

(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington 9/4/56

98963


LONGITUDINAL SECTION
SCALE: 1" = 40'
A
A'
30'
REHABILI-
TATION
INFERRED
DRAG FOLD TRACE
PROPOSED
EXPLORATION
N
20'
10'
0'
-10'
PLAN PROJECTION
OF UNDERGROUND
INCLINE
ROBY PROSPECT
MITCHELL COUNTY, N.C.
DMEA - 4239 (MICA)
LEGEND
ZONED PEGMATITE
(QTZ. CORE)
BIOTITE SCHIST
GARNETIFEROUS BIOTITE-HORNBLENDE
SCHIST
TRENCH
DUMP
SCALE: 1" = 20'
7/56

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