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-E562, Docket DMEA-2873 (mica), dated July 2, 1953, with

Sam L. Phillips, John Phillips, and Lin Carpenter
d/b/a Empire Mica Company
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 Short-Mitchell Mine located in Upson County, Georgia, during the period July 1, 1959, through August 13, 1962.

In accordance with the Termination Agreement 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 June 9, 1954, indicated accepted costs under the exploration contract amounting to $2,450.00 with the Government's contribution on a 90 percent basis being $2,205.00.

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 also found no sales subject to the Government's royalty through June 30, 1959. Accordingly, as of August 13, 1962, the royalty account of this project was found to be:

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

E. D. Talbert
E. D. Talbert, OME Auditor

August 16, 1962

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract, as amended by the Termination Agreement, provides that the Operator, regardless of whether it is the producer or has any interest in the property, shall pay to the Government a percentage royalty on all minerals produced from the property thereunder. At the time the contract was executed the Operator, a partnership also doing business as Short-Mitchell Mica Miners, was in possession by virtue of a June 17, 1953, lease from Robert Howe. An Owner's Consent to Lien was waived.

Exploration work under the contract was discontinued on January 29, 1954, and formally terminated effective June 7, 1954. No mica of value was produced during the exploration period. Subsequent examinations of the property and inquiries by DMEA and OME regional representatives disclosed no further work and no further leases of the property, which was sold during the latter part of 1956 to James Ansers.

In reply to an inquiry, one of the Operator-partners (Sam L. Phillips) advised on March 15, 1961, that there had been no production in several years. In an August 13, 1962, reply to a MMF Form 65 inquiry, the Operator's bookkeeper stated that neither change in property status nor production had occurred since March 15, 1961. Furthermore, an examination of the records of the G.S.A. Mica Purchase Depot, Spruce Pine, N. C., during the week of June 18, 1962, by a representative of this Division did not disclose any sales of production from the property.

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 no mica has been produced from the property under the contract during the period covered by this review; 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 royalty which might be disclosed.

800

AUG 17 1962

Memorandum

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

From: ACTING Chief, Division of Field Operations, OMK

Subject: DMEA-2873 (Mica)
Empire Mica Company
Short-Mitchell Mine
Upson County, Georgia
Contract Idm-K562

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

W. R. Griswold

Enclosure

GCSelfridge/hb (7/26/62)
cc to: Docket DMEA-2873
Director's Reading File
✓ CA&A Division
G. C. Selfridge
R.A. Laurence, USGS, Region IV, w/cy of Report of Royalty Review dtd 8/16/62 & orig. cy of memo dtd 8/16/62 to Chief, Division of Field Operations, from CA&A Division.
Avery Reed, USBM, Reg. IV, w/cy of ea. item sent to Mr. Laurence.

August 16, 1962

Memorandum

To: Chief, Division of Field Operations

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

Subject: OMEA-2875 (Mica)
Empire Mica Company
Short-Mitchell Mine
Upson County, Georgia
Contract Idm-8562

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 8-16-62

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

E 562 7/7/53 DMEA-2873 Empire Mica Company

Upson County, Ga. Short-Mitchell Mine

Last reported Depot sale None

Other known parties of possible interest:

Sam L. Phillips Partner James Anders Subsy. owner

John Phillips do E. L. Briggs?

Lin Carpenter do

Robert Howe owner

Short-Mitchell Mica Mines

No royalty paid

No prior leases by S.P. Depot noted.

CEJ

No. Pseud.

A

MME Form 7
(10-58)

OFFICIAL FILE COPY

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

June [illegible], 1962

Memorandum

To: The File

From: C. B. Fisher, DME 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 [illegible] Mica Purchase Depot at Spruce Pine, North Carolina, for the purpose of ascertaining any unreported production under DMEA exploration project contracts. My examination did not disclose any unreported production subject to royalty under the following contracts:

Contract No.	Docket No.	Operator	Mine Names
E- 87	1140	Pitt Mica Corporation	Mary, Reid, Reid-Mary, Reid Hooker
456	2150	A. W. Reid and A. P. Hooker	Mary, Reid, Reid-Mary, Reid Hooker
393	2293	Dixie Minerals, Inc.	[illegible] Stephens (Stevens)
412	2272	Burke John Mica [illegible]	Burke John, N. L. Barnard
461	2532	[illegible] Angel	Hasson
472	2535	Course Associates	Liberty, Conley, Turley
686	3175	[illegible] Mines, Inc.	" " "
476	2327	Andrew W. Reid	[illegible]
516	2926	The Roderica Mining Co.	Maple Cope
519	2784	R. J. Twiggs & [illegible] Glenn	Sam Huskins, Little Sam Huskins
547	2886	Duncan Mining Co.	Connolly
560	3008	Murphy Mining Co.	Red, Bennett
562	2673	Empire Mica Co.	Short-Mitchell
601	3050	W. B. Burleson, et al.	Jones-Bozeman
613	[illegible]	[illegible] Young	Cox
626	3133	[illegible] Mica Co.	Saunders (Sanders)
636	3154	Byrd Mica Miners	Byrd
659	3229	Willis & Snyder Mining Co.	Butz
662	3255	Non-Metallic Minerals	White Face, Peterson Tract
674	3237	Mud Cut Mining Company	Mud Cut, Tallent (Talent)
679	3290	C. B. Burleson	[illegible]by, Shaft
675	3292	J. R. Beam & Howard Moore	[illegible]ram, Clifton

Direct [illegible] Reading File
CA & A Division
Region IV Files (2)

[illegible] Mar/[illegible]
6-26-62

63683

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-E562, Docket No. DMEA-2875 (Mica), dated July 2, 1953, with

Sam L. Phillips, John Phillips and Lin Carpenter
d/b/a Empire Mica Company
Spruce Pine, North Carolina

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Short-Mitchell Mine located in Upson County, Georgia, during the period July 2, 1953, through June 30, 1959.

In accordance with Article 4 of Termination Agreement dated June 7, 1954, royalty is payable on all minerals mined or 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 in lieu of final audit dated June 9, 1954, indicated accepted costs under the exploration contract amounting to $2,450.00 with the Government's contribution, on a 90 percent basis, being $2,205.00.

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

(1) The exploration work was discontinued and the contract was terminated before the target area was reached or any saleable mica was encountered;

(2) Inspection reports by field representatives of the Government and other information in the files indicate that during the period covered by this review there has not been any production from the property subject to the contract; 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 royalty which might be disclosed.

C. E. Fisher, OME Auditor

November 18, 1960

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

November 22, 1960

Memorandum

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

From: Chief, Division of Field Operations, OME

Subject: DMEA-2873 (Mica)
Empire Mica Company
Short-Mitchell Mine
Upson County, Georgia
Contract Idm-E562

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

George C. Selfridge

George C. Selfridge
Chief, Division of Field Operations

Attachment

LGHouk:gad 11/22/60
Copy to: Region IV (With copy of Review.)
Docket
CA&A
Dir. R. File
Mr. Houk

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Sam L. Phillips, John Phillips and Lin Carpenter
d/b/a Empire Mica Company
Spruce Pine, North Carolina

pertaining to Exploration Project Contract No. Idm-E562, Docket No. DMEA-2873, for the months of July, 1953 to January, 1954, inclusive, covering a project for the exploration of mica on property, known as the Short-Mitchell Mine, located in Upson County, Georgia.

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, consultation with the Executive Officer of the Regional Field Team, 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:

costs claimed were under a contract provision for payment by the Government on the basis of agreed estimated costs of units of work actually performed.

The review disclosed the following facts in regard to the amount paid or to be paid the contractor:

Total cost as billed by Contractor		$2,450.00
Exceptions:		
By DMEA Finance Officer	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$2,450.00

The contract calls for a 90 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Two thousand two hundred five and no/100 Dollars,

$2,205.00

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

B. W. Brekhus, Auditor

June 9, 1954

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

Budget Bureau No. 42-R1036.4
Approval expires 6-30-53.

239

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHEDULE
DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
TS K-55

OPERATOR'S MONTHLY REPORT AND VOUCHER

RECEIVED
MAR 2 4 1954

Month of January, 1954 Docket No. DMEA 2873 Contract No. Idm- E 562
Operator's Name Empire Mica Company Minerals Mica
Address Spruce Pine, N. C.
Contract Amount, $ 8,600.00 Government Participation: 90% Amount, $ 7,740.00

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						
Shafting (4 pt.)	200.00	2250.00	2450.00			
(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.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	$200.00	$2250.00	$2450.00	200.00	2,250.00	2,450.00

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

Date 3-1-54 *Payee Empire Mica Company

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:

$ 180.00

Signature Carson A. Pierce
(Authorized Certifying Officer)

Date MAR 16 1954 Vou. No. 239
(See other side)

3

20.00

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

Signature J F O'Neill Title Engineer Date 3-9-54

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION VII Date MAR 11 1954

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-R1151.1
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 24 1954

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Jan. 1954 Docket No. DMEA 2873 Contract No. Idm- E 562
Operator's Name Empire Mica Company 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.	200.00	4	2450.00	49	50.00	100	50.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		200.00		2450.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		$200.00		$2450.00				

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 3-1-54 Operator Empire Mica Co.

Per Sam L. Phillips Title partner

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

(Instructions on reverse)

REMARKS:

(For Government use only)

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 83-38475

DEPARTMENT OF THE INTERIOR
Bureau Minerals Administration
RECEIVED
FEB 24 1954

DMFA No. 2873

OPERATORS
MONTHLY PROGRESS REPORT
for the
Month of January 1954

Work Accomplished

We have advanced 4 feet of shafting for this month.

Daily Notes

January 1 - 6 Mucked, timbered, dipped out water and drilled.

January 11 - 15 Mucked, timbered, dipped out water and drilled.

January 18 - 22 Mucked, timbered, dipped out water and drilled.

January 25 - 29 Mucked, timbered, dipped out water and drilled.

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

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August, 1953 Docket No. DMEA 2873 Contract No. Idaho 562
Operator's Name Empire Mica Company Minerals Mica
Address Spruce Pine, N. C.
Contract Amount, $8,600.00 Government Participation: 90 % Amount, $7,740.00

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						
Shafting	350.00	1900.00	2250.00			
(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.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	350.00	1900.00	2250.00	350.00	1900.00	2,250.00

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-16

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 9-11-53 *Payee Empire Mica Company
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:

$315.00

Signature Cora A. Piper
(Authorized Certifying Officer)
Date SEP 23 1953 Vou. No. 85
(See other side)

35.00

2

(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-562 in accordance with the terms of the contract.

Signature J F O'Neill Title Engineer Date 9/17/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature W. A. Beck Title ACTING EXECUTIVE OFFICER DMEA REGION VII Date SEP 18 1953

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 August 1952 Docket No. DMEA 2873 Contract No. Idm-M 532
Operator's Name Empire Mica Company 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.	350.00	7	3250.00	65	50.00	100	50.00
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		350.00		3250.00				

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 9-11-53 Operator Empire Mica Co.

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)

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 83-38475

DMEA No. 2873

OPERATORS
MONTHLY PROGRESS REPORT
for the
Month of August, 1953

Work Accomplished

We have advanced 7 feet of shafting for this month.

Daily Notes

August 3 - 7	Mucked, timbered, dipped out water and drilled.
August 10 - 14	Mucked, timbered, dipped out water and drilled.
August 17 21	Mucked, timbered, dipped out water and drilled.
August 24 - 28	Mucked, timbered, dipped out water and drilled.

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

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

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

Month of July, 1953 Docket No. DMEA 2873 Contract No. Idm-E 562
Operator's Name Empire Mica Company Minerals Mica
Address Spruce Pine, N. C.
Contract Amount, $8,600.00 Government Participation: 90 % Amount, $7,740.00

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						
Shafting	1900.00	None	1900.00			
(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.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1900.00		1900.00			

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-12

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

Date 8-20-53 *Payee Empire Mica Company

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:

$1710.00

Signature Cora A. Piper
(Authorized Certifying Officer)

Date SEP 2 1953 Vou. No. 57

(See other side)

1st 7/6/52

190.00

(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. E562 in accordance with the terms of the contract.

Signature J. F. O'Neill Title Engineer Date 8/28/53

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Benjamin Gildersleeve Title ACTING EXECUTIVE OFFICER DMEA REGION VII Date 9/1/53

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 July 1953 Docket No. DMEA 2873 Contract No. Idm-3 662
Operator's Name Empire Mica Company 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.	1900.00	38	1900.00	38	60.00	100	50.00
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		1900.00		1900.00				

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 8-20-53 Operator Empire Mica Company

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)

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 83-38475

OPERATORS
MONTHLY PROGRESS REPORT
for the
Month of July, 1953

Work Accomplished

Set up machinery, and started shafting advancing 88 feet for the month.

Daily Notes

July 1 - 3	Cleared around Mine site and set up machinery.
July 6 - 7	Mucked and timbered.
July 9 - 13	Drilled
July 14	Mucked and timbered.
July 15 - 17	Drilled
July 20	Mucked and timbered.
July 21 - 23	Drilled encountering water.
July 24	Mucked and timbered and dipped out water.
July 27 - 29	Drilled
July 30 - 31	Drilled, Mucked and dipped out water.

OCT 8 1963

Mr. Sam L. Phillips
Empire Mica Company
Spruce Pine, North Carolina

Re: DMEA-2873 (Mica)
Empire Mica Company
Short-Mitchell Mine
Upson County, Georgia
Contract Idm-F362

Dear Mr. Phillips:

Thank you for returning the completed MME Form 63's mailed to you on July 29, 1963.

By the terms of the subject Exploration Project Contract and the royalty agreement in Item 4 of the Termination Agreement, dated June 7, 1954, all minerals mined or produced from July 2, 1953, to July 2, 1963, were subject to the Government's percentage royalty as set forth in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the periods indicated.

Sincerely yours,

George Fumich, Jr.

Director

MMerrithew/mm
10/8/63
cc: Director's Reading File
R. A. Laurence, Knoxville, Tenn. w/cy of Form 63 dated 7/29/63
✓CA&A Division
Docket
Code 500

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

Mr. Sam L. Phillips
Empire Mica Company
Spruce Pine, North Carolina

Re: Docket No. DMEA-2873 - Mica
Short-Mitchell Mine
Upson County, Georgia
Contract No. Idm-E562

Dear Mr. Phillips:

The above-cited contract was terminated by mutual agreement, dated June 7, 1954. Our Contract Administration and Audit Division determined by its final audit that the following amounts claimed by the Operator and contributed by the Government are correct:

Total claimed for units of work performed	$2,450.00
Total Government contribution at 90 percent	2,205.00

Under the provisions of the termination agreement, you are required to pay to the Government a royalty on all minerals mined or produced from the land described in the contract, as provided in the contract, for a period of ten years from the date of the contract or until the total amount contributed by the Government, without interest, is fully repaid, whichever occurs first.

Payments should be made to Mr. Robert A. Laurence, Executive Officer, DMEA Field Team, Region VII, 13 Post Office Building, Knoxville 2, Tennessee. Checks should be drawn payable to the Treasurer of the United States. The purchaser should be advised to deduct the royalty from the amount due on each shipment and forward a check directly to the Executive Officer.

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

You are requested to notify Mr. Laurence 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 Mr. Laurence at six-month intervals that no production has been made.

Sincerely yours,

C. O. Mittendorf

Administrator

LGHouk:gad:HCR:WCAnderson 7/27/54
Copy to: Admr. R. File
Docket File
Mr. Hofflund
Operating Committee
Field Team, Region VII
Mr. Dietrich, 3061
Mr. Larrabee, 5216
Mr. Houk
Mr. Chambers

Government's copy

TERMINATION AGREEMENT

It is agreed this 7th day of June, 1954, 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, John Phillips, and Lin Carpenter, partners, doing business as Empire Mica Company, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E562 (Docket No. DMEA-2873), dated July 2, 1953, hereinafter called the "Contract," that:

1. All work and operations provided for in said Contract shall be terminated as of the date first above written.

2. The Operator shall promptly render to the Government a full and final report and a final accounting of the work performed under the Contract up to and including the date first above written. Any work performed after the date first above written shall be for the sole account of the Operator without contribution by the Government.

3. 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 herein otherwise provided.

4. Annex I attached to the Contract is cancelled and rescinded, and that part of paragraph (a) of Article 9 of the Contract form which precedes the colon is further amended to read as follows:

"The Operator, regardless of any certification of discovery or development, and regardless of whether the Operator is the producer or has any interest in the land or the production therefrom, shall pay to the Government a royalty on all minerals mined or produced from the land described in the Contract for a period of ten years from the date of the Contract, or

until the total amount contributed by the Government without interest is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other amounts realized from the sale or other disposition of any such production (including any bonuses, premiums, allowances, or other benefits), in whatever form disposed of, including ore, concentrates, or metal, as follows:"

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

THE UNITED STATES OF AMERICA

By _____
Administrator, Defense
Minerals Exploration
Administration

EMPIRE MICA COMPANY

By _____ (Partner)

By _____ (Partner)

By _____ (Partner)

Docket No. [illegible] - 2073

Commodity Mica

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 562

Date of Contract ~~or Amendment~~: July 2, 1953

Name and Address of Operator:
Sam L. ,John Phillips and Ma Carpenter
Spruce Pine, N.C. d/b/a
Spiro Mica Co.
Spruce Pine, N. C.

Amount of Government participation ____ $ 7,740.00

Percent of Government participation 50 %

Region: VII State: Georgia

Note: Please release $ 5,535.00: Advise Contract Administration and Audit Division

J. L. Cohenbers (Name)
Chief Contract Administration and Audit Division

(Title)

Date Delivered to Bureau of Mines, Washington. 6/22/54

54458

Docket No. DMEA 2873

Commodity Mica

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

STRATEGIC AND CRITICAL MINERALS EXPLORATION PROGRAM

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

Please enter on the records of the Defense Minerals Exploration Administration, under the Strategic and Critical Minerals Exploration Program, the following contract, or amendment to contract.

Contract No. Idm-E 562

Date of Contract ~~or Amendment~~: July 2, 1953

Name and Address of Operator:

Sam L. Phillips, John Phillips and LinCarpenter,
Spruce Pine, N. C. d/b/a
Empire Mica Co.
Spruce Pine, N. C.

Amount of Government participation $ 7,740.00

Percent of Government participation 90 %

Region: VII State: Georgia

E. R. Talbert
(Name)

for J. L. Chambers,
Chief, Contract Administration and Audit Division
(Title)

Date Delivered to Bureau of Mines, Washington. July 8, 1953 13908

MF-200
(June 1951)
(Revised Feb. 1952)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 30 1953

DOCKET NO. DM[redacted]-2873

COMMODITY Mica

Government's Copy
IDM-E 562

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

EXPLORATION PROJECT CONTRACT[1]

IT IS AGREED this 2nd day of July, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Sam L. Phillips, John Phillips, and Lin Carpenter, all of Spruce Pine, North Carolina, Partners, doing business as Empire Mica Company, and as set forth in Annexes I and II attached hereto and made a part hereof: hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

ARTICLE 2. *Operator's property rights.*—With respect to mineral rights in that certain land situated in the State of Georgia, County of Upson, described as ~~XXXXXX~~[3] set forth in Annex II,

the Operator represents and undertakes:[4]

~~(a) That the Operator is the owner in possession and entitled to possession and that the property is subject only to the following claims, liens or encumbrances as to each of which the subordination agreement of the holder is attached~~

(*b*) That the Operator is ~~X~~ NONE, in possession and entitled to possession, and the Owner's Consent to Lien is ~~attached~~ waived.

The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within 60 days from the date of this contract shall commence work on a project of exploration for[5] Mica in or upon the described land; and shall bring the project to completion within a period of eight (8) months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided.

ARTICLE 4. *Performance of the work.*—(*a*) *Operator's responsibility.* The work shall be performed efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmens' compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. To the extent specified in Exhibit "A," attached hereto, the work may be performed by independent contractor or contractors; and work not specified in Exhibit "A" for performance by independent contractor may nevertheless be so performed upon amendment of Exhibit "A," as agreed to by the parties, to state the work to be so performed and the estimated unit costs thereof, as provided hereafter.

(*b*) *Independent contracts.*—Any independent contract for the performance of work shall be on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved), or on some basis that will indicate the amount due for work performed at any stage of the work to be performed under such independent contract. The Government shall not be nor be considered to be a party to any such independent contract, and the Government's right to terminate the exploration project contract under any of its provisions shall not in any manner be affected by reason of any such independent contract. If the reference in Exhibit "A" to any such independent contract states that the Government's approval thereof is required, the Government may refuse to participate in the cost thereof unless and until it has given its written approval of the independent contract.

(*c*) *Government may inspect.*—The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 5. *Estimated costs of the project.*—A statement of the estimated cost of the project is set forth in Exhibit "A," attached hereto. Except insofar as any item of requirement or the estimated cost thereof set forth in Exhibit "A" is there or elsewhere designated as an "allowable maximum," such items of requirement and of related cost are estimates only, and may be exceeded to the extent that the Government may from time to time approve for the most economic and beneficial performance of the work within the limitation of the total aggregate estimate of costs. The Government's approval of any such excess over the estimate for an item of requirement or related cost will be signified by its approval and payment of any invoice or voucher for payment which expressly calls attention to such excess. Items expressly designated in Exhibit "A" or elsewhere as "allowable maximum," and the total aggregate estimated cost are limitations, and any excess therein will be for the sole account of the Operator in which the Government will not participate.

ARTICLE 6. *Allowable costs of the project.*—(*a*) The costs of the project in which the Government will participate are limited to the following:

(1) *Independent contracts.*—Payments to independent contractors under independent contracts listed in Exhibit "A." The estimated cost of any work to be performed under an independent contract is or shall be included in the estimate of costs in Exhibit "A" in terms of the estimated numbers of units of work to be performed, the estimated amount to be paid per unit, and the estimated total amount to be paid to the independent contractor, and such estimates shall be allowable maximums above which the Government will not contribute. Regardless of the provisions of any such independent contract, the Government will participate in the payments to the independent contractor only on account of work actually performed and that conforms with the provisions of the exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable and necessary. No such independent contract shall have the effect of increasing the estimated total cost of the exploration project contract nor the maximum amount which the Government will pay as provided in the exploration project contract.

(2) *Labor, supervision, consultants.*—Labor, supervision and technical services (including engineering and geological consultants), a schedule of which is included in the estimate of costs set forth in Exhibit "A." The requirements and related estimated costs for supervision and technical services are allowable maximums.

(3) *Operating materials and supplies.*—Necessary materials and supplies including items of equipment costing less than $50.00 each, and power, water, and fuel, a schedule of which is included in the estimate of costs in Exhibit "A."

(4) *Operating equipment.*—Any operating equipment to be rented or purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or the allowable depreciation, as the case may be, a schedule of which is included in Exhibit "A." Any items listed as owned and to be furnished by the Operator, and related ~~initial~~ allowable depreciation, are allowable maximums.

(5) *Rehabilitation and repairs.*—Any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and to be devoted to the purposes of the exploration contract, a schedule of which is included in the estimate of costs set forth in Exhibit "A." These items are allowable maximums.

(6) *New buildings, improvements, installations.*—Any necessary buildings, fixed improvements, or installations to be purchased, installed, or constructed for the purposes of the exploration work, with the estimated cost of each, a schedule of which is included in the estimate of costs in Exhibit "A." All of these items are allowable maximums.

(7) *Miscellaneous.*—Repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance and payroll taxes.

(8) *Contingencies.*—Such other necessary, reasonable direct costs of performing the exploration work, within the limit of the total aggregate estimate of costs, whether or not included in any schedule of costs in Exhibit "A," as may be approved by the Government in the course of the work, as indicated by its approval and payment of invoices and vouchers.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) The Government's payments in all cases will be based on actual, necessary costs (including contract unit prices) incurred not in excess of any "allowable maximum," and not in excess of the fixed percentage of the total aggregate estimated cost. Costs will be considered to be incurred only as they are or become due and payable.

(*c*) No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes) or any other indirect costs, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

ARTICLE 7. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operators shall provide the Government with monthly reports of work performed and costs (including contract unit prices) incurred under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of costs incurred on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) Compliance with requirements.—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account as provided in Article 12.

ARTICLE 8. *Payments by the Government.*—(*a*) The Government will pay 90 percent of the allowable costs incurred, as they accrue, in an aggregate total amount not in excess of $7,740.00, which is 90 percent of $8,600.00, the agreed, estimated total cost of the project in which the Government will participate; *Provided,* that until the Operator's final report and final accounting have been rendered to the Government, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract.

(*b*) The Government may make any payment or payments direct to independent contractors and to suppliers, for the account of the Operator, rather than to the Operator.

ARTICLE 9. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows: See Annex I, substituted for that part of 9(a) preceding the colon:

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

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

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

ARTICLE 10. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof~~; Provided, that the loss by the Operator of the Operator's rights to the land without consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option) coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract shall not constitute such a transfer or conveyance.~~ Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 11. *Title to and disposition of property.*—All facilities, buildings, fixtures, equipment, or other items costing more than $50.00 each, paid for or purchased with funds contributed jointly by the Operator and the Government, although title may be taken in the name of the Operator, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the completion of the work or the termination of the contract shall be disposed of promptly by the Operator for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator at a price at least as high as could otherwise be obtained, as may appear to be for the best interest of the Government, unless the Government, in writing, waives its interest in any such item. If necessary to accomplish such disposition, the Operator shall dismantle, sever from the land, and remove any such item, the cost thereof to be for the joint account of the parties in proportion to their respective interests. If the Operator, within 90 days after the receipt of written notice from the Government, fails, neglects, or refuses to dispose of such property, the Government may itself enter upon the land, take possession of, and remove and dispose of any such property as above provided.

ARTICLE 12. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall dispose of any remaining materials, supplies, facilities, buildings, fixtures, and equipment in which the Government has an interest, for the joint account of the Operator and the Government in the proportion of their respective interests; shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; and shall pay to the Government its pro rata share of any money remaining.

ARTICLE 13. *Changes and added provisions.* To the extent that costs are set forth in Exhibit "A" as "agreed unit costs," they are in lieu of the actual costs that would otherwise be allowable costs of the project as provided in Article 6 (a) of the contract form.

Executed in sextuplicate the day and year first above written.

EMPIRE MICA COMPANY

By *Sam L. Phillips* (Partner)
~~(Operator)~~

By *John Phillips* (Partner)

By *Lin Carpenter* (Partner)

THE UNITED STATES OF AMERICA

By *C. O. Mittendorf*
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]

EXPLORATION PROJECT CONTRACT
SAM L. PHILLIPS, JOHN PHILLIPS, AND LIN CARPENTER, PARTNERS
DOCKET NO. DMEA-2873

ANNEX I

The following provisions are in lieu of all of paragraph (a) of Article 9 which precedes the colon:

If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account required by the exploration project contract, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development. The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land which is the subject of the exploration project contract, 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 of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

EXPLORATION PROJECT CONTRACT
SAM L. PHILLIPS, JOHN PHILLIPS, AND LIN CARPENTER, PARTNERS
DOCKET NO. DMEA-2873

ANNEX II

The land referred to in Article 2 of the contract form is in the County of Upson, State of Georgia. By an instrument dated June 17, 1953, the owner, Robert Howe, executed to the Operator a five-year lease of all the "mica, minerals and ore" in the said property (known as "Short-Mitchell Mine") which is described as follows:

> Beginning on an oak tree, which is approximately 100 feet East of the existing shaft at the Short-Mitchell Mine, and runs North 23 degrees West 109 feet to a pine tree. Then North 78 degrees and 30 minutes West 100 feet to a small sassafras at a dead pine snag. Then South 32 degrees West 151 feet to a bunch of black gum sprouts. Then South 10 degrees East 125 feet to a pine. Then South 86 degrees East 137 feet to another pine. Then North 54 degrees East 70 feet to another pine. Then North 5 degrees East 100 feet to the point of beginning.

EXPLORATION PROJECT CONTRACT
SAM L. PHILLIPS, JOHN PHILLIPS, AND LIN CARPENTER, PARTNERS
DOCKET NO. DMEA-2873

EXHIBIT "A"

Description of the Work

Exploration for concentrations of strategic mica shall be done in two stages, as described below and indicated on the attached map entitled "Plan of the 40' Level of the Short-Mitchell Mica Mine, Upson County, Ga., DMEA-2873."

STAGE I

Clean off sides of shaft and drifts.

STAGE II

1. The cleaned shaft and drifts will be inspected to determine a mutually suitable location for a new shaft.

2. Sink not more than 100 feet of timbered, two-compartment shaft on the pegmatite.

3. Drift not more than 100 feet from the 95-foot point in the shaft.

The location, direction, and extent of all work shall have prior approval of the Government.

Both shaft and drifts shall be 5 feet by 7 feet in cross section.

Approved ladders shall be installed in the manway of the shaft, and the hoisting compartment shall be separated from the manway by a partition.

Estimated Costs of the Project

STAGE I

Actual Costs

(1) Independent Contracts

None

(2) Labor, Supervision, Consultants

2 Laborers, 5 shifts each @ $1.00/hr.	$80.00	

(3) Operating Materials and Supplies

None

(4) Operating Equipment

None

(5) Rehabilitation and Repairs

None

(6) New Buildings, Improvements, Installations

None

(7) Miscellaneous

Ladders and small tools	20.00	

(8) Contingencies

None

Total, Stage I		$100.00

STAGE II

Agreed Unit Costs (* Indicates allowable maximum)

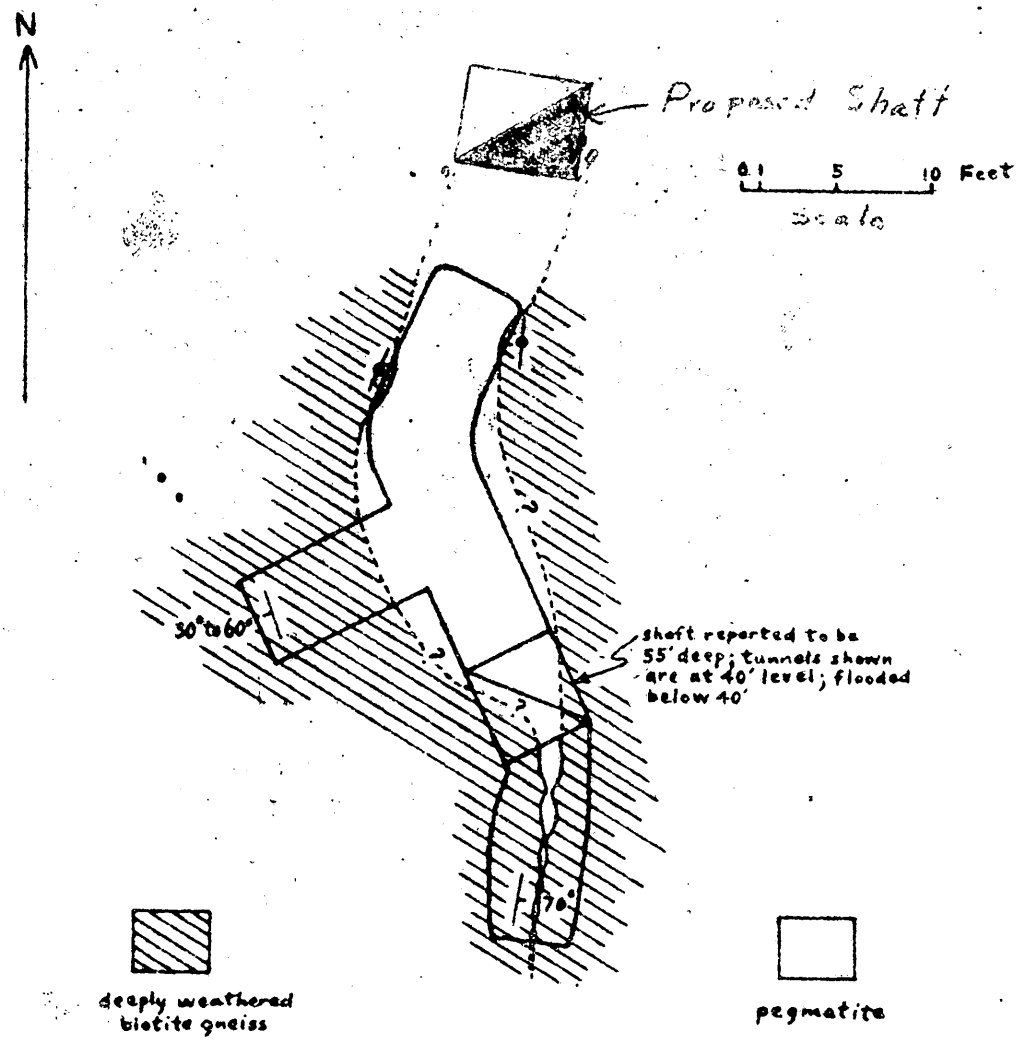
The Government will contribute to the costs of the sinking and drifting referred to below on the basis of the agreed unit costs per foot indicated, as they accrue for units of work actually performed, in lieu of actual costs. These unit costs include all costs of the work in Stage II:

Sinking timbered shaft, 100 feet @ $50.00*/ft.	$5,000.00*	
Drifting 100 feet @ $35.00*/ft.	3,500.00*	
Total, Stage II		$8,500.00*

Total Estimated Cost of Project	$8,600.00*
Government Participation at 90%	$7,740.00*

Fig. 12

Figure 12



Plan of the 40' level of the Short-Mitchell mica mine, Upson County, Ga.

Geologic contacts shown by dashed lines are inferred.

T. L. Kesler

Sept. 21, 1942

DMEA-2873