OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-X1089, Docket DMRA-4554 (mica), dated May 21, 1957, with

Sam L. Phillips
Box 35
Spruce Pine, North Carolina

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Black Mountain Mine located in Buncombe County, North Carolina, during the period April 18, 1959, through October 1, 1962.

A certification of discovery or development was issued on April 9, 1958, and, in accordance with Article 6 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated January 8, 1958, indicated accepted costs under the exploration contract amounting to $5,376.00 with the Government's contribution on a 75 percent basis being $4,032.00.

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

This review established no sales subject to the Government's royalty subsequent to the period covered by a prior Report of Royalty Review which found the sales subject to the Government's royalty through April 17, 1959, to be $2,690.29. The royalty account as of April 17, 1959, was:

Total Royalty Payable	$134.51
Total Royalty Paid	134.51
Balance of Royalty Due	$ -0-

As of October 1, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$134.51
Total Royalty Paid	134.51
Balance of Royalty Due	$ -0-

E. D. Talbert

E. D. Talbert, OME Auditor

October 18, 1962

Idm-K1089 Sam L. Phillips DMEA-4554

STATUS OF PROJECT, SCOPE OF REVIEW AND REASONS THEREFOR

This contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The land consists of approximately 8 acres, a 600 foot square block, on Middle Mountain about .59 miles S 73° E of Montreat Reservoir and 1 mile N of Montreat College. At the time the contract was executed the Operator was in possession by virtue of a September 26, 1956, lease from the Mountain Retreat Association, Montreat, North Carolina. The lessor refused to grant a lien to the Government and, in lieu thereof, performance bonds as individual sureties were executed by Kenneth K. McKinney and Oscar V. Coulter, both of Spruce Pine, North Carolina.

Exploration work under the contract was completed on October 16, 1957. Production during the exploration work resulted in sales to the G.S.A. Mica Purchase Depot, Spruce Pine, North Carolina, in the name of Black Mining Company of 3,600 lbs. of hand cobbed and 55.86 lbs of sheet mica for $2,310.29 in proceeds. Also, 200 lbs. of scrap was sold to a commercial buyer for $3.00 in proceeds. Subsequent production through April 29, 1958, resulted in an additional sale to the Depot of 22.38 lbs. of full trimmed mica by the Phillips Mica Co. for $377.00 in proceeds.

Later examinations of the property, inquiries, or checks of the Depot's records by DMEA and OME regional representatives disclosed neither activity on the property nor further sales through June 15, 1960. A check of the Depot's records during June 1962 by a representative of this Division found no unreported sales. In an October 1, 1962, reply to a MME Form 63 inquiry the Operator, signing as "Partner", advised that neither change in property status nor production had occurred since June 12, 1958.

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

(1) The files indicate that all sales of production have been reported; and
(2) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

OCT 19 1962

Memorandum

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

From: Chief, Division of Field Operations, USGS

Subject: IBEA-4554 (Mica)
Sam L. Phillips
Black Mountain Mine
Buncombe County, North Carolina
Contract Ion-81089

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

George C. Selfridge

Enclosure

GCSelfridge/gla
10-19-62
cc to: Docket IBEA-4554
Director's Reading File
CA&A Division
G. C. Selfridge
R. A. Laurence, USGS, Reg. IV, w/cy of Report of Royalty Review dtd 10/18/62 and orig. cy of memo dtd 10/18/62 to Chief, Division of Field Operations, from CA&A Division.
Avery Reed, USGS, Reg. IV, w/cy of ea. item sent to Mr. Laurence.

October 18, 1962

Memorandum

To: Chief, Division of Field Operations

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

Subject: DMMA-4554 (Mica)
Sam L. Phillips
Black Mountain Mine
Buncombe County, North Carolina
Contract Idm-K1089

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

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

(b) Two copies to Region IV files.

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

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

Enclosures

EDTalbert/ama 10-18-62

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

E 1089 5/21/57 DMBa-4554 Sam L. Phillips
Buncombe County, N.C. Black Mountain Mine

Last reported Depot sale 7/25/58 $377.00 SPAR 1066 Phillips Mica Co.

Other known parties of possible interest:
Kenneth R. McKinney Surety
Oscar V. Coulter do
The Mountain Retreat Association owner
Phillips Mica Co. DMS-4-1607A AR 3-298 10/11/57
DMS-3-17A
Black Mining Co. DMS-3-5B B3-73 10/15/57

S.P. Depot records do not indicate any sales from this property after:
Phillips Mica Co. Lot Spar 1066
Black Mining Co. Lot 298 "A" Ruby
do " 73 "B" "
C.E.J. 6/19/62

OME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/26	[illegible]	800
		500
		120
		110
		100
		220

June 26, 1962

Memorandum

To: The File

From: [illegible] Fisher, OME Auditor

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

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

Contract No.	Docket No.	Operator	Mine Names
[illegible] 684	3244	[illegible] Teague	[illegible] Denson (Denison)
687	3256	[illegible] T. Rathburn	[illegible]ox, Busby Creek
692	3260	Sam L. Phillips	[illegible]. A. McKinney, McKinney No. 1
[illegible]94	3199	[illegible]. E. Chrisawn	[illegible]. D. (W. H.) Westall
712	3410	[illegible] Mining Company	Rock
737	3469	[illegible] Ward	[illegible]lmore
[illegible]	[illegible]	[illegible]. E. Phillips, et al.	[illegible]ugar Dave, Ralph
762	[illegible]	[illegible]iller Mining Co.	[illegible]ester
805	[illegible]	[illegible]ean White, et al.	[illegible]ward
830	[illegible]	[illegible]ces and Mining, Inc.	[illegible]arlow Gap
875	[illegible]	[illegible]. [illegible]. Vance	[illegible]uffle Vance, Red, Charlie Burleson
840	[illegible]	[illegible]. [illegible]. Beam	[illegible]ennett, Mica Field
[illegible]	[illegible]	[illegible] Boone	[illegible] Rock
[illegible]	924	[illegible]. [illegible]. Beam & John Phillips	Little Ray, Pat
931	[illegible]	Buchanan Minerals, Inc.	[illegible]uchanan, Dream
[illegible]	3942	Sam G. Smith	[illegible] Hill, Sam Smith
962	4147	Sam L. Phillips	Old Buchanan
[illegible]005	4239	John Phillips	Roby (Robby)
[illegible]008	[illegible]	John Phillips	[illegible]ohn (John's) Brown
[illegible]	[illegible]	Murphy Mining Co.	[illegible]urphy, Murphy Rock
[illegible]	[illegible]	Clifton [illegible]. Buchanan	[illegible]ore, Phillips
[illegible]	[illegible]	Sam [illegible]. Phillips	[illegible] Mountain

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

63603

REPORT OF
ROYALTY REVIEW

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Division of Nonmetallic Minerals, Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-E1089, Docket No. DMEA-4554 (Mica), dated May 21, 1957, with

Sam L. Phillips
Spruce Pine, North Carolina

for the purpose of determining the amount of royalty due the U. S. Government on sales of mica from property referred to as Black Mountain Prospect located in Buncombe County, North Carolina, during the period May 21, 1957, through April 17, 1959.

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

My review established the total sales of mica to be $2,690.29. Royalty due the U. S. Government at the contract rate of 5 percent is $134.51. The royalty paid and balance due are as follows:

Total Royalty Due	$134.51
Total Royalty Paid	134.51
Balance of Royalty Due	$ -0-

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

April 22, 1959

SAM L. PHILLIPS

Contract No. Idm-E1089 Docket No. DMEA-4554

STATUS OF PROJECT, DESCRIPTION
OF REVIEW AND REASONS THEREFOR

A certification of discovery or development was issued on April 9, 1958, and, in accordance with Article 6 of the contract, royalty is payable on the net value of production from the land described in Article 2 during a period of 10 years from the date of the contract or until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first. A Report of Review in lieu of final cost audit dated January 8, 1958, indicated accepted costs under the exploration contract amounting to $5,376.00 with the Government's contribution, on a 75 percent basis, being $4,032.00.

My review consisted of a tabulation and recomputation of the settlement data furnished by the Executive Officer, OME Field Team, Region V, pertaining to royalty received and reconciliation of such receipts with copies of deposit slips furnished by the regional finance office. The last receipt included in this review related to a sale of 22.33 pounds of trimmed mica sold to the Mica Purchase Depot, Spruce Pine, North Carolina, on July 25, 1958, on which the Government's royalty amounting to $18.85 was deposited in Hamilton National Bank, Knoxville, Tennessee, on August 7, 1958, by Deposit No. 14-23-070-9.

The review was made in lieu of an on-site royalty audit of the accounts and records for the following reasons:

(1) Inspections by a field representative of OME Field Team, Region V, indicate that there has been no activity at the mine since early in 1958 and that all equipment has been removed;

(2) All production subject to the Government's royalty has been properly accounted for; and

(3) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

Form 22
11 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Sam L. Phillips

Address Spruce Pine, North Carolina

Exploration Contract No. Idm-E1089 Docket No. 4554

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

APR 17 1959
Date

Mining Engineer

53362

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION V

ELECTROTECHNICAL
EXPERIMENT STATION

P. O. BOX 217
NORRIS, TENNESSEE

April 21, 1959

Memorandum

To: E. D. Talbert, Acting Chief, Contract Administration and Audit Division, Office of Minerals Exploration, Washington, D. C.

From: Administrative Assistant, Norris, Tennessee

Subject: Royalty Audits and Reports of Royalty Review

Reference is made to your memorandum dated April 15, 1959 regarding Royalty Audits and Reports of Royalty Review.

We confirm the information shown in the tabulation with respect to the amount of royalty collected and the date of the last deposit with the exception of Contract Idm-E1089, Docket No. 4554, Sam L. Phillips. The correct amount of royalty collected is $134.51 and the date of last deposit 8/7/58.

According to Mr. George C. Selfridge, Certificates of Deposit No. 84, dated 5/27/58, amount of $0.15, and No. 9, dated 8/7/58, amount $18.85, were posted in error to Idm-E977 - see copy of letter from Mr. Selfridge attached. Records were corrected to read Contract Idm-E1089 as of 9/29/58.

Helen R. Miller

Helen R. Miller

Attachment
/hbm
Copies to R. A. Laurence
V. J. Lynch
Norris files
Day files

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 23 1959

DATE	INITIALS	CODE
4/23	C	220
		800

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

Mr. Robert A. Laurence
Executive Officer, OME
Field Team, Region V
Room 2-E, Post Office Bldg.
Knoxville 2, Tennessee

Re: Docket No. DMEA-4554-Mica
Sam L. Phillips
Black Mountain Prospect
Buncombe County, North Carolina
Contract No. Ida-[illegible]

Dear Mr. Laurence:

Reference is made to the subject contract number and to the Field Team's letter of May 1, 1958, addressed to the Operator, and to memoranda on royalty payments to the Finance Officer, dated May 19 and August [illegible], 1958. Kindly correct your records to read Contract No. Ida-[illegible] instead of Ida-[illegible].

Sincerely yours,

[illegible]

Chairman, Operating Committee

Approved:

[illegible]

Member, Bureau of Mines

W. E. Nelson

Member, Geological Survey

TRIPLICATE

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

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Oak Ridge, Tennessee

DEPOSIT NO. 14-23-070-62

For credit of 5369 Br. Trsy. Regional Office, Oak Ridge, Tenn. 1/23/58
(Name, title, and disbursing [illegible]er identification symbol of accountable officer) (Date sent)

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

$ 13.59

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-E1089 Sam L. Phillips (Royalty Payment)	$13.59

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

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

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

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

(Authorized signature)

JAN 23 1958

(Date of credit in Treasurer's account)

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

16—59686b-1 GPO

OFFICIAL FILE COPY
D[illegible]A
RECEIVED JAN 27 1958

DATE		CODE
1/27/	J.D.	225
		800

E-1089

For Certificate of Deposit No. 38, dated October 29, 1957, giving royalty payment of $24.67, see E-98.

E-1089

For Certificate of Deposit No. 35, dated October 22, 1957, giving royalty payment of $6.96, see E-687.

E-1089

For Certificate of Deposit No. 30, dated October 1, 1957, giving royalty payment of $17.33, see E-57.

TRIPLICATE

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

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Oak Ridge, Tennessee

For credit of 5369 Br. Trsy. Regional Office, Oak Ridge, Tenn 9-3-57
(Name, title, and disbursing o[illegible] identification symbol of accountable officer) (Date sent)

14-23-070-20

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

$ 10.52

for accounts listed below. SCHEDULE Nos.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-E1089 Sam L. Phillips (Royalty Payment)	$10.52

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

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

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

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

(Authorized signature)

(Date of credit in Treasurer's account)

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

16—59686b-1 GPO

RECEIVED
SEP 9 1987
D.M.E.A.

TRIPLICATE

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

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Oak Ridge, Tennessee

DEPOSIT NO.
14-23-070-15

For credit of 5369 Br. Trsy. [redacted]ional Office, Oak Ridge, Tenn. [redacted]-20-57
(Name, title, and disbursing o[redacted]er identification symbol of accountable officer) (Date sent)

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

$ 15.74

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-K1089 Sam Phillips (Royalty Payment)	$15.74

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

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

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

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

(Authorized signature)

(Date of credit in Treasurer's account)

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

16—59686b-1 GPO

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 22 1957

DATE	INITIALS	CODE
8/22	C	220
		800

E-1089

For Certificate of Deposit No. 9, dated August 2, 1957, giving royalty payment of $26.70, see E-1082.

REPORT
OF REVIEW

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Sam L. Phillips

Spruce Pine, North Carolina

pertaining to Exploration Project Contract No. Idm-E1089, DMFA No. 4554, for the months of June 1957 to October 1957, inclusive, covering a project for the exploration of mica on property, known as the Black Mountain Prospect located in Buncombe 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 Operator:

Total cost as billed by Operator		$5,376.00
Exceptions:		
Prior to this review	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$5,376.00

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the Operator by the Government in the amount of Four thousand thirty-two and No/100 Dollars is 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.

Amount payable to Operator	$4,032.00
Amount reimbursed	3,586.50
Balance due Operator	$ 445.50

E. D. Talbert

E. D. Talbert, Auditor

January 8, 1958

JAN 8 1958

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

Re: Docket No. DMEA-4554 (Mica)
Sam I. Phillips
Black Mountain Prospect
Buncombe County, N. C.
Contract No. Idm-71089

Dear Mr. Laurence:

My letter of October 28, 1957, in reply to your request of October 24, 1957, for a Report of Review covering the referenced contract, advised that the issuance thereof was being held in abeyance pending decision on amendment of the contract to provide additional work. As the additional work was not approved, the Report of Review may now be issued and the original and three copies are enclosed.

If you concur with the facts stated in this Report of Review, the original and one copy should be released to the regional finance officer, one copy should be forwarded to the Operator, and one copy should be retained in your files. If for any reason you do not concur, please return the original and three copies to this Division with your comments.

Sincerely yours,

(Signed) E. D. Talbert

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

Enclosure

EDTalbert/wb
January 8, 1958

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

OCT 28 1957

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

Re: Docket No. DMEA-4554 (Nice)
Sam L. Phillips
Black Mountain Prospect
Buncombe County, N. C.
Contract No. Idm-E1089

Dear Mr. Laurence:

By memorandum dated October 24, 1957, you submitted to this Division the enclosed original copy of the October 1957 MF-104 and MF-104A of the referenced Operator and requested a Report of Review.

The review has disclosed that the claimed costs of $5,376.00 are acceptable and Government participation in the amount of $4,032.00 is valid and proper. Issuance of a Report of Review in lieu of a final audit, however, is being held in abeyance pending determination that the project, in fact, is completed. It is noted that by memorandum dated October 22, 1957, the Field Team has recommended amendment of the contract to provide additional work.

Sincerely yours,

(Signed) E. D. Talbert

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

Enclosure

EDTalbert/wb
October 28, 1957

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 43 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

WASHINGTON 25, D.C.

October 24, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 28 1957

DATE	INITIALS	CODE
10/28	gh	220
		800

Memorandum

To: Jay L. Chambers, Director Contract Admin. and Audit Div.

From: Executive Officer, DMEA - Region V - Knoxville, Tenn

Subject: DMEA-4554, Idm-E1089(mica) Sam L. Phillips, Spruce Pine, N. C. Black Mountain Prospect, Buncombe County, N. C.

Work on the subject exploration project contract has been completed.

The following units of work have been acceptably performed, as verified by our Field Examiners:

1. Construction of toolhouse, powder and exploder magazines.

2. Shaft rehabilitation, 20 feet.

3. Shaft sinking, 42 feet (2 ft at Operator's expense).

4. Drifting, 100 feet.

An adequate final engineering and geological report has been received.

The original copy of the final MF-104 and MF-104A are enclosed. A report of Review is requested.

The Operator has requested an amendment to increase the total amount of the contract, for additional exploratory work.

Robert A. Laurence

Robert A. Laurence

F-104 (Rev.)
(April 1952)

RECEIVED
JAN 16 1958
D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K- 33

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October, 1957 Docket No. DMEA 4554 Contract No. Idm-E 1089

Operator's Name Sam L. Phillips Minerals Mica

Address Spruce Pine, North Carolina

Contract Amount, $ 5,376.00 Government Participation: 75 % Amount, $ 4,032.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
18' Drifting @ $33.00	594.00	2706.00	3300.00			
Shaft		1760.00	1760.00			
(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		200.00	200.00			
(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	594.00	4782.00	5376.00	594.00	4782.00	5376.00

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

Date 10-16-57 *Payee Sam L. Phillips

Per Sam L. Phillips Title Partner

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

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

(Instructions on reverse)

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

$445-50

Signature Helen R. Miller
(Authorized Certifying Officer)

Date JAN 14 1958 Vou. No. 109

(See other side)

5 of 10/16

(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. E1089 in accordance with the terms of the contract.

Signature S Fender Title MINING ENGINEER U. S. BUREAU OF MINES Date JAN 13 1958

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA FIELD TEAM REGION V Date JAN 13 1958

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.

F-104A
(April 1962)

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 October 1957 Docket No. DMEA 4554 Contract No. Idm-E 1089

Operator's Name Sam L. 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	Unit Costs
Drifting	Ft.	594.00	18	3300.00	100	33.00	100	33.00
Crosscutting								
Raising								
Shafts	Ft.			1760.00	40	44.00	40	44.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		594.00		5060.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs				200.00				
New Buildings, Improvements, etc.				76.00				
Powder & Exploder Mags.				40.00				
TOTAL COSTS		594.00		5376.00				

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

Date 10-16-57 Operator Sam L. 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.

REMARKS:

(Instructions on reverse)

(For Government use only)

S Feitler
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

FINAL REPORT

OPERATORS

MONTHLY PROGRESS REPORT

DMEA #4554, Idm-E 1089 (Mica)
Black Mountain Prospect
Buncombe Co., North Carolina

Work Accomplished:

We completed 18' of drift on October 15th., making a total of 100' of drift to date, and completing all the work called for in the contract. We have recovered approximately $2,642.00 worth of mica.

Daily Noted:

1 - 15 : Worked on drift, shot, drilled, mucked out waste, and pumped out water daily. Completed 18' of drift in the first 15 days of this month, and completed all the work called for in the contract.

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

Budget Bureau No. 42-R1036.5

RECEIVED OCT 14 1957 DMEA

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K- 19

Month of September, 1957 Docket No. DMEA 4554 Contract No. Idm-E 1089
Operator's Name Sam L. Phillips Minerals Mica
Address Spruce Pine, N.C.
Contract Amount, $5,376.00 Government Participation: 75 % Amount, $ 4,032.00

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						
62' Drifting @ 33.00	2046.00	660.00	2706.00			
Shaft		1760.00	1760.00			
(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		200.00	200.00			
(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	2046.00	2736.00	4782.00	2046.00	2736.00	4782.00

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

Date 10-2-57 *Payee Sam L. Phillips

Per Sam L. Phillips Title Partner

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

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

(Instructions on reverse)

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

$ 1534.50

Signature Helen R. Muller
(Authorized Certifying Officer)

Date OCT 10 1957 Vou. No. 67

(See other side)

511.50

(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. E1089 in accordance with the terms of the contract.

Signature S. Fritler Title MINING ENGINEER U. S. BUREAU OF MINES Date OCT 7 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Sherman Title EXECUTIVE OFFICER DMEA FIELD TEAM REGION V Date OCT 7 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A.
(April 1962)

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 Sept. 1957 Docket No. DMEA 4554 Contract No. Idm-E 1089
Operator's Name Sam L. 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	Unit Costs
Drifting	Ft.	2046.00	62	2706.00	82	33.00	100	33.00
Crosscutting								
Raising								
Shafts	Ft.			1760.00	40	44.00	40	44.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		2046.00		4466.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs				200.00				
New Buildings, Improvements, etc.				76.00				
Powder & Exploder Mags.				40.00				
TOTAL COSTS		2046.00		4782.00				

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

Date 10-2-57 Operator Sam L. 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.

REMARKS:

(Instructions on reverse)

(For Government use only)

S Feitler

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 87 2894

OPERATOR'S

Monthly Progress Report

DMEA #4554, Idm-E 1089 Mica

Black Mountain Prospect

Buncombe County, N.C.

Work Accomplished:

In this month we have completed 62' of drift, making a total of 8 2' of drift to date. We recovered approximately 500# of mica this month, the vein is 10 to 12' wide.

Daily Notes:

2 - 6	:	We continued to work on drift.
9 - 13	:	Drilled, shot and mucked out waste, and pumped out water daily.
16 - 20	:	Drilled, shot, mucked out waste, and pumped out water daily, continued to work on drift.
23 - 30	:	We completed 62' of drift in this month and recovered approximately 500# of mica, the vein ia 10 to 12' wide.

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K- 12

Month of August, 1957 Docket No. DMEA 4554 Contract No. Idm-E 1089
Operator's Name Sam L. Phillips Minerals Mica
Address Spruce Pine, N.C.
Contract Amount, $ 5,376.00 Government Participation: 75 % Amount, $ 4,032.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
20' Drifting @ $33.00	660.00		660.00			
10' Shaft @ $44.00	440.00	1320.00	1760.00			
(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		200.00	200.00			
(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	1100.00	1636.00	2736.00	1100.00	1636.00	2736.00

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

Date 9-3-57 *Payee Sam L. Phillips

Per Sam L. Phillips Title Partner

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

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

(Instructions on reverse)

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

$ 825.00

Signature Helen R. Mellie
(Authorized Certifying Officer)

Date SEP 12 1957 Vou. No. 51

(See other side)

3 275.00

(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. Idm E1089 in accordance with the terms of the contract.

Signature W. C. Beck Title MINING ENGINEER U. S. BUREAU OF MINES Date SEP 5 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA FIELD TEAM REGION V Date SEP 5 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 August 195 7 Docket No. DMEA 4554 Contract No. Idm-E 1089

Operator's Name Sam L. 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	Unit Costs
Drifting	Ft.	660.00	20	660.00	20	33.00	100	33.00
Crosscutting								
Raising								
Shafts	Ft.	440.00	10	1760.00	40	44.00	40	44.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		1100.00		2420.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs				200.00				
New Buildings, Improvements, etc.				76.00				
Powder & Exploder Mags.				40.00				
TOTAL COSTS		1100.00		2736.00				

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 9-3-57 Operator Sam L. Phillips

Per Sam L. Phillips Title Partner

REMARKS:

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

(Instructions on reverse)

(For Government use only)

RECEIVED SEP 16 1957 D.M.E.A.

V. A. Beck

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 #4554, Idm-E 1089 Mica

Black Mountain Prospect

Buncombe County, N.C.

Work Accomplished:

In this month we completed 10' of shaft, making a total of 40' which completes the shaft work called for in the contract. We began work on the drift, and have completed 20' to date. There is 5 to 6' of vein material, and we are recovering some mica.

Daily Notes:

1 - 9 : Continued to work on shaft.

12 - 16 : Drilled, shot and mucked out waste, continue to pump water daily.

19 - 23 : Completed 10' of shaft in this month, a total of 40' to date completing all the shaft work called for in the contract.

26 - 30 : We completed 20' of drift to date, there is 5 to 6' of vein material, and we are recovering some mica.

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 16 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- 6

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July, 195 7 Docket No. DMEA 4554 Contract No. Idm-E 1089
Operator's Name Sam L. Phillips Minerals Mica
Address Spruce Pine, N.C.
Contract Amount, $ 5,376.00 Government Participation: 75 % Amount, $ 4,032.00

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						
22' Shaft @ $44.00	968.00	352.00	1320.00			
(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		200.00	200.00			
(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	968.00	668.00	1636.00	968.00	668.00	1636.00

RECEIVED AUG 13 1957 D.M.E.A.

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 8-1-57 *Payee Sam L. Phillips
Per Sam L. Phillips Title Partner

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

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

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:
$ 736.00
Signature Helen R. Miller
(Authorized Certifying Officer)
Date AUG 9 1957 Vou. No. 25
(See other side)

2

342.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-1089 in accordance with the terms of the contract.

Signature W. J. Lynch Title MINING ENGINEER U. S. BUREAU OF MINES Date AUG 5 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA FIELD [illegible] Date AUG 5 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 July 1957 Docket No. DMEA 4554 Contract No. Idm-E 1089

Operator's Name Sam L. 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	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts	Ft.	968.00	22	1320.00	30	44.00	40	44.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		968.00		1320.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs				200.00				
New Buildings, Improvements, etc.				76.00				
Powder & Exploder Mags.				40.00				
TOTAL COSTS		968.00		1636.00				

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 8-1-57 Operator Sam L. 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.

REMARKS:

(Instructions on reverse)

(For Government use only)

RECEIVED AUG 13 1957 D.M.E.A.

T. 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

OPERATOR'S

Monthly Progress Report

DMEA 4554, Idm-E 1089 (Mica)
Black Mountain, Prospect
Buncombe County, N.C.

Work Accomplished:

We continued to sink shaft, completing 22' in this month, making a total of 30' of shaft work completed to date. There is a very wide vein, and we are recovering some mica.

Daily Notes:

1 - 5 : Continued to sink shaft.

8 - 12 : Shot, drilled, mucked out waste and pumped water daily.

15 - 19 : Continued to sink shaft, there is a very wide vein and we are recovering some mica.

22 - 31 : Completed 22' of shaft work in this month, making a total of 30' of shaft completed to date.

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 13 1957

DATE	INITIALS	CODE

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

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-58.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHEDULE
PAYMENTS K- 2

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June, 1957 Docket No. DMEA 4554 Contract No. Idm-E 1089
Operator's Name Sam L. Phillips Minerals Mica
Address Spruce Pine, N.C.
Contract Amount, $ 5,376.00 Government Participation: 75 % Amount, $ 4,032.00

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						
8' Shaft @ $44.00	352.00		352.00			
(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	200.00		200.00			
(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	668.00		668.00	668.00		668.00

RECEIVED JUL 15 1957 D.M.E.A.

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

Date 7-1-57 *Payee Sam L. Phillips

Per Sam L. Phillips Title partner

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

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

(Instructions on reverse)

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

$ 501.00

Signature Helen R. Miller
(Authorized Certifying Officer)

Date JUL 12 1957 Vou. No. 4
(See other side)

1st 6/17

167-00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-1089 in accordance with the terms of the contract.

Signature S. C. Bingham Title GEOLOGIST, U. S. G. S. Date JUL 3 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lemmer Title EXECUTIVE OFFICER DMEA FIELD TEAM REGION V Date JUL 5 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.

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 7 195.. Docket No. DMEA 4554 Contract No. Idm-E 1089

Operator's Name Sam L. 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	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts	Ft.	352.00	8	352.00	8	44.00	40	44.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		352.00		352.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs		200.00		200.00				
New Buildings, Improvements, etc.		76.00		76.00				
Powder & Exploder Mags.		40.00		40.00				
TOTAL COSTS		668.00		668.00				

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 7-1-57 Operator Sam L. 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.

REMARKS:

(Instructions on reverse)

(For Government use only) S. C. Bergman

GEOLOGIST, U. S. G. S. JUL 3 1957

RECEIVED JUL 15 1957 D.M.E.A.

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.

U. S. GOVERNMENT PRINTING OFFICE 205676

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DMEA
RECEIVED JUL 15 1957

DATE	INITIALS	CODE

OPERATOR'S

Monthly Progress Report

DMEA 4554, Idm-E 1089

Buncombe County, N.C.

Work Accomplished:
Work began June 17, 1957
We moved in equipment, sat up powder and exploder magazines, constructed tool house, and completed the rehabilitation work on the existing shaft. To date we have completed 8' of shaft. There is a vein approximately 2½' wide, and we are finding a little mica.

Daily Notes:

17 - 21 : We moved in equipment, sat up powder and exploder magazines, constructed tool house, and began work on existing shaft.

25 - 28 : We completed rehabilitation work on existing shaft, and begin to work on new shaft to date we have completed 8', and we are finding a little mica.

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

CERTIFICATION BY THE UNITED STATES OF AMERICA
OF A DISCOVERY OR DEVELOPMENT UNDER
AN EXPLORATION PROJECT CONTRACT

To: Mr. Jan L. Phillips

Spruce Pine, North Carolina

Pursuant to the provisions of Exploration Project Contract No. Idm-51089, dated May 21, 1957, Docket No. DMEA-4554, hereinafter called the "contract", between Jan L. Phillips and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

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

Shaft sinking and drifting exposed mica in a discordant, zoned pegmatite emplaced in biotite and feldspathic muscovite-biotite gneiss. Sufficient data were obtained to calculate indicated and inferred reserves of strategic mica.

THE UNITED STATES OF AMERICA

By C. C. Mitteneyer
Administrator, Defense Minerals
Exploration Administration

Dated APR 9 1958

WCAnderson:gad 3/28/58
Copy to: Mr. Kenneth R. McKinney,
Spruce Pine, N. C.
Mr. Oscar V. Coulter,
Spruce Pine, N. C.
Mr. Clarence A. Fredell, GSA

Copy to: Admr. R. File
Mr. Johnson
Mr. Chambers
Operating Committee
Field Team, Region V
Finance Office
Mr. Kiilsgaard, 5222
Mr. Lamb, 3649
Mr. Houk

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

APR 10 1958

Mr. Sam L. Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-4554-Mica
Sam L. Phillips
Black Mountain Prospect
Buncombe County, North Carolina
Contract No. Idm-51089

Dear Mr. Phillips:

Enclosed is a certification of discovery or development under Contract No. Idm-51089 on the Black Mountain Prospect, Buncombe County, North Carolina.

By the terms of the Exploration Project Contract, all minerals mined or produced from May 21, 1957, to May 21, 1967, are subject to the Government's percentage royalty as set forth in the contract until the sum of $4,032.00 is repaid to the Government.

You should continue to make royalty payments to the Executive Officer, DMEA Field Team, Region V, Room 13, Post Office Building, Knoxville 2, Tennessee, as you have in the past and checks should be drawn payable to the Defense Minerals Exploration Administration.

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

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

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure
WCAnderson:gad 3/28/58

Copy to: Mr. Kenneth R. McKinney
Spruce Pine, N. C.
Mr. Oscar V. Coulter
Spruce Pine, N. C.
Mr. Clarence A. Fredell, GSA
Admr. R. File
Mr. Johnson
Mr. Chambers
Operating Committee
Field Team, Region V
Finance Office
Mr. Kilsgaard, 5222
Mr. Lamb, 3649
Mr. Houk

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

600

APR 10 1958

Mr. Oscar V. Coulter

Spruce Pine, North Carolina

Re: Docket No. DMEA-4554-Mica
Sam L. Phillips
Black Mountain Prospect
Buncombe County, North Carolina
Contract No. Idm-51039

Dear Mr. Coulter:

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

This correspondence relates to the Performance Bond and Affidavit of Individual Surety signed by you on April 19 and 24, 1957, respectively. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated, during that period, to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures 2

WCAnderson:3/31/58
Rewritten
GCSelfridge:rsi 4/7/58
Copy to: Admr. R. File
Operating Committee
Mr. Chambers
Mr. Johnson
Mr. Kiilsgaard, 5222
Mr. Lamb, 3649
Field Team, Region V
Mr. Houk

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

APR 10 1958

Mr. Kenneth R. McKinney

Spruce Pine, North Carolina

Re: Docket No. DMEA-4554-Mica
Sam L. Phillips
Black Mountain Prospect
Buncombe County, North Carolina
Contract No. Idm-E1089

Dear Mr. McKinney:

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

This correspondence relates to the Performance Bond and Affidavit of Individual Surety signed by you on April 19 and 24, 1957, respectively. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated, during that period, to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you.

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosures 2

WCAnderson:3/31/58
Rewritten
GCSelfridge:rsi 4/7/58
Copy to: Admr. R. File
Operating Committee
Mr. Chambers
Mr. Johnson
Mr. Kiilsgaard, 5222
Mr. Lamb, 3649
Field Team, Region V
Mr. Houk

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

600

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

Re: Docket No. DMEA-4554-Mica
Sam L. Phillips
Black Mountain Prospect
Buncombe County, North Carolina
Contract No. Idm-E1089

Dear Mr. Fredell:

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

The exploration contract was signed on May 21, 1957, with the Government participating to the extent of 75 percent of $5,376.00 or $4,032.00. The project was started on June 11, 1957, and was completed by October 14, 1957, after the expenditure of $5,376.00, which is the total accepted cost according to the Audit Division. The Government paid 75 percent of the total accepted cost or $4,032.00.

The work performed on this project consisted of rehabilitating 20 feet of existing shaft, sinking an additional 40 feet of shaft and driving 100 feet of drifts. The work exposed a strategic mica-bearing zoned pegmatite, 10 to 20 feet thick.

A total of 3,600 pounds of block and 55.86 pounds of full-trim sheet were sold between July and October, 1957. The project work furnished sufficient data to calculate the following classifications of strategic mica reserves:

<u>Indicated</u> - 14,800 pounds block @ est. 4.3% recovery, or 636 pounds sheet.
<u>Inferred</u> - 7,400 pounds block @ est. 4.3% recovery, or 318 pounds sheet.

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

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

WCAnderson:gad 3/28/58

Copy to: Admr. R. File
Mr. Johnson
Mr. Chambers
Mr. Kiilsgaard, 5222
Mr. Lamb, 3649

Operating Committee
Field Team, Region V
Mr. Houk

DMEA Form 14

2516

Contract No. Idm-E 1089

Docket No. 4554

Executed contract

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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
May 21, 1957	V	North Carolina	Mica

Name and Address of Operator: Sam L. Phillips
Spruce Pine
North Carolina

	Reserve	Obligation
Prior Amount	$4,032.00	0
Increase	0	$4,032.00
Decrease	$4,032.00	0
Revised Amount	0	$4,032.00

Remarks:

(Name)

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

Date Delivered to Bureau of Mines, Washington 5/31/57

16416

Audit copy

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 29 1957

DATE	INITIALS	CODE
~~5/26~~	~~[illegible]~~	~~220~~
		800

MF-200A
(Rev. April 1956)

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

DMEA No.	Commodity	Contract No. Idm-E	County	State
4554	Mica	1089	Buncombe	North Carolina

It is agreed 21 MAY 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Sam L. Phillips

whose mailing address is Spruce Pine, North Carolina

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) This contract is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before JUL 1 1957, 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 $5,376.00. The Government will contribute 75 percent of the fixed unit cost of the work performed, not exceeding $4,032.00, 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 of 12½% of gross receipts from sale of minerals, payable to lessors.

(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: Performance Bond and Affidavit of Surety accepted in lieu of Consent to Lien and Subordination Agreement.

(c) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing

in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

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

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after certification of discovery or development, to inspect production operations and underground workings. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(a) Operator's records.—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(b) *Royalty on production.*—The Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

(c) *Basis for computation.*—The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f. o. b. point); *except,* that charges of *the buyer* arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by *the buyer,* sampling and assaying to determine the value of the production sold, and freight paid by *the buyer* to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling, assaying, or transportation performed or paid by the Operator or by anyone other than the buyer are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(d) *Unsold production.*—If any production (ore, concentrates, metal, or equivalent) after the lapse of six months from the date the ore was extracted from the ground remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) *Percentages of royalty.*—The percentages of the Government's royalty shall be as follows:

One and one-half (1½) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half (½) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.

(For instance: the royalty on an amount of five dollars ($5.00) per ton would be one and one-half (1½) percent; on an amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this Article.

(g) *Lien for payment.*—To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(h) *Notice to purchasers.*—The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

(i) *No obligation to produce.*—Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(j) *Government not obligated to buy.*—Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

ARTICLE 7. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

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

ARTICLE 8. *Notices to be given by the Government* may be delivered to the Operator or may be sent by registered mail addressed to the Operator at the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 10. *Changes and added provisions.*—

.....

.....

.....

.....

.....

.....

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

Sam L. Phillips
(Operator)

SAM L. PHILLIPS

By .....
XX

.....

By O. Mitterdorf

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

OFFICE FILE COPY
DMEA
RECEIVED MAY 29 1957

DATE	INITIALS	CODE

EXPLORATION PROJECT CONTRACT
SAM L. PHILLIPS
DOCKET NO. DMEA-4554

ANNEX I

The land referred to in Article 2 of the Contract known as Black Mountain Prospect is situated on the southeast slope of Middle Mountain and on the southeast trending nose of Forked Ridge at an elevation of 3,400 feet about 0.59 airline miles S 73° E of Montreat Reservoir and 1 mile north of Montreat College, Buncombe County, North Carolina. The Operator is in possession by virtue of a lease, dated September 26, 1956, as amended, from the Mountain Retreat Association. The leased area consisting of 8 acres more or less is part of a 1,760 acre tract conveyed to the Association by deed dated June 1, 1897, and recorded in the Office of the Register of Deeds of Buncombe County, North Carolina, in Book 103, at page 135.

The 8-acre tract is shown on Map No. 1 DMEA-4554, attached and made a part hereof and is described as follows:

> Beginning at the shaft of what is known as the Black Mountain prospect, which is located 1464 feet South 57° East to a twin ten-inch Spanish oak, which is the property corner between Fronde Kennedy, David Neville, and the Mountain Retreat Association (said Spanish oak is located South 15° West 44 feet from a Carolina Power electric power pole No. 15) and running North 300 feet, thence East 300 feet, thence South 600 feet, thence West 600 feet, thence North 600 feet, thence East 300 feet to closing.
>
> This prospect is located approximately 1 mile northwest of the Assembly Inn at Montreat, North Carolina.

OFFICIAL FILE COPY
DMEA
RECEIVED MAY 29 1956

DATE	INITIALS	CODE

EXPLORATION PROJECT CONTRACT
SAM L. PHILLIPS
DOCKET NO. DMEA-4554

EXHIBIT A

DESCRIPTION OF THE WORK

Exploration for concentrations of strategic mica shall be performed in the area indicated on the attached map No. 2 entitled "The Black Mountain Prospect, Buncombe County, North Carolina. DMEA-4554 (mica)," 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 2½ feet.

   (c) An exploder storage magazine, minimum dimensions 2 feet by 1½ feet by 1 foot.

The toolhouse may be unfloored; shall be made from unfinished lumber, with protective roof covering; and shall be equipped with lock and key.

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

2. Rehabilitate the inclined shaft a distance of not more than 20 feet.

3. From the bottom of the rehabilitated shaft, sink a two-compartment inclined shaft a distance of not more than 40 feet.

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

The shaft and the drifts and/or crosscuts shall be timbered as necessary and shall have minimum cross-sectional dimensions of 5 feet by 7 feet in the clear of timber.

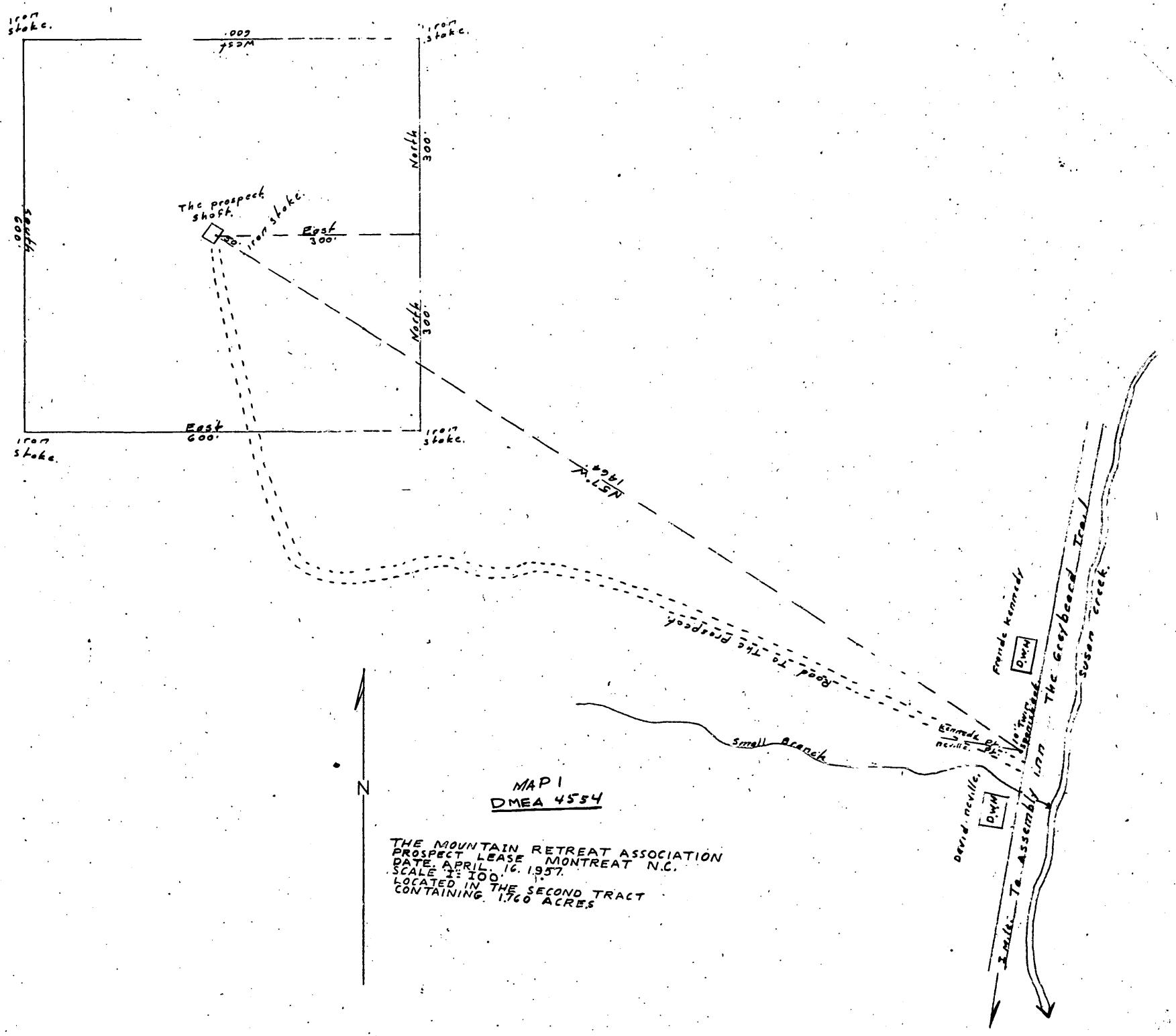
All work shall be performed on the pegmati e or in as close proximity thereto as possible.

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

FIXED UNIT COSTS

1. Construct--			
Tool house 1/	$76.00		
Powder magazine 1/	25.00		
Exploder magazine 1/	15.00	$ 116.00	
2. Rehabilitate 20 feet of existing shaft @ $10.00/foot		200.00	
3. Sink 40 feet of shaft @ $44.00/foot		1,760.00	
4. Drive 100 feet of drifts and/or crosscuts @ $33.00/foot		3,300.00	
Estimated total cost of project			$5,376.00
Government participation @ 75%			$4,032.00

1/ The completed work constitutes the unit.



MAP I
DMEA 4554

THE MOUNTAIN RETREAT ASSOCIATION
PROSPECT LEASE MONTREAT N.C.
DATE APRIL 16. 1957.
SCALE 1" = 100'
LOCATED IN THE SECOND TRACT
CONTAINING 1.760 ACRES

OFFICIAL FILE COPY
D M E A
RECEIVED MAY 29 1957

DATE	INITIALS	CODE

DMEA Form 14

Contract No. Idm-E 1089

Docket No. 4554

DEPARTMENT OF THE INTERIOR

Approved contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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
May 21, 1957	V	North Carolina	Mica

Name and Address of Operator: Sam L. Phillips
Spruce Pine
North Carolina

	Reserve	Obligation
Prior Amount	0	0
Increase	$4,032.00	0
Decrease	0	0
Revised Amount	$4,032.00	0

Remarks:

ALLEN S. DAKAN

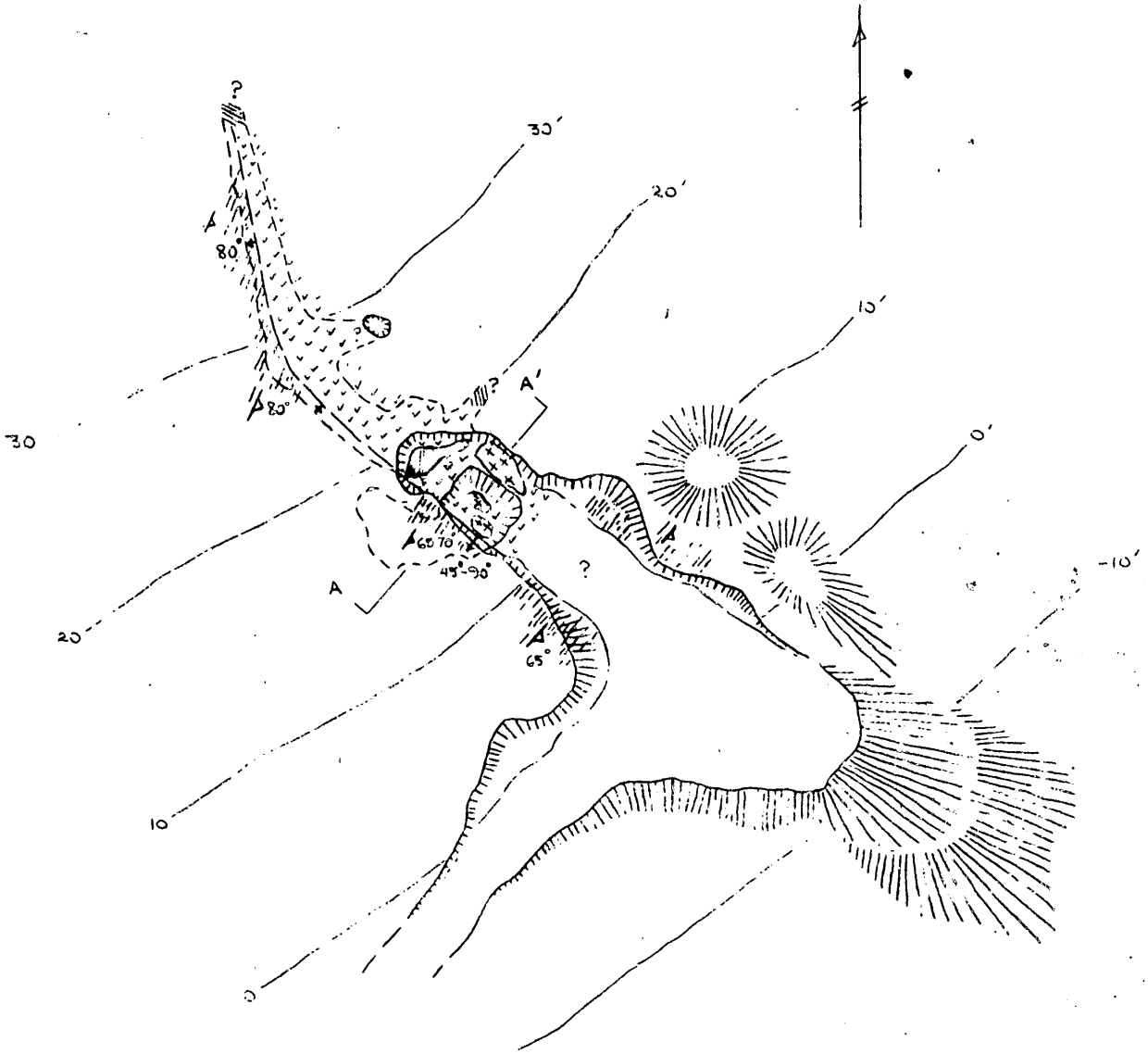
(Name)

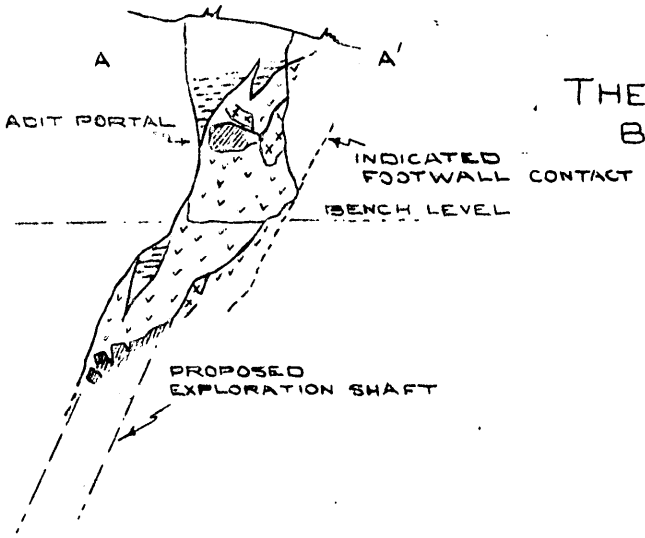
Allen S. Dakan, Chief
Operations Control and
Statistics Division

(Title)

Date Delivered to Bureau of Mines, Washington 5/22/57

16416





MAP No. 2

THE BLACK MOUNTAIN PROSPECT

BUNCOMBE COUNTY, NORTH CAROLINA

DMEA - 4554 (MICA)

SCALE: 1" = 20'

LEGEND

- PLAG.-QTZ.-MUSCOVITE PEGMATITE
- MASSIVE QUARTZ
- WEATHERED MICA GNEISS
- UNDERGROUND WORKINGS
- EXCAVATION
- DUMP

SCE 2/57

RECEIVED
FEB 25 1957
D.M.E.A.