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

EXTRA COPY
DMEA
RECEIVED OCT 10 1957

DATE	INITIALS	CODE
10/10		800

October 8, 1957

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: DMEA-4313, Idm-E1018-Mica. Guy McCurry, et al Spruce Pine, N.C. Mitchell Branch Prospect, Yancey County, N.C.

Reference is made to your letter of October 4.

Please note that the final report states that "a composite lot of mica from the Mitchell Branch and Charlie Ridge Mines" was sold to the depot on August 5. Therefore, only part of the $259.22 initial payment is subject to royalty.

Recently, due to a "tightening up" on the grading at the Depot, many final settlements have resulted in repayment to the Depot by the seller, and if a royalty payment has been made to DMEA, then we have to make a refund. We consider it preferable to handle such payments in a single transaction, and unless the Operator has a record of delinquent payments, we do not press him for payment until he has received his final settlement.

Mr. Beck is in Spruce Pine this week and will check on the sale.

Robert A. Laurence, Executive Officer
DMEA Field Team, RegionV

RAL/zm

V. J. Lynch, Member
Bureau of Mines

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Guy McCurry, John Phillips & Sam Phillips

Spruce Pine, North Carolina

pertaining to Exploration Project Contract No. Idm-E1018, DMEA No. 4313, including Amendment No. 1, for the months of November 1956 to February 1957, inclusive, covering a project for the exploration of mica on property, known as the Mitchell Branch Prospect located in Yancey 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		$2,638.00
Exceptions:		
Prior to this review	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$2,638.00

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of One thousand nine hundred seventy-eight and 50/100 Dollars

$1,978.50

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

E. D. Talbert, Auditor

March 29, 1957

MAR 29 1957

Mr. Robert A. Lawrence
Executive Officer
DMEA Field Team, Region V
Room 14, Post Office Building
Knoxville 2, Tennessee

Re: Docket No. DMEA-4313 (Mine)
McCurry, Phillips, and Phillips
Mitchell Branch Prospect
Yancey County, North Carolina
Contract No. IAm-F1018

Dear Mr. Lawrence:

Enclosed are the original and two copies of a Report of Review covering the above-cited Exploration Project Contract.

If you concur with the facts stated therein, the original and one copy of the Report of Review should be forwarded to the Certifying Officer and one copy should be retained in your files. If, for any reason, the Report of Review does not have your concurrence please return all copies thereof to this Division.

Sincerely yours,

(Signed) E. D. Talbert

E. D. Talbert, Acting Chief
Contract Administration
and Audit Division

Enclosure

EDTalbert/wb
March 29, 1957

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

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

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3/28	C	220
		800

March 26, 1957

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: DMEA-4313, Idm E1018 (Mica) McCurry, Phillips & Phillips
Mitchell-Branch Prospect, Yancey Co., N. C.

Reference is made to your letter of March 22.

There were actually three holes, each six feet long, drilled from the drift, as stated in the interim report of February 21. The error in our March 19 memorandum resulted from the omission of one of these from the sketch map. Therefore, the total of 60 feet of test-holes is correct, and as we have forwarded the fully executed amendment providing for drilling from the drift, we are accepting and approving 60 feet of drilling.

Total costs claimed by the Operator in his February 1957 MF-104 are:

Drilling	$ 39.00
Drifting	1178.00
Shaft Sinking	1305.00
New Bldgs.	76.00
Magazines	40.00
Total	$2638.00

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

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

RAL/as
cc
Opr. Com. 2
Laurence
Lynch
Shirley

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

MAR 22 1957

Re: Docket No. DMA-4313 (Files)
Guy McCurry, John Phillips,
and Sam Phillips
Mitchell Branch Prospect
Yancey County, North Carolina
Contract No. Idm-F1018

Dear Mr. Laurence:

Your memorandum of March 19, 1957, replying to mine of March 12, 1957, indicates that the work performed by the referenced Operator and accepted by the Field Team included 42 feet of drilling from the shaft and 12 feet of drilling from the drift, or a total of 54 feet of drilling.

The third paragraph on page 2 of your March 4, 1957, memorandum to me states that 18 feet of holes were drilled from the drift. The interim report of February 21, 1957, by L. N. Shirley and S. C. Bergman indicates that 18 feet were drilled from drifts and 42 feet were drilled from the shaft, or a total of 60 feet. Also, the Operator's final narrative report dated February 22, 1957, states that a total of 60 feet of test holes were drilled.

In view of this discrepancy reaffirmation of the footage of test holes drilled is requested.

In your reply advice as to total costs claimed by the Operator for all project work, as indicated in the "Totals to Date" column of the February 1957 MF-104, would be appreciated. During our recent review of this project we failed to note this figure on our audit work papers.

Sincerely yours,

(Signed) E. D. Talbert

for Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/wb
March 22, 1957

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

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

March 19, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 21 1957

DATE	INITIALS	CODE
3/21	C	220
		800

Memorandum

To: Jay L. Chambers, Chief Contract ~~Admin. & Audit~~ Div.

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

Subject: DMEA-4313, Idm-E1018(mica) Guy McCurry, John Phillips, and Sam Phillips. Mitchell Branch Mine Yancey County, N. C.

Reference is made to your letter of March 12.

The Field Team representatives advised the Operator to continue the drift he had started, but to bear it to the right so as to intersect the main pegmatite. This appears to us to constitute acceptance of the work already done, especially as exhibit "A" of the contract authorizes work on the "Structures outlined on the section."

We will prepare an amendment authorizing the drill holes from the drift.

As suggested in the last paragraph of your letter, we will withhold payment on the February MF-104 until the project is either formally terminated or completed.

If the project is terminated, effective February 22, 1957, as requested in our memorandum of March 1, 1957 and March 19, 1957, the following units will have been performed and accepted:

Construction of toolhouse, powder magazine and exploder magazine.
Shaft sinking--29 feet
Drifting --38 "
Drilling, from shaft 42 feet
Drilling, from drift 12 feet

V. J. Lynch

V. J. Lynch, Member
Bureau of Mines

Robert A. Laurence

Robert A. Laurence
Executive Officer, Region V

Mr. Robert A. Lawrence
Executive Officer
DMEA Field Team, Region V
Room 1, Post Office Building
Knoxville 2, Tennessee

MAR 12 195

Re: Docket No. DMEA-4313 (Mica)
Guy McCurry, John Phillips,
and Sam L. Phillips
Mitchell Branch Prospect
Yancey County, N. C.
Contract No. Idm-F1018

Dear Mr. Lawrence:

By memorandum dated March 4, 1957, you forwarded the enclosed copies of the Operator's February 1957, MF-104, MF-104A and narrative, and the Field Team's interim report of February 21, 1957, pertaining to the referenced project and requested an audit review thereof.

The question as to the footage of drifting, to which the Government may properly contribute in this case, can be resolved only by a determination of the extent of the Government's approval of such work, as specified in the last paragraph under the description of the work in Exhibit "A" of the contract. If during the several visits of Field Team representatives to the project the Operator was advised that the work was acceptable, then it would appear that we have no alternative but to contribute to the footage claimed. On the other hand, if the Field Team representatives properly advised the Operator that the work was not acceptable or that the Government would not contribute to drifting not following the main pegmatite, as instructed, contribution by the Government to such unapproved work may not be made. Advice as to the extent of the Field Team representative's approval or acceptance of the drifting would be appreciated.

Relative to the three holes drilled from the drift, the question arises as to whether such drilling was done at the request, or under the instruction of, the Field Team representatives. If it was then the contract should be appropriately amended and payment made for such holes. If not, the Government should not contribute to these three holes. Your further advice in this regard would be appreciated.

It is suggested that payment on the February 1957, HF-104 be withheld until the project work is formally terminated in accordance with your recommendation, or the remaining contract drift footage is completed, and a Report of Review is released. A Report of Review will be prepared promptly after completion, or formal termination, of the work and receipt of the pertinent communication furnishing the information specified in my letter of January 9, 1957, to all DMEA auditors, subject: Instructions on the Release of Audits and Reports of Review, as promulgated for compliance by the Operating Committee's letter to you under date of January 17.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

EDTalbert/wb
March 8, 1957

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

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

March 4, 1957

Memorandum

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

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

Subject: DMEA-4313, Idm-E1018-Mica. Guy McCurry, John Phillips and Sam L. Phillips. Mitchell Branch Prospect, Yancey County, N. C.

Enclosed are one copy each of the following:

Operator's final MF-104 and 104A
Operator's final Report
Field Team Interim report, Feb. 21, 1957

We are submitting this final voucher for your review before approving it for payment, as there are some problems involved.

At the time the shaft was bottomed, the main pegmatite was exposed in the right-hand side of the shaft(looking NE), with another pegmatite on the left, separated by a foot or so of biotite gneiss. The Field Examiners instructed Mr. McCurry, who was doing the work, to follow the right-hand pegmatite, which was the target originally proposed in the contract.

On January 21, they found that he had ignored these instructions and had drifted 12 feet on the northwestern pegmatite, which may be a branch of the main one. As the main pegmatite was only 3.5 feet to the right of the right-hand wall, they told the Operator to turn the drift to the right and get back on the target pegmatite.

On February 6, the Examiners found that the Operator had continued to drift for another 17 feet along the northwesterly branch of the pegmatite, and again gave instructions for him to turn the drift and get on the main pegmatite which, by now was more than six feet from the right-hand wall of the drift.

On February 21, when the Examiners again inspected the project, the drift had been turned to the right at about a 35-degree angle and driven for 14 feet in biotite gneiss. At the 38-foot heading, a test hole was drilled six feet into the southeast wall, and according to the Operator, did not cut any pegmatite. No cuttings were available for inspection at the time of the examiners' visit. The Operator wanted to quit, because of the pinching out of the northwest branch of the pegmatite and the apparent complete absence of the main pegmatite at that point. The Examiners agreed to request termination.

The next day, the Operator submitted his final report and voucher, which arrived here before the field examiners had come in and submitted their request for termination. Undoubtedly all equipment has been removed from the mine and the project abandoned. Based on the data available to us, we will recommend termination at this point.

Our question now is, how much of the drifting can be paid for under the contract? Although it could be argued that the examiners should have stopped the work on their February 6 visit and required the Operator to return to the 12-foot point in the drift and turn it there to follow the main pegmatite (disallowing payment for all advance beyond 12 feet on the northwest branch), the decision to continue from the 29-foot heading to intersect the pegmatite at about 40 feet, where there was every reason to expect it to be, was a logical one. As this decision was made in an attempt to regain the original target with a minimum of additional work, and the instructions given by the field men were, in this instance, carried out, we are inclined to favor payment for all the drifting and crosscutting if the language of the contract permits it. The 18 feet of holes drilled from the drift is not provided for in the contract, and would not have been needed if the Operator had followed the original instructions; therefore we do not favor payment of this item.

This case is an extreme example of a common difficulty which we experience on mica projects. Although there are three partners on this contract, McCurry is doing the work and contributing his labor while John and Sam Phillips provide the Operator's share of the money. Apparently McCurry went on his own and ignored the instructions of his partners as well as those of our field examiners. As we can, at best, inspect these projects only once every two weeks, a lot of unauthorized work can be done between visits. As in this case, the Operator often has some justification (in his own mind, at least), as he was following a pegmatite, but according to the geologists it was not the one most likely to yield strategic mica. It should also be

recognized that hindsight is clearer than foresight, and on both the January 21 and February 6 visits the Field Examiners recommendations appeared at that time to be the best course of action. On at least two occasions, they arrived at the mine after Mr. McCurry and the crew had left for the day, so they gave instructions to Mr. Sam L. Phillips. Either these instructions were not relayed to Mr. McCurry or they were ignored by him.

We will withhold payment of the final voucher until we hear from you.

Robert A. Laurence

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

Wm. A. Beck

Wm. A. Beck, for V. J. Lynch
Bureau of Mines

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- 60

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of February, 1957 Docket No. DMEA 4313 Contract No. Idm-E 1018
Operator's Name Guy McCurry, John & Sam Phillips Minerals Mica
Address Spruce Pine, N.C.
Contract Amount, $ 5,876.00 Government Participation: 75 % Amount, $ 4,407.00

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:						
18' Drilling Holes @ 0.65	11.70	27.30	39.00			
Bulldozing						
Crosscutting						
18' Drifting	558.00	620.00	1178.00			
Shaft Sinking		1305.00	1305.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.		76.00	76.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Powder & Exploder Mags.		40.00	40.00			
(8) Contingencies (specify):						
TOTALS	569.70	2068.30	2638.00	569.70	2068.30	2638.00

RECEIVED APR 3 1957 D.M.E.A.

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

Date 2-22-57 *Payee Guy McCurry, John & Sam Phillips

Per Sam L. Phillips Title Partners

*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:

$ 427.28

Signature Helen R. Mellie
(Authorized Certifying Officer)

Date APR 3 1957 Vou. No. 158

(See other side)

4 T 222

142.28

(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-1018 in accordance with the terms of the contract.

Signature [illegible] Title MINING ENGINEER U. S. BUREAU OF MINES Date APR 1 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [illegible] Title EXECUTIVE OFFICER DMEA REGION V Date APR 1 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 APR 8 1957 D.M.E.A.

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

Month of February 1957 Docket No. DMEA 4313 Contract No. Idm-E 1016
Operator's Name Guy McCurry, John & Sam 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.	558.00	18	1178.00	38	31.00	80	31.00
Crosscutting								
Raising								
Shafts	Ft.			1305.00	29	45.00	70	45.00
Winzes								
Drilling: ~~Core~~	Ft.	11.70	18	39.00	60	0.65	200	0.65
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		569.70		2522.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				76.00				
~~Powder & Exploder Mags.~~				~~40.00~~				
Total Costs		569.70		2522.00				

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 2-22-56 Operator Guy McCurry, John & Sam Phillips

Per Sam L. Phillips Title Partners

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)

V. J. Lynch
MINING ENGINEER
U. S. BUREAU OF MINES

INSTRUCTIONS

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

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

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

GPO 872894

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DMEA
RECEIVED APR 8 1957

DATE	INITIALS	CODE

OPERATOR'S

Monthly Progress Report

February

DMEA-4313, Idm-E 1018
Mitchell Branch Prospect
Final Report

Work Accomplished:

We completed drilling 18' more test holes, making a total of 60' of test holes. We also completed 18' of drift in this month, making a total of 38' to date. Contract was terminated at this point by mutual agreement of parties. There was no mica recovered.

Daily Notes:

4 - 8 : Drilled, shot and mucked out waste daily.

11 - 15 : We continued work on drift, and drilling of test holes.

18 - 21 : We completed 18' of drift and 18' of Test holes in this month, we recovered no mica and contract was terminated at this point.

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RECEIVED APR 8 1977

DATE	INITIALS	CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 1000 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

OFFICIAL FILE COPY
DMEA
RECEIVED APR 8 1957

DATE	INITIALS	CODE

April 1, 1957

Memorandum

To: Finance Officer, Region V (DMEA)

From: Acting Executive Officer, DMEA - Region V

Subject: Monthly Report & Voucher - February - Idm-E1018 (mica)
DMEA-4313, Guy McCurry, John & Sam Phillips, Spruce Pine, N.C.

Transmitted are three copies of the subject report and voucher in the amount of $427.27.

V. J. Lynch

OFFICIAL FILE COPY
DMEA
RECEIVED APR 8 1957

DATE	INITIALS	CODE

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-48

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Jan., 1957 Docket No. DMEA 4313 Contract No. Idm-E 1018
Operator's Name Guy McCurry, John & Sam Phillips Minerals Mica
Address Spruce Pine, N.C.
Contract Amount, $ 5,876.00 Government Participation: 75 % Amount, $ 4,407.00

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:						
2' Drilling Holes @ $ 0.65	1.30	26.00	27.30	1.30	26.00	27.30
Bulldozing						
Crosscutting						
20' Drifting @ $31.00	620.00		620.00	620.00		620.00
Shaft		1440.00	1440.00		1440.00	1440.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.		76.00	76.00		76.00	76.00
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Powder & Exploder Mags.		40.00	40.00		40.00	40.00
(8) Contingencies (specify): correction - Deduct 135.00 overpayment of 3 ft. of shaft Sinking.				135.00		135.00
TOTALS	621.30	1582.00	2203.30	486.30	1582.00	2068.30

RECEIVED D.M.E.A.

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

Date 2-8-57 *Payee Guy McCurry, John & Sam Phillips

Per Sam L. Phillips Title Partners

*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:

$ 364.72

Signature Helen R. Miller (Authorized Certifying Officer)

Date FEB 14 1957 Vou. No. 131

(See other side)

3

121.55

(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-1018, in accordance with the terms of the contract.

Signature Laurence E. Shirley Title MINING ENGINEER U. S. BUREAU OF MINES Date FEB 12 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. J. Lynch Title ACTING EXECUTIVE OFFICER DMEA - REGION V MINING ENGINEER U. S. BUREAU OF MINES Date FEB 12 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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Jan. 1957 Docket No. DMEA 4313 Contract No. Idm-E 1018
Operator's Name Guy McCurry, John & Sam Phillips Minerals Mica
Address Spruce Pine, NC.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting	Ft.	620.00	20	620.00	20	31.00	80	31.00
Crosscutting								
Raising								
Shafts	Ft.			1440.00	32	45.00	70	45.00
Winzes								
Drilling: ~~Exp~~	Ft.	1.30	2	27.30	42	0.65	200	0.65
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		621.30		2087.30				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				76.00				
Powder & Exploder Mags.				40.00				
TOTAL COSTS		621.30		2203.30				

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 2-8-57 Operator Guy McCurry, John & Sam Phillips

Per Sam L. 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)

An overpayment of $135.00 for 3 ft of shaft sinking was made on the December 1956 voucher. A correction for this amount has been made on the January MF-104.

L. E. Shirley
MINING ENGINEER
U. S. BUREAU OF MINES

INSTRUCTIONS

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

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

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

GPO 872894

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 15 1957

DATE	INITIALS	CODE

OPERATOR'S

Monthly Progress Report

January

DMEA-4313, Idm-~~E 1018~~

Mitchell Branch Prospect

Work Accomplished:

We completed drilling 2' more holes, making a total of 42' of Test holes. We also completed 20' of drift in this month. The vein is approximately 18" wide, we have recovered no mica to date.

Daily Notes:

2 - 11 :	We completed drilling 2' more test holes.
14 - 18 :	Shot drilled and mucked out waste daily.
21 - 25 :	We completed 20' of drift to date.
28 - 31 :	The vein is approximately 18" wide, we have recovered no 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 4313 Contract No. Idm-E 1018
Operator's Name Guy McCurry, John & Sam Phillips Minerals Mica
Address Spruce Pine, N.C.
Contract Amount, $ 5,876.00 Government Participation: 75 % Amount, $ 4,407.00

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:						
40' Drilling @ $ 0.65	26.00		26.00			
Bulldozing						
Crosscutting						
Drifting						
22' Shaft @ $45.00	990.00	450.00	1440.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.		76.00	76.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Powder & Exploder Mags.		40.00	40.00			
(8) Contingencies (specify):						
TOTALS	1016.00	566.00	1582.00	1016.00	566.00	1582.00

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 Guy McCurry, John & Sam Phillips

Per Sam L. Phillips Title Partners

*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:

$ 762.00

Signature Helen R. Miller
(Authorized Certifying Officer)

Date JAN 4 1957 Vou. No. 102
(See other side)

2nd

257.00

(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. E1018 in accordance with the terms of the contract.

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

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature V. 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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of December 1956 Docket No. DMEA 4313 Contract No. Idm-E 1018
Operator's Name Guy McCurry, John & Sam 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								
Crosscutting								
Raising								
22' Shafts @ $45.00	Ft.	990.00	22	1440.00	32	45.00	70	45.00
Winzes								
40' Drilling: ~~Core~~ @ $0.65	Ft.	26.00	40	26.00	40	0.65	200	0.65
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		1016.00		1466.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				76.00				
Powder & Exploder Mags.				40.00				
TOTAL COSTS		1016.00		1582.00				

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 12-31-56 Operator Guy McCurry, John & Sam Phillips
Per Sam L. Phillips Title Partners

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. Burgman
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

OPERATOR'S

Monthly Progress Report

DMEA-4313, Idm-E 1018

Mitchell Branch Prospect

Work Accomplished:

We completed 22' of shaft in this month, making a total of 32' to date. We have also drilled 40' of long holes, we hit approximately 3' of vein in the test holes. We have recovered no mica to date.

Daily Notes:

3 - 7 :	Shot, Drilled, and Mucked out waste daily.
10 - 14 :	We have completed 22' of shaft in this month, making a total of 32' to date.
17 - 21 :	We drilled 40' of long holes.
24 - 31 :	We hit approximately 3' of vein in the test holes, however we have recovered no mica.

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

ATION VOUCHER & SCHEDULE OF PAYMENTS K- 30

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of ~~December~~ Nov., 1956 Docket No. DMEA 4313 Contract No. Idm-E 1018
Operator's Name Guy McCurry, John & Sam Phillips Minerals Mica
Address Spruce Pine, N.C.
Contract Amount, $ 5,876.00 Government Participation: 75 % Amount, $ 4,407.00

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						
Crosscutting						
Drifting						
10' Shaft @ $45.00	450.00		450.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.	76.00		76.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Powder & Exploder Mags.	40.00		40.00			
(8) Contingencies (specify):						
TOTALS	566.00		566.00	566.00		566.00

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

Date 12-3-56 *Payee Guy McCurry, John & Sam Phillips

Per Sam L. Phillips Title Partners

*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:

$ 424.50

Signature Helen R. Miller
(Authorized Certifying Officer)

Date DEC 6 1956 Vou. No. 9
(See other side)

141.50

(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-1018 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. Lyman 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 ~~December~~ November 1956 Docket No. DMEA 4313 Contract No. Idm-E 1013

Operator's Name Guy McCurry, John & Sam 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								
Crosscutting								
Raising								
10' Shafts @ $45.00	Ft.	450.00	10	450.00	10	45.00	70	45.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		450.00		450.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		76.00		76.00				
Powder & Exploder Mags.		40.00		40.00				
Total Costs		566.00		566.00				

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 12-3-56 Operator Guy McCurry, John & Sam Phillips

Per Sam L. Phillips Title Partners

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

(Instructions on reverse)

Remarks:

(For Government use only)

Alfred R. Taylor
GEOLOGIST, 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-4313, Idm-E 1018

Mitchell Branch Prospect

Work Accomplished:

We moved in equipment, sat up Powder and Exploder Magazines, and constructed toolhouse. We have started shaft work, and have completed 10' of shaft to date.

Daily Notes:

1 - 9	We moved in equipment, sat up powder and, exploder magazines, and constructed tool-house.
12 - 16	We removed muck that was in old works, shot, drilled and mucked out waste daily.
19 - 23	We have to pump out water daily, there ~~is~~ are three men working full-time.
26 - 30	We have started shaft work and have completed 10' of shaft to date.

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

NOV 8 1957

Messrs. Guy McCurry, John Phillips
and Sam Phillips
c/o Mr. Sam L. Phillips
Spruce Pine, North Carolina

Re: Docket No. DMEA-4313-Mica
Guy McCurry, John Phillips,
and Sam Phillips
Mitchell Branch Prospect
Yancey County, North Carolina
Contract No. Idm-E1018

Gentlemen:

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

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

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

Sincerely yours,

Frank E. Johnson

ACTING Administrator

WCAnderson:rsi 11/6/57
Copy to: Admr. R. File
Mr. Chambers
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. and Mrs. Horace H. Higgins

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

NOV 8 1957

Mr. and Mrs. Horace H. Higgins

Burnsville, North Carolina

Re: Docket No. DMEA-4313-Mica
Guy McCurry, John Phillips,
and Sam Phillips
Mitchell Branch Prospect
Yancey County, North Carolina
Contract No. Idm-E1018

Dear Mr. and Mrs. Higgins:

Enclosed is a copy of a self-explanatory letter of today to the Operators under the above-cited contract.

This correspondence relates to the undated Consent to Lien and Subordination Agreement signed by you.

Sincerely yours,

Frank E. Johnson

ACTING Administrator

Enclosure

WCAnderson:rsi 11/6/57
Copy to: Admr. R. File
Mr. Chambers
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

Audit copy

TERMINATION AGREEMENT

It is agreed this 3rd day of April, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government", and Guy McCurry, John Phillips, and Sam Phillips, hereinafter called the "Operator", parties to Exploration Project Contract Idm-E1018, Docket No. DMEA-4313, dated October 12, 1956, hereinafter called the "Contract", that:

1. Effective February 22, 1957, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

4. All rights of the Government provided for in Article 6 of the Contract with respect to percentage royalty and liens for its payment are preserved.

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

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

THE UNITED STATES OF AMERICA

By C. Mittendorf
Administrator, Defense Minerals Exploration Administration

Guy McCurry
Guy McCurry, Partner

John Phillips
John Phillips, Partner

Sam L. Phillips
Sam Phillips, Partner

OFFICIAL FILE COPY
DMEA
RECEIVED APR 19 1957

DATE	INITIALS	CODE

Government Copy

EXPLORATION PROJECT CONTRACT

Guy McCurry, John Phillips and Sam Phillips

Docket No. DMEA-4313

AMENDMENT No.1

It is agreed this 20th day of March 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Guy McCurry, John Phillips and Sam Phillips, a partnership, hereinafter called the "Operators," parties to that certain Exploration Project Contract Idm-E1018, Docket No. DMEA-4313, dated October 12, 1956, hereinafter called the"Contract," is amended effective January 7, 1957, as follows:

To Item 3 of exhibit "A", add the following sentence:

"Similar holes may be drilled from the drifts and/or crosscuts."

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, nor the agreed unit cost of any item of work.

Guy McCurry
Guy McCurry, partner

John Phillips
John Phillips, partner

Sam Phillips
Sam Phillips, partner

UNITED STATES OF AMERICA

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

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RECEIVED MAR 27 1957

DATE	INITIALS	CODE
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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 3 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

EXTRA COPY DMEA RECEIVED MAR 27 1957		
DATE	INITIALS	CODE

March 25, 1957

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: Amendment No. 1. DMEA-4313, Idm-E1018 (mica)
McCurry, Phillips & Phillips, Spruce Pine, N.C.

Transmitted are three signed copies of the subject Amendment.

This amendment was necessary because the uncertain position of the pegmatite required drilling these holes in order to guide the work.

Robert A. Laurence
Executive Officer, DMEA
Region V

V. J. Lynch, Member
Bureau of Mines

ZM
Lynch
Shirley
Files

Contract No. Idm-E 1018

Docket No. 4319

Terminated contract

DEPARTMENT OF THE INTERIOR

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
October 12, 1956	V	North Carolina	Mica

Name and Address of Operator: Guy McCurry, John Phillips
Sam Phillips
c/o Sam L. Phillips
Spruce Pine, North Carolina

	Reserve	Obligation
Prior Amount	0	24,407.00
Increase	0	0
Decrease	0	2,428.50
Revised Amount	0	21,978.50

Remarks:

ALLEN S. DAKAN
(Name)

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

Date Delivered to Bureau of Mines, Washington 4/29/57

Contract No. Idm-E 1018

Docket No. 4313

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
October 12, 1956	V	North Carolina	Mica

Name and Address of Operator: Guy McCurry, John Phillips
Sam Phillips
c/o Sam L. Phillips
Spruce Pine, North Carolina

	Reserve	Obligation
Prior Amount	$4,407.00	0
Increase	0	$4,407.00
Decrease	4,407.00	0
Revised Amount	0	$4,407.00

Remarks:

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

Date Delivered to Bureau of Mines, Washington 11/6/56

98963

Government Copy

MF-200A
(Rev. April 1956)

RECEIVED NOV 5 19 D.M.E.A.

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*
4313	Mica	1018	Yancey	North Carolina

It is agreed OCT 12 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Guy McCurry, John Phillips and Sam Phillips

whose mailing address is C/o Sam L. Phillips
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 NOV 30 1956, and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 7 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 $5,876.00. The Government will contribute 75 percent of the fixed unit cost of the work performed, not exceeding $4,407.00, 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 and Subordination Agreement of Owners - Horace H. Higgins and Lyda Higgins.

(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.

Guy McCurry

Guy McCurry XXXXXXX)

By John Phillips

John Phillips

Samuel L. Phillips

Sam Phillips

THE UNITED STATES OF AMERICA

By C. Mitchell Dorr

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
GUY McCURRY, JOHN PHILLIPS AND SAM PHILLIPS
DOCKET NO. DMEA-4313

ANNEX I

The land referred to in Article 2 of the Contract is known as the Mitchell Branch Prospect, and is held by the Operator under a lease dated May 23, 1956, from Horace H. Higgins, Lyda Higgins and Guy McCurry. The land is located 1.23 airline miles N 11° W from the bench mark at the town square of Burnsville, Yancey County, North Carolina. It is adjacent to the headwaters of Mitchell Branch Creek on the south slope of Phillips and Rocky Knob at an elevation of approximately 3,760 feet, and is described as follows:

> "Beginning on an iron stake located at the center of the Mitchell Branch Prospect which is located North 18 degrees East 635 feet to a large Black Gum Tree, this being the property line between Horace H. Higgins and Charlie Young, as shown on deed recorded in Book #12, Page #126, Register of Deeds Office in Burnsville, 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 on the head of Mitchell Branch in Yancey County.

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

For Government's Use Only
EXPL[illegible]ION PROJECT CONTRACT
Operator Guy McCurry, John Phillips and Sam Phillips
Docket No. DMEA- 4313
Contract No. Idm-E [illegible]
Contract Date OCT 1 2 1956

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CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Yancey, State of North Carolina, described as follows: 2/ Beginning on an iron stake located at the center of the Mitchell Branch Prospect which is located North 18 degrees East 635 feet to a large Black Gum Tree, this being the property line between Horace H. Higgins and Charlie Young as shown on deed recorded in Book #, 12 Page #126 , Register of Deeds Office in Burnsville, 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 on the head of Mitchell Branch in Yancey County.

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

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

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

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.

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 _____ day of _____, 195__.

Horace H. Higgins	[Seal]	Burnsville, N.C.	[Address]
Lyda Higgins	[Seal]	Burnsville, N.C.	[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]

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EXPLORATION PROJECT CONTRACT
GUY McCURRY, JOHN PHILLIPS AND SAM PHILLIPS
DOCKET NO. DMEA-4313
EXHIBIT A

Description of the Work

Exploration for concentrations of strategic mica shall be performed in the area indicated on the map entitled "Mitchell Branch Mine, Yancey County, North Carolina, DMEA-4313 (Mica)," attached hereto and made a part hereof, as follows:

1. Construct:

(a) A toolhouse, minimum dimensions 7 feet by 8 feet by 10 feet.
(b) A powder storage magazine, minimum dimensions 4 feet by 3 feet by $2\frac{1}{2}$ feet.
(c) An exploder storage magazine, minimum dimensions 2 feet by $1\frac{1}{2}$ 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 shall be securely locked with the equivalent of a 5-tumbler jarproof lock.

2. Sink a two-compartment vertical or inclined shaft for a distance not to exceed 70 feet.

3. From the shaft at 5-foot intervals on the dip sections of the pegmatite, using rock drill with extension steel, drill horizontal long holes, each hole not to exceed 30 feet, and the total drilling footage not to exceed 200 feet.

4. After test drilling from the shaft, drive not more than 80 feet of crosscuts and/or drifts on the structures outlined on the section.

The shaft and the crosscuts and/or drifts 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.	Construct:		
	Toolhouse 1/	$76.00	
	Powder Magazine 1/	25.00	
	Exploder Magazine 1/	15.00	$ 116.00
2.	Sink 70 feet of shaft @ $45.00/ft.		3,150.00
3.	Drill 200 feet of long holes @ $0.65/ft.		130.00
4.	Drive 80 feet of crosscuts and/or drifts @ $31.00/ft.		2,480.00
	Estimated Total Cost of Project		$5,876.00
	Government Participation @ 75%		$4,407.00

1/ The completed work constitutes the unit.

Contract No. Idm-E 1018

Docket No. 4313

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
October 12, 1956	V	North Carolina	Mica

Name and Address of Operator: Guy McCurry, John Phillips
Sam Phillips
c/o Sam L. Phillips
Spruce Pine, North Carolina

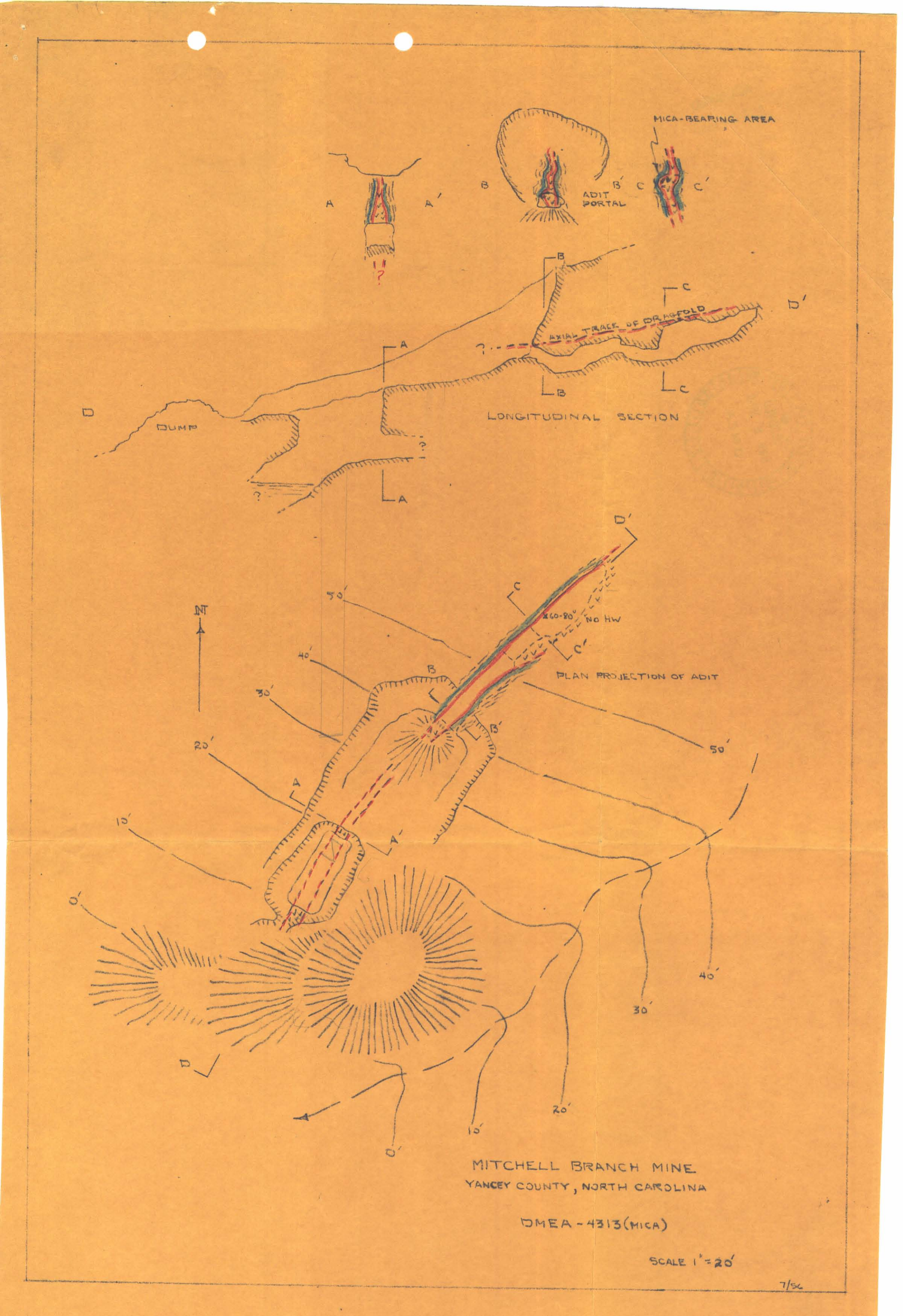
	Reserve	Obligation
Prior Amount	0	0
Increase	$4,407.00	0
Decrease	0	0
Revised Amount	$4,407.00	0

Remarks:

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

Date Delivered to Bureau of Mines, Washington 10/15/56

98963



MITCHELL BRANCH MINE
YANCEY COUNTY, NORTH CAROLINA

DMEA-4313(MICA)

SCALE 1" = 20'

7/56