DMEA Form 1

DEFENSE MINERALS EXPLORATION ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMEA Docket No. 4513

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USGS, BM, REG. V.

Routing Slip

To:	600	Date	10/26/56
To:	Mr. Anderson	Date	10-26-56
To:	Oper Com	Date	10-5-56
To:	F.E. Johnson	Date	11-5-56
To:	Code 130	Date	1-7-56
To:	Code 110	Date	1-9-57
To:	" 225	Date	1-9-57
To:		Date	
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DMEA Form 7
(12-56)

Kilsgaard

OFFICIAL FILE COPY

Date	Surname	Code
1-7-57	Anderson	600
1-7	Houk	600
1/9	Selfridge	130
1/9	Frank E. Johnson (for)	110
1/10		~~100~~
	C	225
	Bishop	

600

JAN 10 1957

Mr. Paul McMahan
C/O Mr. Sam L. Phillips
Spruce Pine, North Carolina

Re: Docket No. DMEA-4513-Mica
Paul McMahan
Paul Prospect
Mitchell County, North Carolina

Dear Mr. McMahan:

Your application for aid for an exploration project and other reports available to us in Washington relating to the subject property have been reviewed.

Projects approved by the Defense Minerals Exploration Administration must, in its judgment, show definite promise of yielding materials of acceptable grade in quantities that will significantly improve the mineral supply position for the National Defense Program.

Careful study of all our information indicates to us that the probability of disclosing significant reserves of mica is not sufficiently promising to justify Government participation. We regret to advise you, under these circumstances, that your application for exploration assistance is denied.

We wish to thank you for your interest in the Defense Minerals Program and for bringing your property to our attention.

Sincerely yours,

Frank E. Johnson (for)

ACTING Administrator

WCAnderson:gad 1/7/57
Copy to: Admr. R. File
Operating Committee
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

R.S.

8623

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

Memorandum January 7, 1957

To: Mr. C. O. Mittendorf, Administrator

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

Subject: Evaluation of application and field examination report
Docket No. DMEA-4513-Mica
Paul McMahan
Paul Prospect
Mitchell County, North Carolina

Denial of application is recommended.

Mica: A few off-color, clear and flat sheets, 3 to 4 inches, were observed on the dump but none was observed in place.

Pegmatite: Undulating, generally concordant, 10 feet thick, and enclosed in a semi-weathered, biotite-hornblende gneiss, composed of plagioclase, muscovite, quartz, and some potash feldspar.

Old Workings: A cut 50 feet long by 50 feet deep on upslope side, 10 to 20 feet deep on lower side by about 10 feet wide. Is partly overhanging and partially caved with large blocks of semi-weathered gneiss.

Past production: Scarse, some mica up to 8 to 10 inches wide was reported by an operator during World War II.

Method of exploration: Applicant proposed bulldozing 50 feet of shaft and 80 feet of drifts for which he requested $5,550.

Recommendations:

The Field Team recommends denial because of the following reasons:

1. Because of poor exposure it is difficult to determine the mineralogical and textural environment.
2. Reported scarce mica recovery from past work.
3. Unsafe condition of the cut. Rehabilitation costs would be excessive.

The Nonmetallic Minerals Division and the commodity members of the Geological Survey and the Bureau of Mines concur.

Walter C. Anderson

W. C. Anderson
Nonmetallic Minerals Division

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

December 17, 1956

RECEIVED

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

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

Subject: DMEA-4513 (mica)

Applicant: Paul McMahan

Name and Location of Property: Paul Project, Mitchell County, N. C.

Date of Field Team Report: 12/7/56

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 12/11/56

Field Team Recommendation: Recommend denial of application.

Comments:

1. This prospect was worked as a long open cut during World War II.

2. Mr. Greene, the past operator, recovered a few 8 to 10 inch books of clear muscovite but reports that muscovite was scarce.

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

Recommendation:

I concur with the recommendation of the field team for denial of the application.

W. F. Dietrich

W. F. Dietrich

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

IN REPLY REFER TO:

RECEIVED DEC 14 1956 D.M.E.A.

December 12, 1956
Re: DMEA 4513
Paul McMahan
Paul Prospect
Mitchell County, N. C.
$5,550.00 - Mica

Memorandum

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

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

Subject: Review of Field Team Report.

The applicant requested assistance in exploring a 10-foot pegmatite. The application called the pegmatite 'new' and said no work had been done on it.

The examiners found much work had been done on the pegmatite during World War II.

Where exposed in a large old cut the pegmatite shows no strategic mica in place. Some off-color, clear and flat sheets of muscovite, 3 to 4 inches wide were observed on the dump. Muscovite is reported to have been recovered from the footwall side of the pegmatite.

The examiners consider the pegmatite a borderline case, judging from what can now be seen, but because of the poor production history and the physical condition of the old cut, the examiners recommend that the application be denied.

With the Field Team I concur with the recommendation.

N. E. Nelson

N. E. Nelson

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

WASHINGTON 25, D. C.

RECEIVED DEC 10 1956 D.M.E.A.

December 7, 1956

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: Field Examination Report - DMEA-4513 (mica) Paul McMahan, R#3, Bakersville, N. C. c/o S. L. Phillips, Spruce Pine, N.C.

Transmitted are four copies of the subject report, with copies of a sketch map attached.

The Field Team concurs with the field examiners in their recommentation for denial of this application.

V. J. Lynch

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

Helmuth Wedow

Helmuth Wedow, Geologist
U. S. Geological Survey

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Reviewed by
DMEA OPERATING COMMITTEE
12-12-56
(date)

RECEIVED
DEC 10 1956
D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION, REGION V

FIELD EXAMINATION REPORT

On

DMEA-4513, PAUL PROSPECT-Mica
Mitchell County, N. C.

BY

A. R. Taylor, Geologist
U.S. Geological Survey

and

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

S. C. Bergman, Geologist
U. S. Geological Survey

Examined: Nov. 26, 1956

Reviewed by
DMEA OPERATING COMMITTEE
12-12-56
(date)

RECEIVED
DEC 10 1956
D.M.E.A.

FIELD EXAMINATION REPORT

ON

DMEA-4513-Mica, PAUL PROSPECT, Mitchell County, N.C.

Applicant: Paul McMahan, Bakersville, North Carolina, c/o S. L. Phillips, Spruce Pine, North Carolina

Summary

A cut, 50 feet deep on the upslope side, exposed a pegmatite with a maximum thickness of 10 feet. Barren remnants at the bottom are now water and muck covered. It is recommended that the application be denied.

Introduction

Location

The Paul Prospect is southwest of the Branch (Zack Young) and Roby Mines on the eastern slope of Lick Ridge, 2.25 airline miles N 42° E from the center of Ba kersville, N.C. (Bakersville, N.C.-Tenn. TVA Quad.208-SW,1/24,000). No access road exists to the prospect.

Examination

One hour was spent in the examination November 26, 1956. The examiners were accompanied by Messrs. Paul McMahan, John Phillips and R. A. Laurence, Executive Officer, DMEA Field Team, Region V.

History

A Mr. Graham worked this prospect (then known as "Sol Biddix") during World War II. Mr. A. Greene later worked it and reported that muscovite was scarce, he also reported that some books were 8 to 10 inches wide and clear. No work has been done here by the applicant.

RECEIVED DEC 10 1956

Geology

Old works consist of a long, partly overhanging open cut that is partially caved with large blocks of semi-weathered gneiss. The cut trends N 45° E, is about 50 feet long, 50 feet deep on the upslope side, 10 to 20 feet deep on the lower side, and about 10 feet wide. Due to the over-hang and soft material, the cut is in a hazardous condition.

Pegmatite and Country Rock

An undulating, generally concordant pegmatite with a probable maximum thickness of 10 feet strikes roughly N 45° E and dips 45° NW on the hanging wall contact. Water in the lower-most part of the cut under the overhang covers a feldspathic barren pegmatite.

Pegmatite composed of plagioclase, muscovite, quartz and some potash feldspar was observed on the dump.

The foliation of the enclosing semi-weathered, biotite-hornblende gneiss trends N 45° E and dips about 45° NW.

Muscovite

A few off-color, clear and flat sheets of muscovite, 3 to 4 inches wide, were observed on the dump. No muscovite was observed in place. The majority of that muscovite recovered is reported to have come from the footwall side.

Conclusions

Be cause of poor exposures, it is difficult to determine whether the mineralogic and textural environment is good or bad. The dump offered the best study of the pegmatite. Mineralogically and texturally the pegmatite is probably a border line case.

Although it may be borderline, two discouraging features are noted: 1. the reported scarce mica recovery from the past work, and 2. the unsafe condition of the cut. Rehabilitation costs would be excessive.

It is therefore recommended that the application be denied.

Examined: November 26, 1956

A. R. Taylor, Geologist
U. S. Geological Survey

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

S. C. Bergman, Geologist
U. S. Geological Survey

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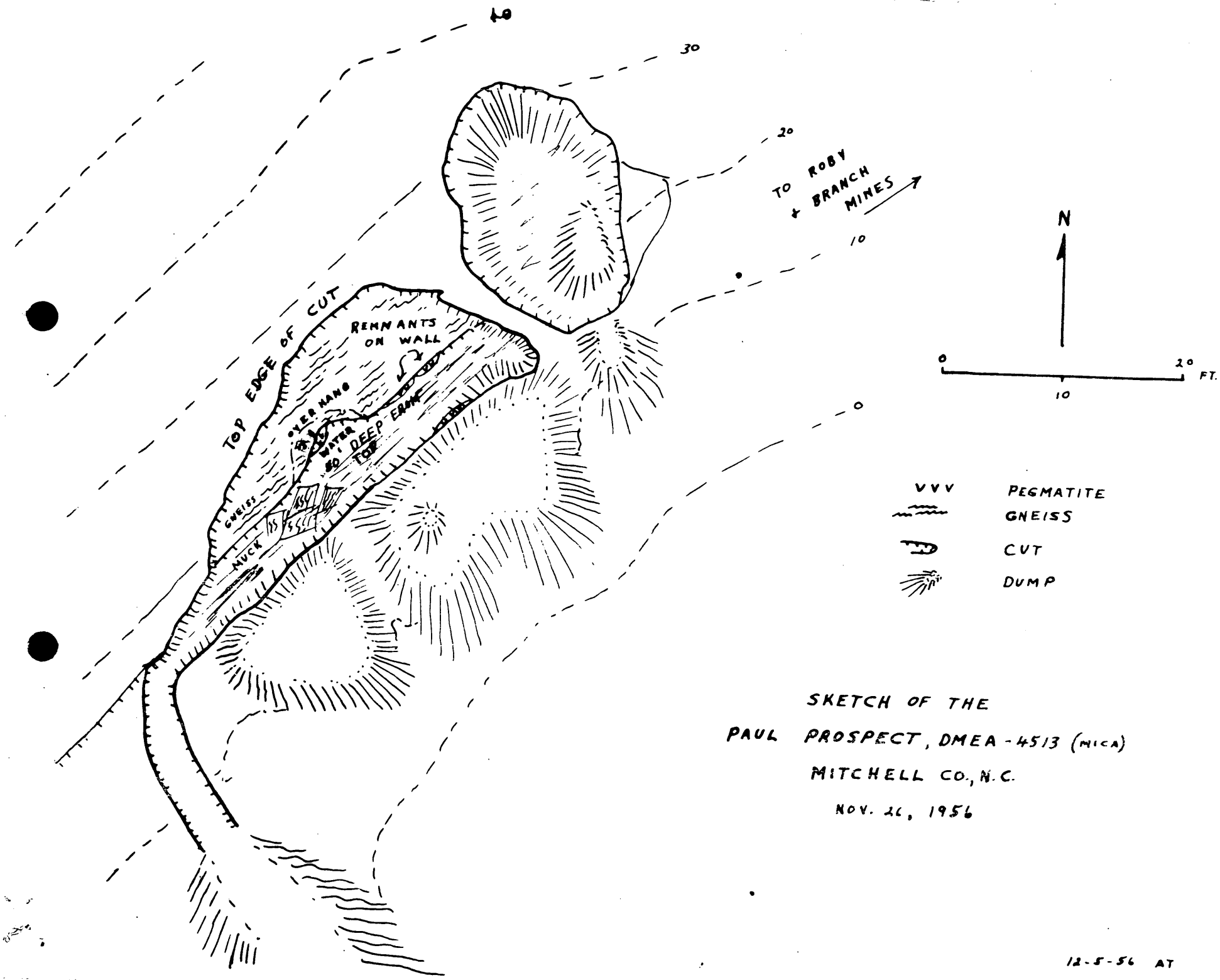

SKETCH OF THE
PAUL PROSPECT, DMEA-4513 (MICA)
MITCHELL CO., N.C.
NOV. 26, 1956

12-5-56 AT

Docket Copy
Surname:
Anderson
Houk
Nelson
Lamb
Selfridge

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

NOV 5 1956

Mr. Paul McMahan
C/O Mr. Sam L. Phillips
Spruce Pine, North Carolina

Re: Docket No. DMEA-4513-Mica
Paul McMahan
Paul Prospect
Mitchell County, North Carolina

Dear Mr. McMahan:

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

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

Sincerely yours,

Frank E. Johnson

ACTING Administrator

WCAnderson:gad 11/2/56
Copy to: Admr. R. File
Docket
Field Team, Region V
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

Docket Copy
Surname:
Anderson
Houk
Selfridge
F. Johnson

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

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

NOV - 5 1956

Re: Docket No. DMEA-4513-Mica
Paul McMahan
Paul Prospect
Mitchell County, North Carolina

Dear Mr. Laurence:

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

Copies of memoranda dated October 31, 1956, by Mr. N. E. Nelson, USGS, and Mr. Donald R. Irving, USBM, relating to the project are enclosed.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Approved:

Frank D. Lamb (GCS)
Member, Bureau of Mines

N. E. Nelson (GCS)
Member, Geological Survey

Enclosures 4

WCAnderson:gad 11/2/56
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

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

IN REPLY REFER TO:

RECEIVED
NOV 2 1956
D.M.E.A.

October 31, 1956

Re: DMEA 4513
Paul McMahan
Paul Prospect
Mitchell County, N.C.
$5,550.00 Mica

Memorandum

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

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

Subject: Review of application

The applicant requests assistance in exploring a 'new' pegmatite by bulldozing, shaft sinking, and drifting.

No information concerning the pegmatite is given, but the applicant believes good quality mica will be found.

Referral of the application to the Field Team is recommended.

N. E. Nelson

N. E. Nelson

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

RECEIVED NOV 1 1956 D.M.E.A.

October 31, 1956

A

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Donald R. Irving, Acting Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-4513 (mica)

Applicant: Paul McMahan

Name and Location of Property: Paul Prospect, Mitchell County, N. C.

Date Application Rec'd. by Br. of Ceramic & Fertilizer Materials: 10/26/56

Comments:

1. This is a new prospect and no data available in this office on this property.

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

Recommendation:

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

Donald R Irving
Donald R. Irving

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
Washington 25, D. C.

October 26, 1956

Mr. Sam L. Phillips
Spruce Pine,
North Carolina

Subject: DMEA-4513
Re: Exploration Assistance
Paul Prospect

Dear Mr. Phillips

Your application for exploration assistance, dated September 17, 1956 submitted to our office at Knoxville, has been assigned Docket Number DMEA-4513 and referred to the Nonmetallic Minerals Division in the Washington office. Kindly identify all future correspondence relating to your application by this Docket Number.

Sincerely yours,

Allen S. Dakan, Chief
Operations Control and
Statistics Division

Copy to:

Region V. Knoxville, Tennessee

Code 600

3571

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED OCT 22 1956

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

Not to be filled in by applicant

Docket No. 4513
Metal or Mineral Mica
Date Received 10-22-56
Estimated Cost $5550
Participation (Government %)

INSTRUCTIONS

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

c/o Sam L. Phillips, Spruce Pine, N.C.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated 9-17-56, 195..

Paul McMahan
(Applicant)

By Paul McMahan

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

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

RECEIVED
OCT 22 1956

MF-103 (Continuation Sheet)

4. (a) No previous operations, new prospect.

(b) No past production.

(c) We believe with exploration workssome good quality mica will be recovered.

(d) Project is accessible to roads and shipping.

(e) Manpower, equipment and supplies are available. Power is 400 yds. away.

5. (b) We propose to cut a trench 100 Feet long, 10 feet deep and 15 feet wide, bulldoze away overburden to uncover vein and best locate shaft site, then sink a 5' X 7' shaft 50 feet deep, then drift with vein a distance of 80 feet.

6. Estimate of costs:

25 hrs. bulldozing @ $10.00 per. hr. - - - - -	$ 250.00
50' Shaft @ $50.00 per. ft. - - - - - - - - - - -	2500.00
80' Drift @ $35.00 per. ft. - - - - - - - - - - -	2800.00
Total estimated cost of project:	$ 5550.00

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

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

RECEIVED
OCT 22 1956

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Mitchell, State of North Carolina, described as follows: 2/

Beginning on an iron stake in the center of what is known as the Paul Prospect, which is located approximately 690' South 42° East to a Spanish Oak Tree, this being a corner in the property line between James Blevins and H.H.McKinney as shown on deed recorded in Book #106, Page #354, Register of Deeds Office, Bakersville,N.C., Mitchell Co. and running 300' North; thence 300' West; thence 600' South; thence 600' East; thence 600' North; thence 300' West to a point of closing. This property located 4 miles North east of Bakersville,N.C.

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

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

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

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__.

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

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

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

_____

[Corporate Seal]

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

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

RECEIVED
OCT 22 1956

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Mitchell, State of North Carolina, described as follows: 2/

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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.)

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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__.

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

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

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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]

MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

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

RECEIVED
OCT 22 1956

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

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_____

[Corporate Seal]

MINING LEASE

RECEIVED
OCT 22 1956

State of North Carolina Mitchell County:

This indenture made this 17th. day of September, 1956, ~~1958~~

between Herman H McKinney

of Mitchell County and State of North Carolina as party of the first part, and known as lessor, and Paul McMahan

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

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

Beginning on an iron stake in the center of what is known as the Paul Prospect, which is located approximately 690' South 42° East to a Spanish Oak Tree, this being a corner in the property line between James Blevins and H.H.McKinney as shown on deed recorded in Book #106, Page #354, Register of Deeds Office, Bakersville, N.C.,Mitchell Co. and running 300' North; thence 300' West; thence 600' South; thence 600' East; thence 600' North; thence 300' West to a point of closing.. This property located 4 miles North east of Bakersville,N.C.

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

AND IT IS FURTHER AGREED That the party of the second part, the lessee hereby agrees to pay to the said part of the first part, or his or their heirs or assigns, a rental royalty of 1/8 (One-Eighth) on the minerals taken and sold from said mines which shall be for the use of the said lands for the aforesaid period of five years. The said amounts shall be payable on the computation of selling bills on the tenth day of each month covering sales made during the previous month. Any minerals other than those set forth above which may be taken and sold shall be paid for and at the usual royalty rate of the minerals taken.

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

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

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

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

Witness:

H H McKinney (Seal)

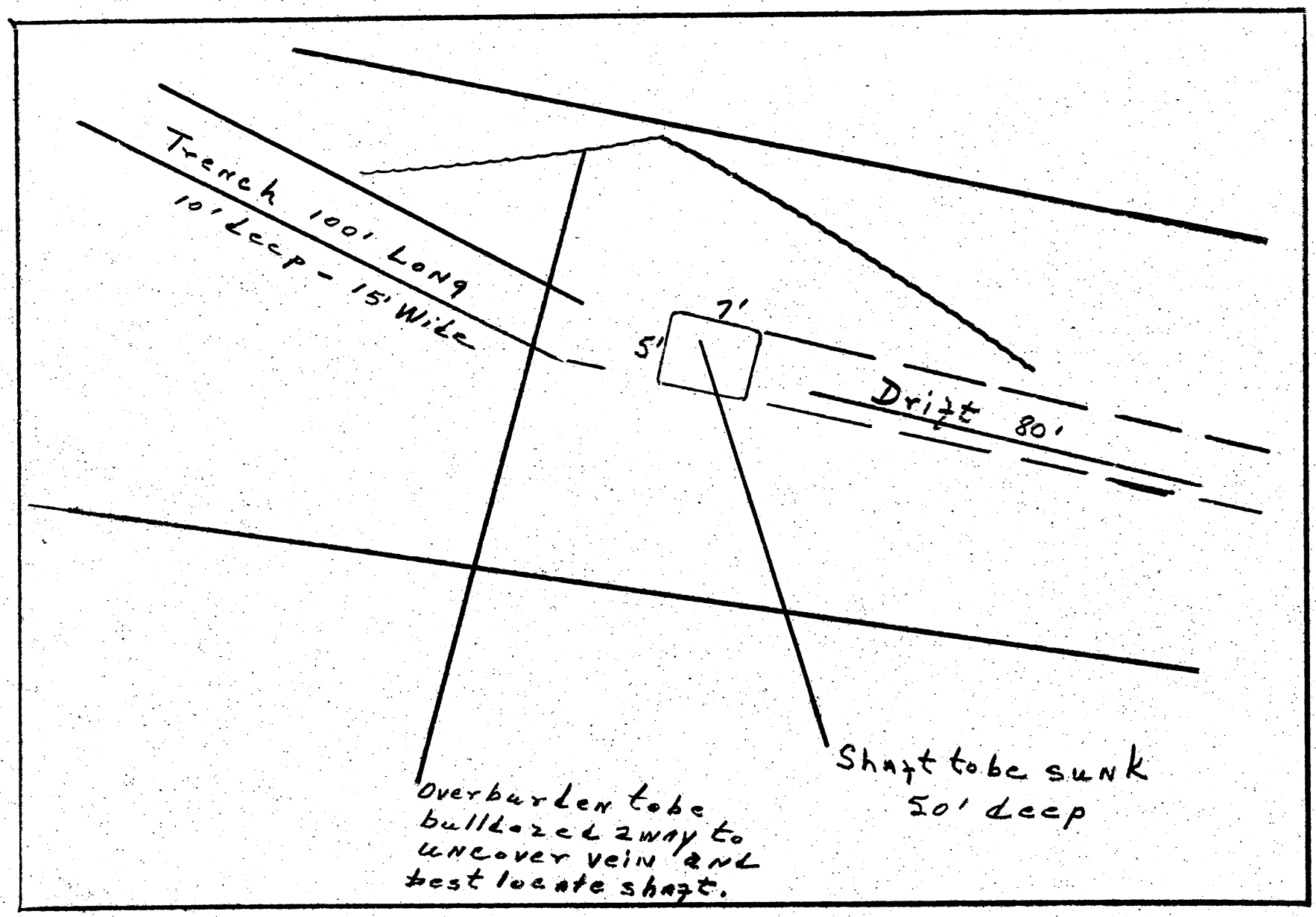
(Seal)

(Seal)

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

Paul Prospect

Mitchell County, N.C.



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