E-1202

For Certificate of Deposit No. 39, dated November 18, 1958, giving royalty payment of $640.21, see E-98.

TRIPLICATE

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

THIS DEPOSIT IS NOT SUBJECT TO CHECK Oak Ridge, Tennessee

DEPOSIT NO. 14-23-070-29

For credit of 5369 Dr. Irsy, Regional Office, Oak Ridge, Tenn. [redacted] 10/15/58
(Name, title, and disbursing or [redacted] identification symbol of accountable officer) [redacted] ate sent)

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

$ 740.22

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-E1202 Mitchell Lumber Co. (Royalty Payment)	$740.22

(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
Harris, 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

E-1202

For Certificate of Deposit No. 28, dated September 30, 1958, giving royalty payment of $358.82, see E-977.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

[illegible]

I have reviewed the Monthly Reports of:

Mitchell Lumber Company, Inc.
Spartan Mine, South Carolina

pertaining to Exploration Project Contract No. [illegible], [illegible] No. [illegible], for July 1976 and August 1976, covering a mine project in the Kenny Mine, Mitchell County, South Carolina.

My review included an examination of the monthly reports (Form [illegible]) and supporting documents, consisting of the listing which the contract and performance conditions, verification of work performed by reference to field time reports and subcontractors, 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 expenditures and records for the period cited.

All of the work were under a contract provision for reimbursement on the basis of final audit, unless the work performed.

The findings of this review are stated in the following summary:

Total costs billed by Operator		[illegible]
Disallowances:		
Costs in this review	[illegible]	
Previous	[illegible]	[illegible]
Accepted costs		[illegible]

The contract calls for a 75 percent participation of the allowable costs by the Government. Therefore, if the project is allowable because of failure, but the terms of the contract, payment is subject to the total cost payment.

Payable on accepted claim	[illegible]
Paid to date	[illegible]
Balance due Operator	[illegible]

E. N. Tatlock
E. N. TATLOCK, Auditor

January 14, 1977

JAN 16 1959

Mr. Robert A. Lawrence
Executive Officer
[illegible] Field Testing Region V
Room [illegible], [illegible] Office Building
Knoxville 2, Tennessee

Re: Docket No. [illegible] ([illegible])
Mitchell Engineering Company, Inc.
Contract No. [illegible]

Dear Mr. Lawrence:

Enclosed are the original and three copies of a Report of Audit, as requested by Mr. Ignat's December 27 memorandum.

If you concur with the facts as stated in this report, please make the usual distribution. If for any reason you do not concur, please return the original and all copies with your comments to this Division.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers
Contract Administration
and Audit Division

Enclosures

GHOOverby/GMM
January 16, 1959

cc: Docket
Director's Reading File
Mr. Chambers
Mrs. Helen R. Miller

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
ROOM 2-B POST OFFICE BLDG.
KNOXVILLE 2, TENN.

January 13, 1959

OFFICIAL FILE COPY O. M. E. RECEIVED JAN 15 1959		
DATE	INITIALS	CODE
1-15	C	220
		800

Memorandum

To: Jay L. Chambers, Contract Administration and Audit Division, OME - Washington, D. C.

From: Executive Officer, OME - Region V - Knoxville, Tenn.

Subject: DMEA-4901, Idm-E1202(mica) Mitchell Lumber Co.,Inc. Spruce Pine, N.C. Banner Mine, Mitchell County, North Carolina.

Work on the subject contract was suspended by the Operator in August, in order to concentrate on mining a rich mica shoot encountered in the exploratory shaft. This was so successful that the Operator abandoned the exploratory shaft and started a new one for development and mining purposes. Accordingly, the contract was terminated January 5, 1959, effective October 22, 1958. The Operator's August voucher, which we forwarded for payment on August 19, thus became the final voucher for the project. We have not yet received the Operator's final engineering and geologic report, but the Operator has been asked to submit it.

Sales of mica from the Banner mine have already exceeded 10 times the cost of the exploratory work; therefore the entire amount of the Government's participation was repaid by November 17, 1958.

The following units of work were verified by our field examiners:

Shaft sinking----------49 feet.
Construction of toolhouse
Construction of powder and exploder magazines.

A report of review is requested.

Robert A. Laurence

Robert A. Laurence

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

Budget Bureau No. 42-R1036.5

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August, 1958 Docket No. DMEA 4901 Contract No. IDM-E-1202
Operator's Name Mitchell Lumber Company, Inc. Minerals Mica
Address P. O. Box 725, Spruce Pine, N. C.
Contract Amount, $ Government Participation: % Amount, $

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 Shaft						
22 ft. @ 45.00	990.00	1,215.00	2,205.00	990.00	1,215.00	2,205.00
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.					114.00	114.00
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	990.00	1,215.00	2,205.00	990.00	1,329.00	2,319.00

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

Date Aug. 15, 1958 Payee Mitchell Lumber Co., Inc.

Per Franklin R. Mitchell Title President

*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:

$742.50

Signature Helen R. Miller
(Authorized Certifying Officer)

Date AUG 25 1958 Vou. No.
(See other side)

247.50

(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. TmE 1202 in accordance with the terms of the contract.

Signature S. Feiler Title MINING ENGINEER U. S. BUREAU OF MINES Date AUG 19 1958

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA FIELD TEAM REGION V Date AUG 19 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.

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 1958 Docket No. DMEA 4901 Contract No. IDM-E-1202
Operator's Name Mitchell Lumber Company, Inc. Minerals Mica
Address P. O. Box 725, 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	22 ft.	990.00	22	2,205.00	49			
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS								TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		990.00	22	2,205.00				

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.

REMARKS:

Date August 13, 1958 Operator Mitchell Lumber Co., Inc.
Per Frank M. Shelby Title President

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)

S H Feiler
MINING ENGINEER
U. S. BUREAU OF MINES

Operator failed to enter $114.00 in "Costs to date" Column for "New Buildings". Total costs should be $2319.00

W A Beck AUG 19 1958

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

FRANK W. PHILLIPS, Pres. ALBERT L. CANIPE, Vice Pres. SAM W. THOMPSON, Sec'y-Treas.

MITCHELL LUMBER COMPANY
INCORPORATED

SPRUCE PINE, N. C.

August 13, 1958

Docket No. 4801
Contract No. KDM-E-1202
Mitchell Lumber Company, Inc.
Spruce Pine, N. C.

NARRATIVE REPORT

Mining operation has been carried on as fast as possible, using two shifts totaling 64 man-hours per day, six days per week since the last report . We cut a streak of non-mica bearing pegmatite at approx. 65 ft. This streak continued down the shaft, crossing from the north side to the south side. We returned then, to very hard country rock to a depth of approx. 81 ft. when we cut mica bearing pegmatite. This vein yeilded 50 lb. of small blocks of mica of good quality. We have continued to encounter water in increasing quantities during this period. We have had no break-downs, and consider the progress satisfactory under the conditions encountered.

MITCHELL LUMBER COMPANY, INC.

Frank W. Phillips

Frank W. Phillips, President

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

RECEIVED AUG 4 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-

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of JULY 1958 Docket No. DMEA 4901 Contract No. IDM-E 1202
Operator's Name Mitchell Lumber Company, Inc. Minerals Mica
Address P. O. Box 725 Spruce Pine, N. C.
Contract Amount, $ 9,864.00 Government Participation: 75 % Amount, $

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						
Drifting						
Sinking Shaft 27 ft. @ $45.00	1,215.00	-	1,215.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.	114.00	-	114.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1,329.00		1,329.00	1329.00		1329.00

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

Date July 22, 1958 Payee MITCHELL LUMBER CO., INC.

Per Frank H. Phillips Title Pres

*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:

$ 996.75

Signature Helen R. Miller
(Authorized Certifying Officer)

Date AUG 1 1958 Vou. No. 12
(See other side)

332.25

(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 1202 in accordance with the terms of the contract.

Signature S Feitler Title MINING ENGINEER U. S. BUREAU OF MINES Date JUL 31 1958

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: EXECUTIVE OFFICER DMEA FIELD TEAM

Signature ..... Title REGION V Date JUL 31 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.

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED AUG 4 1958 D.M.E.A.

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

Month of July 195 8 Docket No. DMEA 4901 Contract No. Ian-D 1202
Operator's Name Mitchell Lumber Company, Inc. Minerals Mica
Address P. O. Box 725, Spruce Pine, N. C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts	Ft.	1,215.00	27	1,215.00	27	45.00	100	45.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1,215.00		1,215.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		114.00		114.00				114.00
Total Costs		1,329.00		1,329.00				

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 July 22, 1958 Operator MITCHELL LUMBER CO., INC.

Per Frank W. Phillips Title PRES.

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)

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

July 22, 1958

NARRATIVE REPORT

DMEA No. 4901 Mica
Contract No. Idm-E 1202
Mitchell Lumber Co., Inc.
Spruce Pine, N. C.

Construction of the tool house, powder storage magazine, and exploder storage magazine has been completed in accordance with the specifications set forth in the contract. A suitable head frame equipped with new type dumping tipple and other mechanical conveniences has been completed. Excavation of the shaft was begun using substantial timbers until solid material was reached; a second shift has been added since timbering was completed. Considerably more water than was originally anticipated, and extremely hard material has held progress down to a low level. It is noted that our costs in sinking the shaft to the present level have averaged more than $90.00 per foot.

Frank W. Phillips Pres.

RECEIVED
JUL 31 1958
U. S. Geological Survey
Contract Inquiries
Knoxville, Tenn.

DMEA EXPLORATION PROJECT

INTERIM REPORT

DMEA-1901, Idm-[illegible] (mica) BANNER MINE
Mitchell County, N. C.

Applicant: Mitchell Lumber Company, Spruce Pine, N. C.

Location: On the SE slope of a low hill 0.5 mile N35°E from the Bandana Post Office, Mitchell County, N.C.

The shaft is down 46 feet timbered to 8 feet from the bottom. The depth was measured at 38 feet when the contract was delivered to the Operator's office for his signature on June 17, 1958. Advance between June 17 and June 30 was 8 feet. Work was delayed by repairs to the hoist during the period.

Two shifts are being worked and good progress is expected. A headframe has been erected and wire rope guides will be used.

A hole drilled 6 feet into the northwest wall of the shaft penetrated pegmatite at 5 feet, 8 inches.

Initiated: June 30, 1958

S. A. Feitler, Mining Engineer
Bureau of Mines (DMEA)

D. H. Amoe, Geologist
Geological Survey

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

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

To: Mitchell Lumber Company, Inc.

Spruce Pine, North Carolina

Pursuant to the provisions of Exploration Project Contract No. [illegible], dated June 10, 1958, Docket No. DMA-4[illegible], hereinafter called the "contract", between the Mitchell Lumber Company, Inc., and the United States of America, hereinafter called the "Government", to establish and fix the Government's percentage royalty on production and fix time 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 briefly or indicated as follows:

Shaft sinking exposed mica in a thick, tabular pegmatite conveniently explored in an inclined-tunnel mica and beryllium gation. Sufficient data were obtained to calculate indicated and inferred reserves of strategic mica.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Acting Director, Office of
Minerals Exploration

Dated MAR 6 1959

WCAnderson:gmd 2/27/59

cc: Dir. R. File
Operating Committee
Mr. Chambers
Mr. Johnson
Mr. Clarence A. Fredell, GSA
Mr. and Mrs. Bryan Robinson
Mr. and Mrs. E. L. Silver
Field Team, Region V
Finance Officer
Mr. Kiilsgaard, USGS
Mr. Lamb, USBM
Mr. Houk

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

600

Mitchell Lumber Company, Inc.
c/o Mr. Frank W. Phillips
Spruce Pine, North Carolina

MAR 9 1959

Re: Project No. DMEA-6701-Mica
Mitchell Lumber Co., Inc.
Banner Mine
Mitchell County, North Carolina
Contract No. Ex-21202

Gentlemen:

Enclosed is a certification of discovery or development under Contract No. Ex-21202 on the Banner Mine, Mitchell County, North Carolina.

By the terms of the Exploration Project Contract, all minerals mined or produced from June 10, 1958, to June 10, 1960, are subject to the Government's percentage royalty as set forth in the contract until the sum of $2,739.25 is repaid to the Government.

As the royalty has been paid in full, the Government no longer has a claim upon production from the property. Your interest in the former DMEA program and participation therein are fully appreciated.

Sincerely yours,

Frank E. Johnson

Acting Director

Enclosure
WCAnderson:gad 3/2/59
Copy to: Dir. R. File
Operating Committee
Mr. Johnson
Mr. Chambers
Mr. Kiilsgaard, USGS
Mr. Lamb, USBM
Field Team, Region V
Mr. Houk

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

MAR 9 1959

Mr. Clarence A. Fredell, Director
Technical Research and Development Division
Defense Materials Service
General Services Administration
6012 GSA Building
Washington 25, D. C.

Re: Docket No. DMEx-4901-Mica
Mitchell Lumber Co., Inc.
Banner Mine
Mitchell County, North Carolina
Contract No. Ex-51808

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 June 10, 1958, with the Government participating to the extent of 75 percent of $9,864.00 or $7,398.00. The project was started on June 16, 1958, and was terminated October 22, 1958, after the expenditure of $2,319.08, which is the total accepted cost according to the Audit Division. The Government paid 75 percent of the total accepted cost, or $1,739.25.

Contract work performed on this project consisted of sinking 49 feet of shaft. The work exposed a tabular, concordant, mica-bearing pegmatite. Mining work carried on during the contract period and to the present time has resulted in the production of 170 tons of mica-run mica. The following ore reserves still remaining in the deposit have been calculated:

Indicated - 90 tons of mica-run mica
Inferred -125 tons of mica-run mica.

The OME 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,

Frank E. Johnson

Acting Director

Enclosure

VCAnderson:gad 3/2/59

Copy to: Mr. L. Fila
Mr. Quinlan
Mr. Johnson
Contracting Committee
Mr. Lad, DMEX
Mr. Killingsworth, DMEX
Field Team, Region V
Mr. Hunt

MAR 9 1959

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Frank E. Johnson

[redacted]

[redacted]

[redacted]

MAR 9 1959

[redacted]

Frank E. Johnson

[redacted]

[redacted]

Audit's copy

OFFICIAL FILE COPY
O. M. E.
RECEIVED JAN 15 1959

DATE	INITIALS	CODE

TERMINATION AGREEMENT

It is agreed this 5th day of January, 1959, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and Mitchell Lumber Company, Inc., hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E1202, Docket No. DMEA-4901, dated June 10, 1958, hereinafter called the "Contract," that:

1. Effective October 22, 1958, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

4. All rights of the Government respecting certification of discovery or development, percentage royalty and liens to secure payment thereof, reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayment, are hereby preserved.

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

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

THE UNITED STATES OF AMERICA

By George C. Selfridge
Director, Office of Minerals Exploration

MITCHELL LUMBER COMPANY, INCORPORATED

By Frank R. Mitchell

Title PRESIDENT

MME Form 14
Sept. 1958

Contract No. Idm-E) 14-23) 1202

Docket No. DMEA) MME) 4.01

Date of Action 1/30/59

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Terminated contract

OBLIGATION DOCUMENT

To: Chief, Accounts Section, Finance Branch, Bureau of Mines

From: Director, Division of Operations Control and Statistics

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor: Mitchell Lumber Company, Inc.
Spruce Pine
North Carolina

Date of Contract	Region	State	Commodity
June 10, 1958	V	North Carolina	Mica

	Reserve	Obligation
Prior Amount	0	7,398.00
Increase	0	0
Decrease	0	~~5,658.75~~
Revised Amount	0	1,739.25

Remarks:

cc: 800
210

43244

DMEA Form 14

Contract No. Idm-E 1202

Docket No. 4901

DEPARTMENT OF THE INTERIOR

Executed 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
June 10, 1958	V	North Carolina	Mica

Name and Address of Operator: Mitchell Lumber Company, Inc.
Spruce Pine
North Carolina

	Reserve	Obligation
Prior Amount	7,398.00	0
Increase	0	7,398.00
Decrease	7,398.00	0
Revised Amount	0	7,398.00

Remarks:

ALLEN S. DAKAN
(Name)

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

Date delivered to Bureau of Mines, Washington 6/30/58

22845

Audit's copy

OFFICIAL FILE COPY
DMEA
RECEIVED JUL 27 1958

DATE		CODE

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*
4901	Mica	1202	Mitchell	North Carolina

10 JUN 1958

It is agreed ....., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Mitchell Lumber Company, Inc., a North Carolina corporation

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 JUN 21 1958, and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 3 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 $9,384.00. The Government will contribute 75 percent of the fixed unit cost of the work performed, not exceeding $7,338.00, 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: Interests of the 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: Consents to Lien and Subordination Agreements of Lessors, See Annex I

(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.*—

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Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Mitterdorf
Administrator, Defense Minerals Exploration Administration

MITCHELL LUMBER COMPANY, INC.
(Operator)

By Frank W. Phillips

Title President

I, Sam W. Thompson, certify that I am the secretary of the corporation named as Operator herein; that Frank W. Phillips, who signed this contract on behalf of the Operator, was then President 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.

Mitchell Lumber Co, Inc.

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE: 1956—O-383069

EXPLORATION PROJECT CONTRACT
MITCHELL LUMBER COMPANY, INC.
DOCKET NO. DMEA-4901

ANNEX I

The land referred to in Article 2 of the Contract consists of two contiguous tracts known as the Banner Mine, situated on the southeast slope of a low hill 0.5 miles N. 35 degrees E. from the Bandana Post Office, Mitchell County, North Carolina, and is described as follows:

Silver Tract

Beginning on a sourwood stump, an old corner, and runs S. 45 degrees W. 862 feet to an old cherry wood corner; thence S. 37 degrees 30 minutes E. 380 feet to a stake; thence N. 56 degrees 30 minutes E. 80 feet to a stake; thence N. 50 degrees 55 minutes E. 205.5 feet to a stake in W. A. Robinson's line; thence N. 21 degrees E. 275 feet to a stake; thence N. 30 degrees 30 minutes E. 191 feet to a stake; thence N. 38 degrees 45 minutes E. 171 feet to a sourwood; thence N. 38 degrees 50 minutes W. 237 feet to the Beginning, consisting of 6.4 acres.

Robinson Tract

Beginning on a stake 347 feet N. 15 degrees E. from the apple tree corner in Erastus Silver line; thence N. 15 degrees E. 643 feet with said line to a Spanish oak corner now down; thence S. 54 degrees E. 24 poles to a bunch of chestnut trees; thence S. 62 degrees 30 minutes W. 573 feet to the Beginning.

The Operator has possession of the property by virtue of leases from the respective owners: L. E. Silver and wife, Hurtha Silver, dated July 24, 1957; and Bryan Robinson and wife, Grace Robinson, dated April 23, 1958. The terms of both the leases are for five years, renewable.

The Silver property is shown on Map No. 2, entitled "Map of Mining Lease Lands".

Attached are copies of Consent to Lien and Subordination Agreements, signed by the owners of the two described properties.

MF-205
(Combines and supercedes MF-2[illegible]nd MF-203)
June 1956

For Government's Use Only
EXPLO[illegible]ON PROJECT CONTRACT
Operator _____
Docket No. DMEA- _____
Contract No. Idm-E _____
Contract Date 10 JUN 1958

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Mitchell, State of North Carolina, described as follows: 2/ BEGINNING on a Sourwood stump, an old corner, and runs north 43 degrees W 588 ft. to an old Cherry corner; thence S 57 degrees 30 min. W 330 ft. to a stake; thence W 56 degrees 30 min. W 80 ft. to a stake; thence N 40 degrees 55 min. W 5060 ft. to a stake in W A Robinson's line; thence N 21 degrees E 378 ft. to a stake; thence N 30 deg. 30 min. E 192 ft. to a stake; thence N 35 degrees 45 min. E 172 ft. to a Sourwood; thence N 38 degrees 30 min. W 337 ft. to the beginning.
With the right to follow and work the mica vein under his adjoining lands.

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

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

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

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

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

none

1/ Mining or production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.
2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in Book _____, Page _____, official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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

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

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

Dated this _____ day of _____, 195__.

L. L. Nelson [Seal] _____ [Address]

Hurtha M. Silver [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

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

_____

[Corporate Seal]

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

[illegible]r Government's Use Only
EXPL[illegible]TION PROJECT CONTRACT
Operator
Docket No. DMEA-[illegible]
Contract No. Idm-E
Contract Date 9 JUN 1958

RECEIVED APR 30 1958

CONSENT TO LIEN and SUBORDINATION AGREEMENT 1/

To the United States of America:

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

Beginning on a stake 347 ft. W. B E. from the apple tree corner in Cranton Silver line, thence N. 16 E. 843 ft. with said line to a Spanish oak corner now down, thence S-84 E 24 poles to a bunch of chestnut trees, thence S 62 degrees 50 minutes East 873 ft. to the beginning.

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

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

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

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

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

None

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

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

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

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

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

Dated this 23rd day of April, 1958.

[illegible]	[Seal]		[Address]
Bryan Robinson	[Seal]		[Address]
Grace Robinson	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

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

_____

[Corporate Seal]

EXPLORATION PROJECT CONTRACT
MITCHELL LUMBER COMPANY, INC.
DOCKET NO. DMEA-4901

EXHIBIT "A"

Description of the Work

Exploration for concentration of strategic mica shall be performed in the area indicated on the attached map No. 1, entitled "Banner Mine, Mitchell County, North Carolina, DMEA-4901,(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. Sink from the bottom of the existing Banner shaft, shown on the attached map No. 1, a vertical shaft to the foot wall of the Banner zone for a distance not to exceed 100 feet.

3. Explore the pegmatite by driving from or near the bottom of the shaft, drifts and/or crosscuts not to exceed an aggregate of 150 feet.

The shaft and the drifts and/or crosscuts shall be timbered as necessary and shall be not less than 5 feet by 7 feet in the clear in cross-section.

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

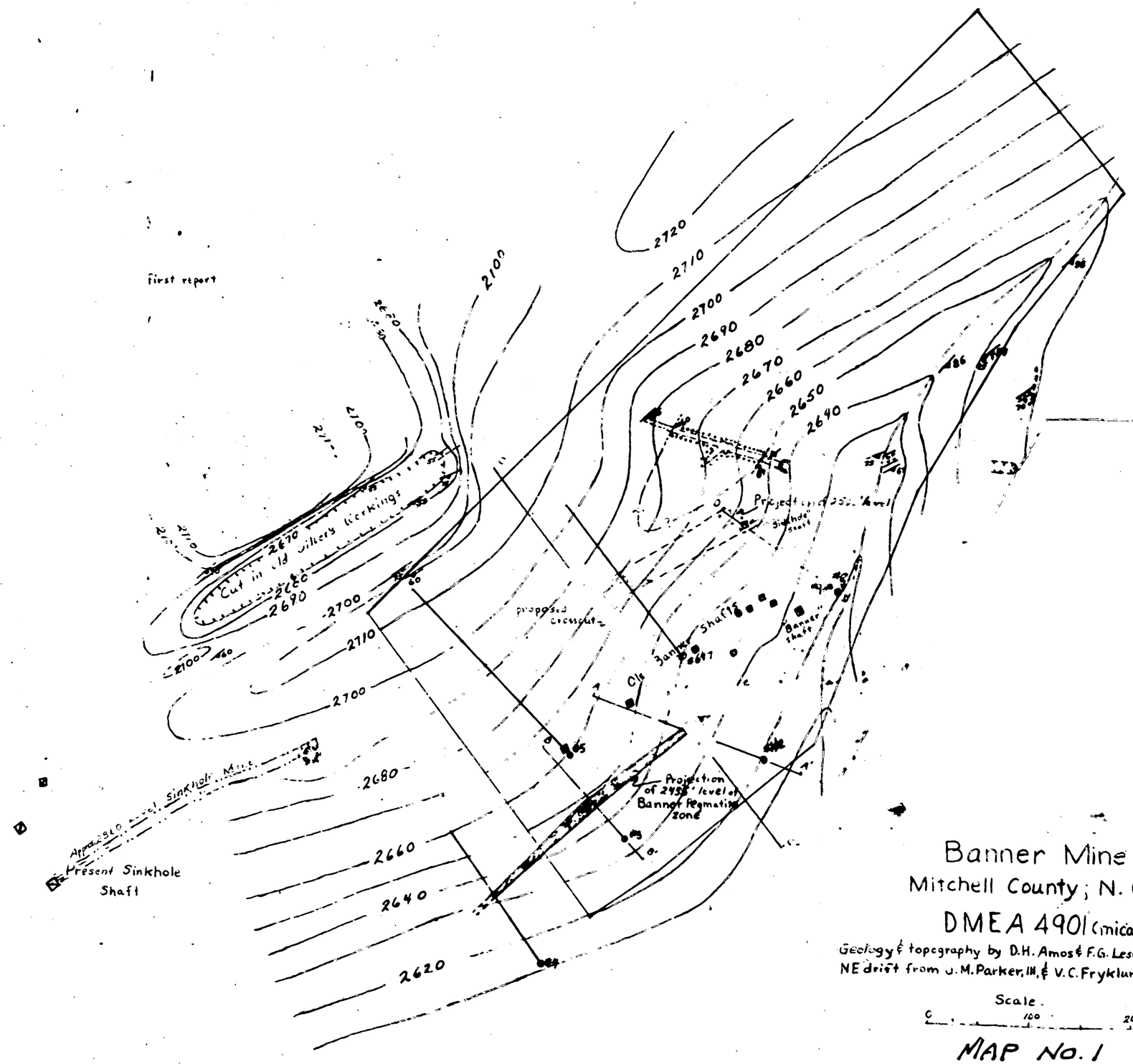
The locations, inclinations, directions, and extent of all work are subject to the approval of the Government.

Fixed Unit Costs

1. Construct		
Toolhouse 1/	$75.00	
Powder magazine 1/	25.00	
Exploder magazine 1/	14.00	$ 114.00
2. Sink 100 feet of shaft @$45.00/ft.		$4,500.00
3. Drive 150 feet of drifts and/or crosscuts @$35.00/ft.		$5,250.00
Estimated total cost of project		$9,864.00
Government participation @75%		$7,398.00

1/ The completed work constitutes the unit.

first report



Explanation

- Pegmatite
- Alaskite
- Strike & dip of foliation and plunge of minor fold axes
- Contact showing dip
- Shaft
- Caved shaft
- Diamond drill holes

Banner Mine

Mitchell County; N. C.

DMEA 4901 (mica)

Geology & topography by D.H. Amos & F.G. Lesure, August 1957
NE drift from J.M. Parker, III, & V.C. Fryklund, Jr., October, 1943

Scale.
0 100 200 feet

MAP No. 1

FGL 2/58

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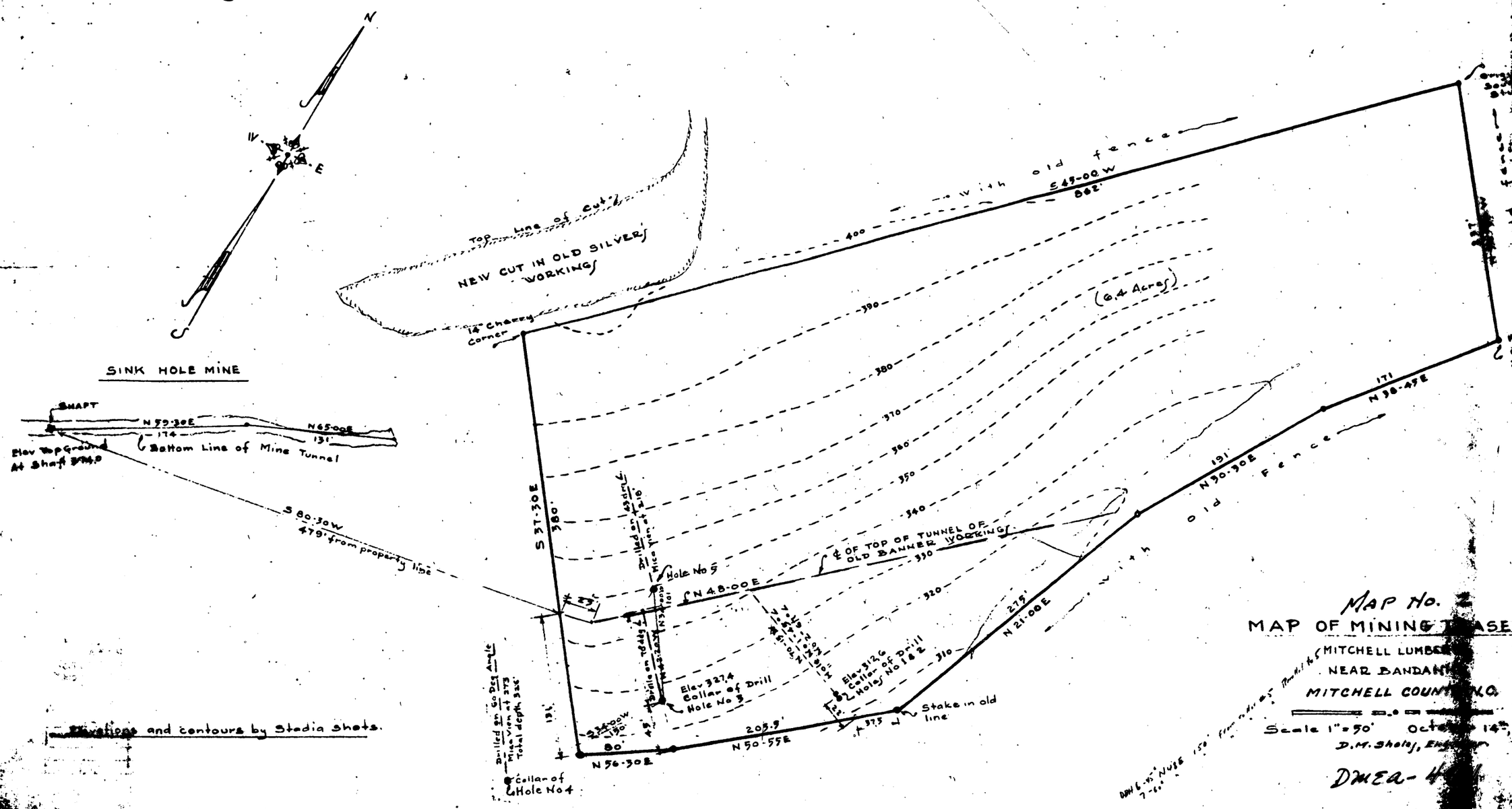
RECEIVED
DATE


N
W
E
S
SINK HOLE MINE
SHAFT
N 79-30E
N65-00E
174
131'
Elev Top Ground At Shaft 3746.0
Bottom Line of Mine Tunnel
S 80-30W
479' from property line
Top Line of Cut
NEW CUT IN OLD SILVER WORKINGS
14" Cherry Corner
S 49-00 W
842'
with old fence
400
390
380
370
360
350
340
330
320
310
(6.4 Acres)
S 37-30E
580'
Drilled on 43 deg ∠ Mine View at 216
Hole No 5
℄ OF TOP OF TUNNEL OF OLD BANNER WORKING
N 48-00E
Elev 327.4 Collar of Drill Hole No 3
Elev 312.6 Collar of Drill Holes No 1 & 2
Stake in old line
N 21-00E
275'
191'
N 90-30E
171
N 38-45E
old Fence
with
Drilled on 60 Deg Angle Mine View at 373 Total depth 326'
Collar of Hole No 4
N 56-30E
80'
N 50-55E
205.9'
S 36-00W
190'
131'
MAP No. 2
MAP OF MINING LEASE LANDS
MITCHELL LUMBER
NEAR BANDANA
MITCHELL COUNTY, N.C.
Scale 1" = 50'
October 14th, 1997
D.M. Sholy, Engineer
DMEa-4
Elevations and contours by Stadia shots.

EXTRA COPY
RECEIVED
DATE
CODE

DMEA Form 14

Contract No. Idm-E 1202

Docket No. 4901

Approved 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
June 10, 1958	V	North Carolina	Mica

Name and Address of Operator: Mitchell Lumber Company, Inc.
Spruce Pine, North Carolina

	Reserve	Obligation
Prior Amount	0	0
Increase	7,398.00	0
Decrease	0	0
Revised Amount	7,398.00	0

Remarks:

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

(Title)

Date delivered to Bureau of Mines, Washington 6/10/58

22845