DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMA Docket No. 3107

DO NOT DETACH THIS SLIP

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This document has been recorded as

Exploration Assistance

Any action taken to change the type of request for assistance must be promptly reported to the Reports and Records Branch. Use DMA Form 2 for submitting these reports.

Copies to USGS, ~~USBM AND~~ ONE RETAINED IN REG.

Routing Slip

To:	Code 600, Rm. 4637	Date	7/2/53
To:	Feather	Date	7/6/53
To:	Open Com	Date	9-15-53
To:	Code 600	Date	7-16-53
To:	Open Com	Date	9-16-53
To:	Code 600	Date	9/17/53
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CONTROLLED DOCUMENT

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

December 18, 1953

Memorandum

To: Administrator

From: Nonmetallic Minerals Division

Subject: A withdrawal of exploration assistance and closing review.
Docket No. DMEA-3107 - Mica
Property: Lutz Mine
Located about 3 miles north of Shelby,
Cleveland County, North Carolina
Operator's property rights - Lease for ten years
Applicants: C. T. Shytle, Jack Sisk, Grady Earley,
and Mack Snyder, a partnership.
Contract No. Idm-E600: Not executed, application
withdrawn.
Amount of contract: $7,625.00

Docket Summary

7/1/53	Received application, Form MF-103.
7/8/53	Memo from D. M. Larrabee, USGS, recommending field team referral.
7/9/53	Memo from W. F. Dietrich, USBM, recommending field team visit the property when in that vicinity.
7/15/53	Referral letter to field.
7/15/53	Letter to applicant advising of field referral.
8/10/53	Received Report of Examination by Field Team, Region VII, by Kefton H. Teague, Geologist, USGS, and Lawrence E. Shirley, Mining Engineer, USBM. Field team recommended a contract in the amount of $7,625.00.
8/11/53	Memo from D. M. Larrabee, USGS, concurring in field team's recommendation.
8/25/53	Memo from Donald R. Irving, USBM, concurring in field team's recommendation.
9/17/53	Transmitted original and five copies of a contract to Region VII for approval and signatures by applicants.
12/7/53	Received letter from the field returning copies of the contract with only two of the required four signatures.
12/8/53	Memo to Robert E. Adams, Chief, Operation, Control and Statistics Division, advising that the application may be withdrawn from the pending category and placed in the withdrawn.

Resume:

Two of the four partners signed the contract. One is deceased and the other has located in Florida and wants to sell his interest in the lease. Therefore, the field returned all copies of the contract, and the application for exploration assistance has been withdrawn.

Comments:

The field reports that the Lutz Mine is worth exploring, and would recommend approval of a similar contract with any competent applicant who acquires the lease.

Walter C. Anderson

Walter C. Anderson
Nonmetallic Minerals Division

FILE COPY
SURNAME:

Anderson

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

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Walter C. Anderson
Nonmetallic Minerals Division

WCAnderson:ag 12/21/53
Copy to: Admr. R. File
Docket File
Mr. Houk

1-6-54

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 3107

COMMODITY Mica

IDM-E659 ma.

Government's Copy

Idm-E600

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

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 17th day of September, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] C. T. Shytle, Jack Sisk, Grady Earley, and Mack Snyder, Partners, Doing business as S & S Mica Company Rutherfordton, North Carolina

hereinafter called the "Operator," as follows: and as set forth in Annexes I and II attached hereto and made a part hereof

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 the mineral rights in that certain land situated in the State of North Carolina, County of Cleveland, described as ~~xxxxx~~[3] set forth in Annex I,

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 or encumbrances as to each of which the subordination agreement of the holder is attached~~

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

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 Ten (10) 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. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. 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 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 90 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $6,862.50, which is 90 percent of $7,625.00, 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 check or 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. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed 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 units of work performed 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.

[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*) *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 the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, 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 and statement of work performed to accompany his final report.

ARTICLE 6. *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 II, substituted for that part of 6(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 the 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 7. *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 mere failure by the Operator to maintain the Operator's rights in the land, without any 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 8. *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.

ARTICLE 9. *Changes and added provisions* _____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Administrator, Defense Minerals Exploration Administration

S & S MICA COMPANY
(Operator)

By C. Stuple (Partner)

By Gerald Early (Partner)

By _____ (Partner)

By _____ (Partner)

I, _____, certify that I am the _____ secretary of the corporation named as Operator herein; that _____, who signed this contract on behalf of the Operator, was then _____ of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____ [CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

EXPLORATION PROJECT CONTRACT
S & S MICA COMPANY
DOCKET NO. DMEA-3107

ANNEX I

The property referred to in Article 2 of the contract form is known as the Lutz mine and was leased to C. T. Shytle, Jack Sisk, Grady Earley, and Mack Snyder, partners, doing business as the S & S Mica Company, by Forrest Lutz and his wife, Zoe Lutz, in an instrument dated December 23, 1952.

The area under the lease is specifically described in the aforesaid lease as follows:

> "Situate in No. 6 Township, about 3 miles north of Shelby on the old Shelby Road adjoining the lands of J. L. Allen and others and being on both sides of Simmons Creek, and beginning at a point in the center of the old Shelby Road about 15 poles east of the creek at the entrance of a farm road from the north, Allen's corner, and running thence with the farm road N. 23 E. 12 poles 17 links to a stake in the road; thence N. 36 E. 14-3/4 poles to a stake in the road; thence gradually leaving the road N. 16 E. 7 poles to a red oak stump; thence a new line N. 86-1/4 W. 45 poles 10 links to a poplar; thence S. 4 E. 10 poles 8 links to a stone pile; thence S. 49 E. 23 poles crossing the creek just north of the bridge to a stake in the road; thence with the old Shelby Road S. 59-1/2 E. 12-4/5 poles to the BEGINNING, containing 6 acres more or less."

EXPLORATION PROJECT CONTRACT
S & S MICA COMPANY
DOCKET NO. DMEA-3107

ANNEX II

The following provisions are in lieu of all of paragraph (a) of Article 6 which precedes the colon:

If 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 a sufficient, complete, final report and final account referred to in the contract has been rendered, 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 described in Article 2, 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 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 (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

EXPLORATION PROJECT CONTRACT
S & S MICA COMPANY
DOCKET NO. DMEA-3107

EXHIBIT "A"

Description of the Work

Exploration for concentrations of strategic mica shall be accomplished approximately as shown on the attached map entitled "Sketch of Lutz Mine, Cleveland Co., N. C., DMEA-3107 (mica)" and as described below:

1. From the open cut shown on the map, sink 65 feet of a two-compartment shaft 5 feet by 7 feet in cross section and appropriately provided with ladders.

2. Drive crosscut from bottom of the shaft northerly to the pegmatite.

3. Drive two drifts in the pegmatite easterly and westerly from the crosscut.

The total of crosscutting and drifting shall not exceed 125 feet.

The location and direction of all work shall be subject to approval of the Government engineers.

Agreed Unit Costs

Shaft sinking, 65 feet @ $50.00/ft.	$3,250.00	
Crosscutting and drifting, 125 feet @ $35.00/ft.	4,375.00	
Total Agreed Unit Costs		$7,625.00
Government Participation at 90%		$6,862.50

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL - 6 1953

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of North Carolina, County of Cleveland, described as follows:1/ Situate in [illegible] Township, about 3 miles north of Shelby on the old Shelby road adjoining the lands of J. L. Allen and others and being on both sides of [illegible] Creek, and beginning at a point in the center of the old Shelby road about 15 poles east of the creek at the entrance of a farm road from the north, Allen's corner, and running thence with the farm road N.13 E. 12 poles 17 links to a stake in the road; thence N. 86 W. 14 poles to a stake in the road; thence gradually leaving the road N. 16 W. 7 poles to a red oak stump; thence a new line N. 86 W. 45 poles 1[illegible] links to a poplar; thence S. 4 W. 10 poles 6 links to a stone pile; thence S. 49 W. 22 poles; thence with the road S. 88 W. 1[illegible] 3/5 poles.

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

W. O. D. Allen Company, [illegible] Corporation [illegible], Washington, D. C.
2/ [illegible] of L. [illegible] Wolle, Jack Cox, Perry Perry and Jack Cooper

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ _____, or ten years have elapsed from the date of the contract.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

Dated this 24th day of July, 195 2.

Forrest Lutz [Seal]

Joe Lutz [Seal]

_____ [Seal]

1/ 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.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

4/ Insert the maximum amount of the Government's contribution.

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 six 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:

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

(2) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent 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) per cent 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) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) per cent.)

(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, 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.

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.

215

December 11, 1953

Mr. C. T. Shytle
215 Meridian St.
Rutherfordton, North Carolina

Re: DMLA-3107 (mica) Luts Mine
S & S Mica Company

Dear Mr. Shytle:

Will you please return to me, at your earliest convenience, the copy of the subject exploration contract which you have. The contract has been withdrawn, and it is necessary that I return the copy to our Washington Office.

There is no objection to making a copy of the work plan, agreed cost schedule, and map if you want to pass that information on to the prospective assignee of the lease to use in his application.

Very truly yours,

Robert A. Laurence, Executive Officer
DMLA - Region VII

RAL/zm
cc: Beck
Lynch
Opr. Com.
Files

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

December 8, 1953

Memorandum

To: Mr. Robert E. Adams

From: Lawrence G. Houk

Subject: Contract No. Idm-E600
Docket No. DMEA-3107 - Mica
S and S Mica Company
Lutz Mine
Cleveland County, North Carolina

The subject contract has been returned to this office un-executed, due to the death of one of the partners.

Mr. Robert A. Laurence, Executive Officer, DMEA Field Team, Region VII, is being forwarded a copy of this memorandum so that he may recover the Operator's copy of the un-executed contract.

The subject application may be withdrawn from the pending category and placed in the withdrawn.

FILE COPY
SURNAME:

Houk

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

600

December 8, 1953

Memorandum

To: Mr. Robert E. Adams

From: Lawrence G. Houk

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Docket No. DMEA-3107 - Mica
S and S Mica Company
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LGHouk:gad 12/8/53
Copy to: Admr. R. File
Docket File
Field Team, Region VII
Mr. Houk

R. C. L.
12-8-53

mr Anderson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
ROOM 13, POST OFFICE BLDG.
KNOXVILLE 2, TENN.

DEC 8 1953

December 3, 1953

Memorandum

To: Chairman, Operating Committee, DMEA - Washington

From: Field Team, D M E A - Region 7

Subject: DMEA-3107, Idm-E 600 (mica); S & S Mining Co. Lutz Mine, Cleveland County, N. C.

On September 21, 1953, we sent the subject exploration contract for signature. Last week it was returned, with the signatures of two of the partners, C. T. Shytle and Grady Earley, and no explanation of the absence of the other signatures.

On December 2, Mr. Laurence, Mr. Shirley, and Mr. Teague called on Mr. Shytle and Mrs. Mack Snyder, widow of one of the partners, to get the situation cleared up. We were startled to learn that Mack Snyder died last February, but was listed on the application (dated June 25, 1953) as one of the partners. No mention of his death made by the other partners when Mr. Teague and Mr. Shirley examined the mine in July.

Mr. Shytle says Jack Sisk has gone to Florida, and wants to sell his interest. Mr. Shytle and Mr. Early want to sell their interests, and transfer the contract to the purchaser. We object to this, and advised Mr. Shytle to tell the purchaser to file a new application. Accordingly, we are not getting either Mr. Sisk's or Mrs. Snyder's signatures on the contract, and it is returned to you, enclosed herewith.

Mrs. Snyder hopes to form a new partnership with Forney Snyder, of Rutherfordton, N. C., and Claude Willis, of Bostic, N. C., which will purchase the lease from S & S Mica Co. and then apply for a contract, with the work to be directed by Mr. Willis who she says is an experienced miner. Mrs. Snyder's brothers are experienced miners, known to the Field Team, but we do not know Mr. Willis.

We see no reson to do any further business with S & S Mining Co., whose sole interest in the contract seems to be to use it in selling the lease. We do think that the Lutz Mine is worth exploring, and would recommend approval of a similar contract with any competent applicant who acquires the lease.

Copies of letters to Mr. Shytle and Mr. Willis are enclosed.

Robert A. Laurence
Robert A. Laurence
Executive Officer
DMEA-Region 7

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

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

December 3, 1953

Memorandum

To: Chairman, Operating Committee, DMEA - Washington

From: Field Team, D M E A - Region 7

Subject: DMEA-3107, Idm-E 600 (mica); S & S Mining Co. Lutz Mine, Cleveland County, N. C.

On September 21, 1953, we sent the subject exploration contract for signature. Last week it was returned, with the signatures of two of the partners, C. T. Shytle and Grady Earley, and no explanation of the absence of the other signatures.

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Copies of letters to Mr. Shytle and Mr. Willis are enclosed.

Robert A. Laurence
Executive Officer
DMEA-Region 7

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

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

December 3, 1953

Mr. C. T. Shytle
215 Meridian St.
Rutherfordton, N. C.

Re: DMEA-3107, Lutz Mine (mica)

Dear Mr. Shytle:

As you requested, I enclose herewith five copies of form MF-103, and eight copies of form MF-203, which you may give to the eventual purchaser of the lease on the Lutz mine, if he wishes to apply for assistance in exploring for mica at the mine. Four copies of form MF-103, accompied by six copies of form MF-203 with signatures of Forest Lutz and Joe Lutz should be mailed to me.

We are prepared to recommend approval of a contract for the same work as was proposed for the contract with S & S Mica Co., with the purchaser if he is a competent operator. You should point out to the purchaser that Amendment 3 to DMEA Order 1, copy of which is enclosed, effective November 3, 1953, reduces the Government's participation in Exploration for mica to 75%.

Very truly yours,

Robert A. Laurence, Executive Officer
DMEA - Region 7

RAL/rn
cc:
Beck
Leach
Opr. Com.
Files

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

December 3, 1953

Mr. Claude Willis

Bostic, North Carolina

Dear Mr. Willis:

Yesterday, Mrs. Mack Snyder, of Rutherfordton, N. C., told me that you are considering forming a partnership with her and Mr. Forney Snyder, to purchase the lease on the Lutz mica mine in Cleveland County, N. C., and that you will probably want to file an application for aid in exploring for mica there.

Accordingly, I enclose the following items:

DMEA Order 1, as amended
Form MF-103 (5) copies
Form MF-203 (8) copies

Please read DMEA Order 1, especially Amendment 3, carefully before filing the application. If you decide to apply, send 4 copies of form MF-103 to me, accompanied by six copies of form MF-203 signed by the land owners, with the amount of contract left blank. Please note that the Government now contributes 75% of the cost of exploration for mica.

Very truly yours,

Robert A. Laurence
Executive Officer, DMEA
Region 7

RAL/am
cc:
Beck
Lynch
Oprr. Com.
Files

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 3107

COMMODITY Mica

Field Team Copy

Idm-E600

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

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 17th day of September, 1953 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] C. T. Shytle, Jack Sisk, Grady Earley, and Mack Snyder, Partners, Doing business as S & S Mica Company Rutherfordton, North Carolina

hereinafter called the "Operator," as follows: and as set forth in Annexes I and II attached hereto and made a part hereof

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 the mineral rights in that certain land situated in the State of North Carolina, County of Cleveland, described as ~~xxxxx~~ set forth in Annex I,

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, to each of which the undersigned owner of the property xxxxxxxxxx~~

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

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 Ten (10) 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. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. 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 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 90 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $6,862.50 which is 90 percent of $7,625.00 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 check or 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. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed 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 units of work performed 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.

[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*) *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 the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, 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 and statement of work performed to accompany his final report.

ARTICLE 6. *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 II, substituted for that part of 6(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 the 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 7. *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 mere failure by the Operator to maintain the Operator's rights in the land, without any 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 8. *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.

ARTICLE 9. *Changes and added provisions* _____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING **Administrator, Defense Minerals Exploration Administration**

S & S MICA COMPANY
(Operator)

By A. Shylle **(Partner)**
By _____ **(Partner)**
By Moody E. Early **(Partner)**
By _____ **(Partner)**

I, _____, certify that I am the _____ secretary of the corporation named as Operator herein; that _____, who signed this contract on behalf of the Operator, was then _____ of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____ [CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

EXPLORATION PROJECT CONTRACT
S & S MICA COMPANY
DOCKET NO. DMEA-3107

ANNEX I

The property referred to in Article 2 of the contract form is known as the Lutz mine and was leased to C. T. Shytle, Jack Sisk, Grady Earley, and Mack Snyder, partners, doing business as the S & S Mica Company, by Forrest Lutz and his wife, Zoe Lutz, in an instrument dated December 23, 1952.

The area under the lease is specifically described in the aforesaid lease as follows:

> "Situate in No. 6 Township, about 3 miles north of Shelby on the old Shelby Road adjoining the lands of J. L. Allen and others and being on both sides of Simmons Creek, and beginning at a point in the center of the old Shelby Road about 15 poles east of the creek at the entrance of a farm road from the north, Allen's corner, and running thence with the farm road N. 23 E. 12 poles 17 links to a stake in the road; thence N. 36 E. 14-3/4 poles to a stake in the road; thence gradually leaving the road N. 16 E. 7 poles to a red oak stump; thence a new line N. 86-1/4 W. 45 poles 10 links to a poplar; thence S. 4 E. 10 poles 8 links to a stone pile; thence S. 49 E. 23 poles crossing the creek just north of the bridge to a stake in the road; thence with the old Shelby Road S. 59-1/2 E. 12-4/5 poles to the BEGINNING, containing 6 acres more or less."

EXPLORATION PROJECT CONTRACT
S & S MICA COMPANY
DOCKET NO. DMEA-3107

ANNEX II

The following provisions are in lieu of all of paragraph (a) of Article 6 which precedes the colon:

If 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 a sufficient, complete, final report and final account referred to in the contract has been rendered, 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 described in Article 2, 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 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 (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

EXPLORATION PROJECT CONTRACT
S & S MICA COMPANY
DOCKET NO. DMEA-3107

EXHIBIT "A"

Description of the Work

Exploration for concentrations of strategic mica shall be accomplished approximately as shown on the attached map entitled "Sketch of Lutz Mine, Cleveland Co., N. C., DMEA-3107 (mica)" and as described below:

1. From the open cut shown on the map, sink 65 feet of a two-compartment shaft 5 feet by 7 feet in cross section and appropriately provided with ladders.

2. Drive crosscut from bottom of the shaft northerly to the pegmatite.

3. Drive two drifts in the pegmatite easterly and westerly from the crosscut.

The total of crosscutting and drifting shall not exceed 125 feet.

The location and direction of all work shall be subject to approval of the Government engineers.

Agreed Unit Costs

Shaft sinking, 65 feet @ $50.00/ft.	$3,250.00	
Crosscutting and drifting, 125 feet @ $35.00/ft.	4,375.00	
Total Agreed Unit Costs		$7,625.00
Government Participation at 90%		$6,862.50

MF-203

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
1953

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of North Carolina, County of Cleveland, described as follows:1/

[illegible]

which is the subject of a proposed exploration project contract hereinafter called the "contract" between the United States of America, hereinafter called the "Government", and

2/ [illegible]

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ _____, or ten years have elapsed from the date of the contract.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

Dated this [illegible] day of [illegible], 195[illegible].

Forrest Lutz [Seal]

Joe Lutz [Seal]

_____ [Seal]

1/ 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.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

4/ Insert the maximum amount of the Government's contribution.

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 six 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:

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

(2) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent 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) per cent 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) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) per cent.)

(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, 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.

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.

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 3107

COMMODITY Mica

Docket Copy

Idm-E600

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

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 17th day of September, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] C. T. Shytle, Jack Sisk, Grady Earley, and Mack Snyder, Partners, Doing business as S & S Mica Company Rutherfordton, North Carolina

hereinafter called the "Operator," as follows: and as set forth in Annexes I and II attached hereto and made a part hereof

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the Operator represents and undertakes:[4]

(*a*) ~~That the Operator is the owner in possession and entitled to possession, and that the property is free from the following [illegible]~~

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

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 Ten (10) 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. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. 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 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 90 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $6,862.50 which is 90 percent of $7,625.00 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 check or 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. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed 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 units of work performed 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.

[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*) *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 the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, 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 and statement of work performed to accompany his final report.

ARTICLE 6. *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 II, substituted for that part of 6(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 the 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 7. *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 mere failure by the Operator to maintain the Operator's rights in the land, without any 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 8. *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.

ARTICLE 9. *Changes and added provisions* _____

_____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

S & S MICA COMPANY
(Operator)

By _____ (Partner)

By _____ (Partner)

By _____ (Partner)

By _____ (Partner)

By _____
ACTING Administrator, Defense Minerals Exploration Administration

I, _____, certify that I am the _____ secretary of the corporation named as Operator herein; that _____, who signed this contract on behalf of the Operator, was then _____ of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____ [CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

EXPLORATION PROJECT CONTRACT
S & S MICA COMPANY
DOCKET NO. DMEA-3107

ANNEX I

The property referred to in Article 2 of the contract form is known as the Lutz mine and was leased to C. T. Shytle, Jack Sisk, Grady Earley, and Mack Snyder, partners, doing business as the S & S Mica Company, by Forrest Lutz and his wife, Zoe Lutz, in an instrument dated December 23, 1952.

The area under the lease is specifically described in the aforesaid lease as follows:

> "Situate in No. 6 Township, about 3 miles north of Shelby on the old Shelby Road adjoining the lands of J. L. Allen and others and being on both sides of Simmons Creek, and beginning at a point in the center of the old Shelby Road about 15 poles east of the creek at the entrance of a farm road from the north, Allen's corner, and running thence with the farm road N. 23 E. 12 poles 17 links to a stake in the road; thence N. 36 E. 14-3/4 poles to a stake in the road; thence gradually leaving the road N. 16 E. 7 poles to a red oak stump; thence a new line N. 86-1/4 W. 45 poles 10 links to a poplar; thence S. 4 E. 10 poles 8 links to a stone pile; thence S. 49 E. 23 poles crossing the creek just north of the bridge to a stake in the road; thence with the old Shelby Road S. 59-1/2 E. 12-4/5 poles to the BEGINNING, containing 6 acres more or less."

EXPLORATION PROJECT CONTRACT
S & S MICA COMPANY
DOCKET NO. DMEA-3107

ANNEX II

The following provisions are in lieu of all of paragraph (a) of Article 6 which precedes the colon:

If 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 a sufficient, complete, final report and final account referred to in the contract has been rendered, 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 described in Article 2, 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 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 (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

EXPLORATION PROJECT CONTRACT
S & S MICA COMPANY
DOCKET NO. DMEA-3107

EXHIBIT "A"

Description of the Work

Exploration for concentrations of strategic mica shall be accomplished approximately as shown on the attached map entitled "Sketch of Lutz Mine, Cleveland Co., N. C., DMEA-3107 (mica)" and as described below:

1. From the open cut shown on the map, sink 65 feet of a two-compartment shaft 5 feet by 7 feet in cross section and appropriately provided with ladders.

2. Drive crosscut from bottom of the shaft northerly to the pegmatite.

3. Drive two drifts in the pegmatite easterly and westerly from the crosscut.

The total of crosscutting and drifting shall not exceed 125 feet.

The location and direction of all work shall be subject to approval of the Government engineers.

Agreed Unit Costs

Shaft sinking, 65 feet @ $50.00/ft.	$3,250.00	
Crosscutting and drifting, 125 feet @ $35.00/ft.	4,375.00	
Total Agreed Unit Costs		$7,625.00
Government Participation at 90%		$6,862.50

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL - 6 1953

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of North Carolina, County of Cleveland, described as follows:1/ Situate in 66 township, about 3 miles north of Shelby on the old Shelby Road adjoining the lands of J. L. Allen and others and being on both sides of Simmons Creek, and beginning at a point in the center of the old Shelby road about 15 poles east of the creek at the entrance of a farm road from the north, Allen's corner, and running thence with the farm road N.23 E. 12 poles 17 links to a stake in the road; thence N. 26 E. 14½ poles to a stake in the road; thence gradually leaving the road N. 16 E. 7 poles to a red oak stump; thence a new line S. 86½ W. 45 poles 10 links to a poplar; thence S. 4 E. 10 poles 8 links to a stone pile; thence S. 49 E. [illegible] poles; thence with old road which is the subject of a pending exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ S. & S. Mica Company, 610 Meridian St., Rutherfordton, N. C.
A partnership of V. A. Hyle, Jack Sisk, Grady Lerley and Jack Snyder

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ _____, or ten years have elapsed from the date of the contract.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

Dated this 20th day of July, 1953.

Forrest Lutz [Seal]

Joe Lutz [Seal]

_____ [Seal]

1/ 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.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

4/ Insert the maximum amount of the Government's contribution.

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 six 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:

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

(2) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent 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) per cent 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) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) per cent.)

(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, 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.

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.

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 3107

COMMODITY Mica

Division Copy

Idm-E600

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

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 17th day of September, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] C. T. Shytle, Jack Sisk, Grady Farley, and Mack Snyder, Partners, Doing business as S & S Mica Company Rutherfordton, North Carolina

hereinafter called the "Operator," as follows: and as set forth in Annexes I and II attached hereto and made a part hereof

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 the mineral rights in that certain land situated in the State of North Carolina, County of Cleveland, described as set forth in Annex I,

the Operator represents and undertakes:[4]

(*a*) ~~That the Operator is the owner in possession and entitled to possession and that the Owner's Consent to Lien is attached.~~

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

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 Ten (10) 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. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. 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 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 90 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $6,862.50 which is 90 percent of $7,625.00 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 check or 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. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed 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 units of work performed 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.

[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*) *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 the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, 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 and statement of work performed to accompany his final report.

ARTICLE 6. *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 II, substituted for that part of 6(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 the 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 7. *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 mere failure by the Operator to maintain the Operator's rights in the land, without any 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 8. *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.

ARTICLE 9. *Changes and added provisions* _____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Administrator, Defense Minerals Exploration Administration

S & S MICA COMPANY
(Operator)

By C. S. Hyde (Partner)

By _____ (Partner)

By Grady Early (Partner)

By _____ (Partner)

I, _____, certify that I am the _____ secretary of the corporation named as Operator herein; that _____, who signed this contract on behalf of the Operator, was then _____ of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

EXPLORATION PROJECT CONTRACT
S & S MICA COMPANY
DOCKET NO. DMEA-3107

ANNEX II

The following provisions are in lieu of all of paragraph (a) of Article 6 which precedes the colon:

If 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 a sufficient, complete, final report and final account referred to in the contract has been rendered, 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 described in Article 2, 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 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 (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

EXPLORATION PROJECT CONTRACT
S & S MICA COMPANY
DOCKET NO. DMEA-3107

EXHIBIT "A"

Description of the Work

Exploration for concentrations of strategic mica shall be accomplished approximately as shown on the attached map entitled "Sketch of Lutz Mine, Cleveland Co., N. C., DMEA-3107 (mica)" and as described below:

1. From the open cut shown on the map, sink 65 feet of a two-compartment shaft 5 feet by 7 feet in cross section and appropriately provided with ladders.

2. Drive crosscut from bottom of the shaft northerly to the pegmatite.

3. Drive two drifts in the pegmatite easterly and westerly from the crosscut.

The total of crosscutting and drifting shall not exceed 125 feet.

The location and direction of all work shall be subject to approval of the Government engineers.

Agreed Unit Costs

Shaft sinking, 65 feet @ $50.00/ft.	$3,250.00	
Crosscutting and drifting, 125 feet @ $35.00/ft.	4,375.00	
Total Agreed Unit Costs		$7,625.00
Government Participation at 90%		$6,862.50

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL - 6 1953

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of North Carolina, County of Cleveland, described as follows:1/ Situate in #6 Township, about 3 miles north of Shelby on the old Shelby Road adjoining the lands of J. L. Allen and others and being on both sides of Simmons Creek, and beginning at a point in the center of the old Shelby Road about 15 poles east of the creek at the entrance of a farm road from the north, Allen's corner, and running thence with the farm road N.23 E. 12 poles 17 links to a stake in the road; thence N. 36 E. 14¾ poles to a stake in the road; thence gradually leaving the road N. 16 E. 7 poles to a Red Oak stump; thence a new line N. 86½ W. 45 poles 10 links to a poplar; thence S. 4 E. 10 poles 8 links to a stone pile; thence S. 49 E. 23 poles; thence with old road S. 59½ E. 12 4/5 poles

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

2/ S. & S. Mica Company, 215 Meridian St., Rutherfordton, N. C.
A partnership of C. T. Shytle, Jack Sisk, Grady Earley and Mack Snyder

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production3/ provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of 4/$ _____, or ten years have elapsed from the date of the contract.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

Dated this 2an day of July, 1953.

Forrest Lutz [Seal]

(Mrs) Zoe Lutz [Seal] signed on other side

[Seal]

1/ 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.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

4/ Insert the maximum amount of the Government's contribution.

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 six 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:

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

(2) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent 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) per cent 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) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) per cent.)

(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, 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.

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.

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 3107

COMMODITY Mica

Finance Office Copy

Idm-E600

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

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 17th day of September, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] C. T. Shytle, Jack Sisk, Grady Earley, and Mack Snyder, Partners, Doing business as S & S Mica Company Rutherfordton, North Carolina

hereinafter called the "Operator," as follows: and as set forth in Annexes I and II attached hereto and made a part hereof

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 the mineral rights in that certain land situated in the State of North Carolina, County of Cleveland, described as ~~follows~~ set forth in Annex I,

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 liens, pledges or encumbrances, or in lieu of which the subordination agreement of the lender is attached:~~

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

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 Ten (10) 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. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. 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 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 90 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $6,862.50 which is 90 percent of $7,625.00 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 check or 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. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed 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 units of work performed 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.

[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*) *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 the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, 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 and statement of work performed to accompany his final report.

ARTICLE 6. *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 II, substituted for that part of 6(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 the 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 7. *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 mere failure by the Operator to maintain the Operator's rights in the land, without any 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 8. *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.

ARTICLE 9. *Changes and added provisions* _____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Administrator, Defense Minerals Exploration Administration

S & S MICA COMPANY
(Operator)

By C T Hyde (Partner)
By _____ (Partner)
By Grady Early (Partner)
By _____ (Partner)

I, _____, certify that I am the _____ secretary of the corporation named as Operator herein; that _____, who signed this contract on behalf of the Operator, was then _____ of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____ [CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

EXPLORATION PROJECT CONTRACT
S & S MICA COMPANY
DOCKET NO. DMEA-3107

ANNEX I

The property referred to in Article 2 of the contract form is known as the Lutz mine and was leased to C. T. Shytle, Jack Sisk, Grady Earley, and Mack Snyder, partners, doing business as the S & S Mica Company, by Forrest Lutz and his wife, Zoe Lutz, in an instrument dated December 23, 1952.

The area under the lease is specifically described in the aforesaid lease as follows:

> "Situate in No. 6 Township, about 3 miles north of Shelby on the old Shelby Road adjoining the lands of J. L. Allen and others and being on both sides of Simmons Creek, and beginning at a point in the center of the old Shelby Road about 15 poles east of the creek at the entrance of a farm road from the north, Allen's corner, and running thence with the farm road N. 23 E. 12 poles 17 links to a stake in the road; thence N. 36 E. 14-3/4 poles to a stake in the road; thence gradually leaving the road N. 16 E. 7 poles to a red oak stump; thence a new line N. 86-1/4 W. 45 poles 10 links to a poplar; thence S. 4 E. 10 poles 8 links to a stone pile; thence S. 49 E. 23 poles crossing the creek just north of the bridge to a stake in the road; thence with the old Shelby Road S. 59-1/2 E. 12-4/5 poles to the BEGINNING, containing 6 acres more or less."

EXPLORATION PROJECT CONTRACT
S & S MICA COMPANY
DOCKET NO. DMEA-3107

ANNEX II

The following provisions are in lieu of all of paragraph (a) of Article 6 which precedes the colon:

If 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 a sufficient, complete, final report and final account referred to in the contract has been rendered, 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 described in Article 2, 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 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 (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

EXPLORATION PROJECT CONTRACT
S & S MICA COMPANY
DOCKET NO. DMEA-3107

EXHIBIT "A"

Description of the Work

Exploration for concentrations of strategic mica shall be accomplished approximately as shown on the attached map entitled "Sketch of Lutz Mine, Cleveland Co., N. C., DMEA-3107 (mica)" and as described below:

1. From the open cut shown on the map, sink 65 feet of a two-compartment shaft 5 feet by 7 feet in cross section and appropriately provided with ladders.

2. Drive crosscut from bottom of the shaft northerly to the pegmatite.

3. Drive two drifts in the pegmatite easterly and westerly from the crosscut.

The total of crosscutting and drifting shall not exceed 125 feet.

The location and direction of all work shall be subject to approval of the Government engineers.

Agreed Unit Costs

Shaft sinking, 65 feet @ $50.00/ft.	$3,250.00	
Crosscutting and drifting, 125 feet @ $35.00/ft.	4,375.00	
Total Agreed Unit Costs		$7,625.00
Government Participation at 90%		$6,862.50

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 6 1953

MF-203

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of North Carolina, County of Cleveland, described as ~~follows~~[1]

Situate in #6 Township, about 3 miles north of Shelby on the old [illegible] adjoining the lands of [illegible] Allen and others and lying on both sides of [illegible] Creek, [illegible] from the north, Allen's corner, and running thence with the farm road [illegible] poles [illegible]

which is the subject of a proposed exploration project contract, hereinafter called the "contract", between the United States of America, hereinafter called the "Government", and

[2] [illegible]

hereinafter called the "Operator"; and

WHEREAS, under certain provisions of said contract which are set forth on the reverse side hereof, the Government is entitled to a percentage royalty on production and to certain other rights and equities which do or may conflict with or be adverse to the interest of the undersigned in said property;

NOW THEREFORE, the undersigned, in consideration of said contract and as an inducement to the Government to enter into same, undertakes and agrees as follows:

1. The Government's equity in and right to dismantle, sever, take possession of, and remove and dispose of facilities, buildings, fixtures, equipment, or other items as provided in the contract, or any amendment thereof, shall prevail over and be prior and superior to any conflicting or adverse rights of the undersigned, and the Government is authorized to enter upon the land for such purposes.

2. To secure the payment to the Government of the percentage royalty on production[3] provided for under the terms of said exploration project contract, or any amendment thereof which does not increase the maximum amount of the Government's claim here stated or alter the provisions for repayment, there is hereby granted to the Government a lien upon the land herein described and upon any production of minerals therefrom, until the royalty claim is fully paid in the amount of the Government's contribution, not in excess of [4]$ __________, or ten years have elapsed from the date of the contract.

3. The undersigned shall commit no act nor assert any claim that may contravene or conflict with the lien, claim, or rights of the Government under the provisions of said contract. This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the undersigned.

Dated this 2nd day of July, 1953.

Forrest Lutz [Seal]

Zoe Lutz [Seal]

__________ [Seal]

1/ 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.

2/ Insert the name of the Operator as it will appear in the exploration project contract.

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

4/ Insert the maximum amount of the Government's contribution.

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 six 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:

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

(2) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent 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) per cent 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) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) per cent.)

(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, 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.

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.

MF-200 (A)
(February 1952)

DOCKET NO. DMEA 3147

COMMODITY Mica

Extra Copy

Idm-E600

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

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 17th day of September, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] C. T. Shytle, Jack Sisk, Grady Farley, and Mack Snyder, Partners, Doing Business as S & S Mica Company Rutherfordton, North Carolina

hereinafter called the "Operator," as follows: and as set forth in Annexes I and II attached hereto and made a part hereof

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 that certain land situated in the State of North Carolina, County of Cleveland, described as ~~known~~ set forth in Annex I,

the Operator represents and undertakes:[4]

(*a*) ~~That the Operator is the owner in fee simple of the following described land as herein described:~~

(*b*) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached.

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 Ten (10) 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. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. 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 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 80 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $6,862.50, which is 90 percent of $7,625.00 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 check or 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. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed 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 units of work performed 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.

[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*) *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 the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, 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 and statement of work performed to accompany his final report.

ARTICLE 6. *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 II, substituted for that part of 6(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 the 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 7. *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 mere failure by the Operator to maintain the Operator's rights in the land, without any 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 8. *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.

ARTICLE 9. *Changes and added provisions* _____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

G & S MICA COMPANY
(Operator)

By _____ (Partner)

By _____ (Partner)

By _____ (Partner)

By _____ (Partner)

By Frank E. Johnson
ACTING Administrator, Defense Minerals Exploration Administration

I, _____, certify that I am the _____ secretary of the corporation named as Operator herein; that _____, who signed this contract on behalf of the Operator, was then _____ of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____ [CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

EXPLORATION PROJECT CONTRACT
S & S MICA COMPANY
DOCKET NO. DMEA-3107

ANNEX I

The property referred to in Article 2 of the contract form is known as the Lutz mine and was leased to C. T. Shytle, Jack Sisk, Grady Earley, and Mack Snyder, partners, doing business as the S & S Mica Company, by Forrest Lutz and his wife, Zoe Lutz, in an instrument dated December 23, 1952.

The area under the lease is specifically described in the aforesaid lease as follows:

"Situate in No. 6 Township, about 3 miles north of Shelby on the old Shelby Road adjoining the lands of J. L. Allen and others and being on both sides of Simmons Creek, and beginning at a point in the center of the old Shelby Road about 15 poles east of the creek at the entrance of a farm road from the north, Allen's corner, and running thence with the farm road N. 23 E. 12 poles 17 links to a stake in the road; thence N. 36 E. 14-3/4 poles to a stake in the road; thence gradually leaving the road N. 16 E. 7 poles to a red oak stump; thence a new line N. 86-1/4 W. 45 poles 10 links to a poplar; thence S. 4 E. 10 poles 8 links to a stone pile; thence S. 49 E. 23 poles crossing the creek just north of the bridge to a stake in the road; thence with the old Shelby Road S. 59-1/2 E. 12-4/5 poles to the BEGINNING, containing 6 acres more or less."

EXPLORATION PROJECT CONTRACT
S & S NICE COMPANY
DOCKET NO. DMEA-3107

ANNEX II

The following provisions are in lieu of all of paragraph (a) of Article 6 which precedes the colon:

If 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 a sufficient, complete, final report and final account referred to in the contract has been rendered, 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 described in Article 2, 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 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 (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

EXPLORATION PROJECT CONTRACT
S & S MICA COMPANY
DOCKET NO. DMEA-3107

EXHIBIT "A"

Description of the Work

Exploration for concentrations of strategic mica shall be accomplished approximately as shown on the attached map entitled "Sketch of Lutz Mine, Cleveland Co., N. C., DMEA-3107 (mica)" and as described below:

1. From the open cut shown on the map, sink 65 feet of a two-compartment shaft 5 feet by 7 feet in cross section and appropriately provided with ladders.

2. Drive crosscut from bottom of the shaft northerly to the pegmatite.

3. Drive two drifts in the pegmatite easterly and westerly from the crosscut.

The total of crosscutting and drifting shall not exceed 125 feet.

The location and direction of all work shall be subject to approval of the Government engineers.

Agreed Unit Costs

Shaft sinking, 65 feet @ $50.00/ft.	$3,250.00	
Crosscutting and drifting, 125 feet @ $35.00/ft.	4,375.00	
Total Agreed Unit Costs		$7,625.00
Government Participation at 90%		$6,862.50

FILE COPY
SURNAME:

Anderson
Houk
Draughon
Selfridge
Johnson

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

600

SEP 17 1953

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

Subject: Docket No. DMEA-3107 - Mica
S and S Mica Company
Lutz Mine
Cleveland County, North Carolina

Dear Mr. Laurence:

Please find herewith the original and five copies of a contract covering the subject exploration project which have been signed by the Government with register number and effective date as shown.

If the contract meets with your approval present it to the Operator for approval and signature. Please explain to the Operator that the contract, when executed, is a firm commitment under the terms of which it is obligated to complete the work outlined at the agreed unit cost. If any part of this contract does not have either your approval or that of the Operator and cannot be amended within your delegated authority, then the original and all copies of the contract are to be returned to this office, together with the proposed changes for consideration.

After execution of the contract, the copies are to be distributed in the usual manner.

Copies of memoranda from the Bureau of Mines and the Geological Survey are enclosed.

Sincerely yours,

George C. Selfridge (JB)

Chairman, Operating Committee

Approved:

J. H. Hedges (JB)

Member, Bureau of Mines

A. R. Kinkel, Jr. (JB)

Member, Geological Survey

Enclosures 10

WCAnderson:gad 9/10/53
Copy to: Admr. R. File
Docket File
Operating Committee
Mr. Dietrich, 3526
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

R.C.H. 9-17-53

FILE COPY
SURNAME:

Anderson
Hoyt
Whitenday

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

AUG 31 1953

Mr. C. T. Shytle
S & S Mica Company
215 Meridian Street
Rutherfordton, North Carolina

Re: Docket No. DMEA-3107 - Mica
Lutz Mine
Cleveland County, North Carolina

Dear Mr. Shytle:

Reference is made to your application for exploration assistance on the subject property.

A copy of the lease sent to this office does not contain the signatures of all the partners, namely: C. T. Shytle, Jack Sisk, Grady Early and Mack Snyder. We assume that all the partners have signed, however, kindly indicate to us if such is the case.

Processing of your application will be resumed upon receipt of your reply.

Sincerely yours,

SIGNED

Lawrence G. Houk, Chief
Nonmetallic Minerals Division

WCAnderson:gad 8/31/53
Copy to: Admr. R. File
Docket File
Field Team, Region VII
Mr. Dietrich, 3526
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

R.C.G.
8-31-53

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 25 1953

August 25, 1953

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Acting Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3107, Mica, Lutz Mine, S & S Mica Company, Cleveland County, North Carolina

I concur in the field team's recommendation for an exploration program in the amount of $7,625.

Donald R Irving

Donald R. Irving

IN REPLY REFER TO:

G-MD-CNM

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 13 1953

August 11, 1953

Memorandum

REVIEW OF FIELD TEAM REPORT ON APPLICATION DMEA-3107 (mica)

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. M. Larrabee, U. S. Geological Survey
Applicant: S & S Mica Company, Rutherfordton, North Carolina.
Name of property: Lutz mine, Cleveland County, North Carolina.
Location of property: 3 miles north of Shelby, North Carolina.
Date of field team report: August 4, 1953.
Authorship of field team report: K. H. Teague and L. E. Shirley.
Field team's recommendation:

65'x5'x7' shaft	$3,250
125' crosscut and drift	4,375
Total	$7,625

Mine has produced $9,800 worth of mica in last year, at an equal cost.

ACTION SUGGESTED:
Follow field team's recommendation.

D. M. Larrabee

D. M. Larrabee

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM, REGION VII

DMEA-3107, LUTZ MINE (Mica)

Cleveland County, North Carolina

By

Kefton H. Teague, Geologist
U. S. Geological Survey

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

August 4, 1953

Reviewed by
DMEA OPERATING COMMITTEE
8-14-53
(date)

Field Examination Report
on
DMEA-3107, LUTZ MINE (Mica)

Applicants: S and S Mica Company
c/o C. T. Shytle
215 Meridian Street
Rutherfordton, N. C.

The history of this mine is unknown, and no published or unpublished reports are available on it. Within the past year the applicants have sold approximately $9800 worth of mica from the deposit. This represents about the cost of producing and processing that mica recovered to date. The deposit appears to offer good possibilities for the production of strategic mica, thus exploration assistance is recommended. ???

The deposit was examined July 29, 1953. Messrs. C. T. Shytle, Jack Sisk, and Grady Earley accompanied the examiners on the inspection, which required two hours.

160
320
9800
2250
7550
income
$ 0.30

The Lutz Mine is about 3 miles north of Shelby, Cleveland County, North Carolina, about 1/8 mile east of the Shelby-Double Shoals Road. Access is excellent at all times.

The area under lease is adequate to provide sufficient working and dumping space. All of the applicants have had some mica mining experience in open cut work. As the most suitable method for exploring the deposit is by underground means, it may be necessary for them to employ a miner who has had shaft experience.

Past and current work has been by open cut. The cut is about 160 feet long, 20 feet wide and 15 feet deep. At the west end the cut has been deepened an additional 15 feet x 30 feet long x 5 feet wide on the pegmatite. Therefore, the greatest depth that the mine has been worked is 30 feet.

The pegmatite is from 3 to 6 feet thick and is exposed on the strike for about 160 feet. For the westernmost 120 feet the pegmatite strikes E-W, then bends to N. 70° E. for the remainder of its outcrop length. It dips steeply to the north and crosscuts, in both strike and dip, the foliation of the mica sillimanite schist wall rock.

According to the applicants, mica has been obtained over the entire length of the pegmatite. Near its western end the pegmatite is well zoned, consisting of a medial quartz core, bounded on both sides by mica-rich perthite. Also mica appears to be abundant adjacent to the hanging wall.

The mica is hard, clear, flat, free-splitting and ruby colored. Most of that obtained todate has been in medium to small sizes. Within the past year the operators have sold approximately $9800 worth of mica, which represents a value of about $1.00/cu. ft. for all pegmatite moved.

The applicants' proposed method of exploration involves enlarging and deepening the present open cut. This approach is not exploration, and little reserves would be developed by using such an approach. Furthermore, as the rock is only semi-weathered, enlargement of the cut would involve a hard rock quarrying operation.

The examiners are of the opinion that the most logical method to employ in exploring the deposit would be to sink a shaft from the cut approximately as shown on the attached sketch, then crosscut to the pegmatite, and drive drifts in both directions on it.

Estimated cost:

65-foot, 5' x 7', 2-compartment shaft at $50/ft	$3250.00
125 ft. crosscut and drift at $35/ft	4375.00
Estimated total cost	7625.00
Estimated time required -	8 months

August 4, 1953

Kefton H. Teague, Geologist
U. S. Geological Survey

Lawrence E. Shirley, Mining Engr.
U. S. Bureau of Mines

ad/

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
ROOM 13 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

August 7, 1953

Memorandum

To: Operating Committee, DMEA, Washington, D. C.

From: Field Team, DMEA, Region VII

Subject: Field Examination Report, DMEA-3107 (Mica)
Lutz Mine, North Carolina; S & S Mica Co., applicant

Transmitted herewith are 4 copies of the field examination report on the Lutz Mine, Cleveland County, North Carolina, and six extra copies of the map.

The Field Team agrees that the possibilities of discovering strategic mica here are sufficient to justify some exploratory work, and that underground work as outlined is preferable to further open cut work as proposed by the applicant. We recommend that the proposed work be approved.

Robert A. Laurence

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

Wm A Beck

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

Enclosures 10

Reviewed by
DMEA OPERATING COMMITTEE
8-14-53
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM, REGION VII

DMEA-3107, LUTZ MINE (Mica)

Cleveland County, North Carolina

By

Kefton H. Teague, Geologist
U. S. Geological Survey

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

August 4, 1953

Reviewed by
DMEA OPERATING COMMITTEE
8-14-53
(date)

Field Examination Report
on
DMEA-3107, LUTZ MINE (Mica)

Applicants: S and S Mica Company
c/o C. T. Shytle
215 Meridian Street
Rutherfordton, N. C.

The history of this mine is unknown, and no published or unpublished reports are available on it. Within the past year the applicants have sold approximately $9000 worth of mica from the deposit. This represents about the cost of producing and processing that mica recovered to date. The deposit appears to offer good possibilities for the production of strategic mica, thus exploration assistance is recommended.

The deposit was examined July 29, 1953. Messrs. C. T. Shytle, Jack Sisk, and Grady Earley accompanied the examiners on the inspection, which required two hours.

The Lutz Mine is about 3 miles north of Shelby, Cleveland County, North Carolina, about 1/8 mile east of the Shelby-Double Shoals Road. Access is excellent at all times.

The area under lease is adequate to provide sufficient working and dumping space. All of the applicants have had some mica mining experience in open cut work. As the most suitable method for exploring the deposit is by underground means, it may be necessary for them to employ a miner who has had shaft experience.

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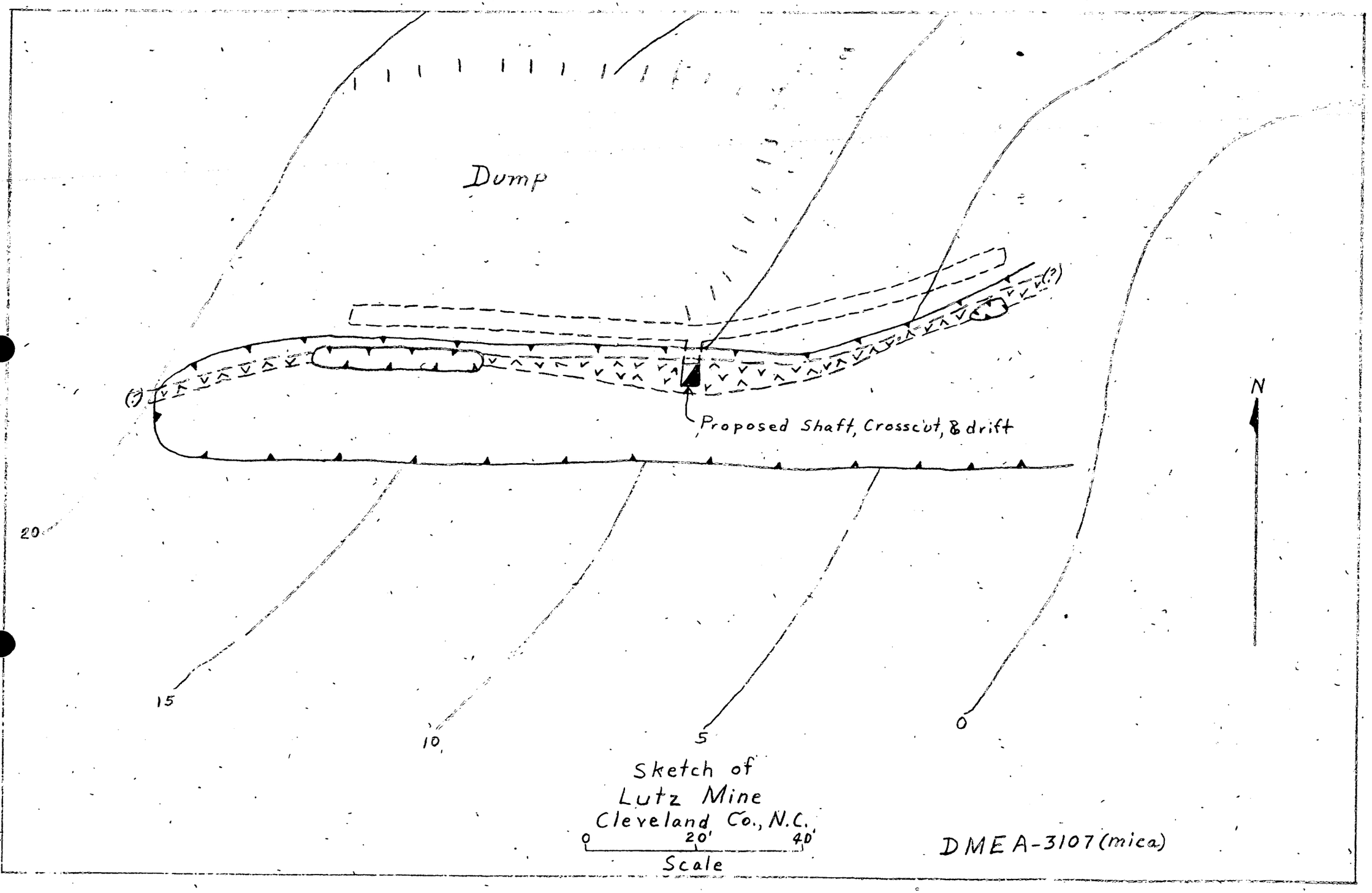
Estimated total cost	7625.00
Estimated time required -	8 months

August 4, 1953

Kelton H. Teague, Geologist
U. S. Geological Survey

Lawrence E. Shirley, Mining Engr.
U. S. Bureau of Mines

ad/



Sketch of
Lutz Mine
Cleveland Co., N.C.

DMEA-3107 (mica)

FILE COPY
SURNAME:

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

JUL 1 5 1953

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

Subject: Docket No. DMEA-3107 - Mica
S and S Mica Company
Lutz Mine
Cleveland County, North Carolina

Dear Mr. Laurence:

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

Copies of memoranda from the Geological Survey and the Bureau of Mines are enclosed for your information.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JHB)

Approved:

J. H. Hedges
Member, Bureau of Mines (JHB)

A. R. Kinkel, Jr.
Member, Geological Survey (JHB)

Enclosures 4

JHopkins:dec 7/14/53
Copy to: Admr. R. File
Docket File
Operating Committee
Mr. Dietrich, 3526
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

R.C.S.
7-15-53

FILE COPY
SURNAME:

Hopkins
Lowe
Kohel
Hedges
Fetzman

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

JUL 1 5 1953

Mr. C. T. Shytle
S & S Mica Company
215 Meridian Street
Rutherfordton, North Carolina

Re: Docket No. DMEA-3107 - Mica
Lutz Mine
Cleveland County, North Carolina

Dear Mr. Shytle:

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

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

Sincerely yours,

C. O. Mittendorf

Administrator

JHopkins:dec 7/14/53

Copy to: Admr. R. File
Docket File
Operating Committee
Mr. Dietrich, 3526
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk
Field Team, Region VII

N.C. 7-15-53

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

Bureau of Mines
JUL 9 1953

July 9, 1953

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3107, Mica, Lutz Mine
Cleveland County, North Carolina

No data are available in this office on subject property. It is suggested that the field team visit this property when a member of the field team is in that vicinity to ascertain if an exploration program is justified.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

G-MD-CNM

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

July 8, 1953

Memorandum

REVIEW OF APPLICATION DMEA-3107 (Mica)

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. M. Larrabee, U. S. Geological Survey
Applicant's name and address: S & S Mica Company, 215 Meridian St., Rutherfordton, North Carolina.
Name of property: Lutz Mine
Location of property: #6 Township, Cleveland County, North Carolina.
Summary of applicant's proposal: Remove overburden and sink a 50-foot "pit."
Sources of information on applicant's property: None.
Comments: None.
RECOMMENDATION: Refer to field team.

D. M. Larrabee

D. M. Larrabee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 13, POST OFFICE BLDG.
WASHINGTON 25, D. C.
KNOXVILLE 2, TENN.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL - 6 1953

July 6, 1953

Memorandum

To: Operating Committee, D M E A Washington

From: Executive Officer, DMEA - Region 7

Subject: Forms MF-203, S & S Mica Company, 215 Meridian St. Rutherfordton, N. C.
DMEA-3107.

Transmitted herewith are six copies of MF-203 to be attached to the above subject application, see our memo of June 29.

Robert A. Laurence
Robert A. Laurence

zm

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

July 2, 1953

Memorandum

To: Executive Officer, DMEA Field Team, Region VII

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

There is listed below the assigned docket number to an application recently received from Region VII

DMEA - 3107 S & S Mica Company.

Robert E. Adams,
Chief, Operation's Control
and Statistics Division

38226

S & S Mica Company
c/o C.T. Shytle
215 Meridian Street
Rutherfordton, N.C.

July 2, 1953

Subject:
Re: DMEA-3107
Exploration Assistance
Lutz Mine

My dear Mr. Shytle:

The receipt of your application dated June 25, 1953, for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3107 and referred to the Nonmetallic Minerals Division.

Kindly refer to DMEA-3107 in any future correspondence relating to your application.

Sincerely yours,

ROBERT E. ADAMS

Robert E. Adams,
Chief, Operation's Control
and Statistics Division

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~
Room 13, Post Office Building
Knoxville 2, Tennessee

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 1 1953

June 29, 1953

Memorandum

To: Operating Committee, DMEA, Washington, D. C.

From: Executive Officer, DMEA Field Team, Region VII

Subject: Application by S. & S. Mica Company, Rutherfordton, N. C.

Enclosed are original and two copies of an application for exploration at the Lutz Mine in Cleveland County, North Carolina.

Applicant has been requested to submit 6 copies of Form MF-203 and to send a sample of the mica to the Spruce Pine depot.

Robert A. Laurence

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

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

Defense Minerals Administration
RECEIVED
JUL - 1 1953

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

Not to be filled in by applicant

Docket No. DMEA-3107
Metal or Mineral
Date Received 7/1/53
Estimated Cost
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: S & S MICA COMPANY, 215 Meridian Street, Rutherfordton, N. C.
A PARTNERSHIP

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

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

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

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

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

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

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

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

(*e*) If you own the land, describe any liens or encumbrances on it

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

☒ Money ☐ Use of equipment owned by you ☐ Other

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated [illegible], 195[illegible]

[illegible] (Applicant)

By C. Stryth [illegible]

[illegible]

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

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

S & S MICA COMPANY
215 Meridian Street
Rutherfordton, N. C.

INFORMATION RELATIVE TO FORM 103 MF

1.
(d) C. T. Shytle- 215 Meridian Street- Rutherfordton, N. C.
Jack Sisk- Route #1 - Forest City, N. C.
Grady Earley- Route # 3 - Rutherfordton, N. C.
Mack Snyder- Rutherfordton, N. C.

3.
(a) The following property will be involved in the exploration project: Situate in #6 township, about 3 miles north of Shelby, North Carolina, on the old Shelby Road adjoining the lands of J. L. Allen and others and being on both sides of Simmons Creek, and beginning at a point in the center of the old Shelby Road about 15 poles east of the creek at the enterance of a farm road from the north, Allen's corner and running thence with the farm road N. 23 E. 12 poles 17 links to a stake in the road; thence N. 36 E. 14¾ poles to a stake in the road; thence gradually leaving the road N. 16 E. 7 poles to a Red Oak stump; thence a new line N. 86¼ W. 45 poles and 10 links to a poplar; thence S. 4 E. 10 poles and 8 links to a stone pile; thence S. 49 E. 23 poles crossing the creek just north of the bridge to a stake in the road; thence with the old Shelby Road S. 59½ E. 12 4/5 poles to the Beginning, containing 6 acres more or less.

(b) Lutz mine

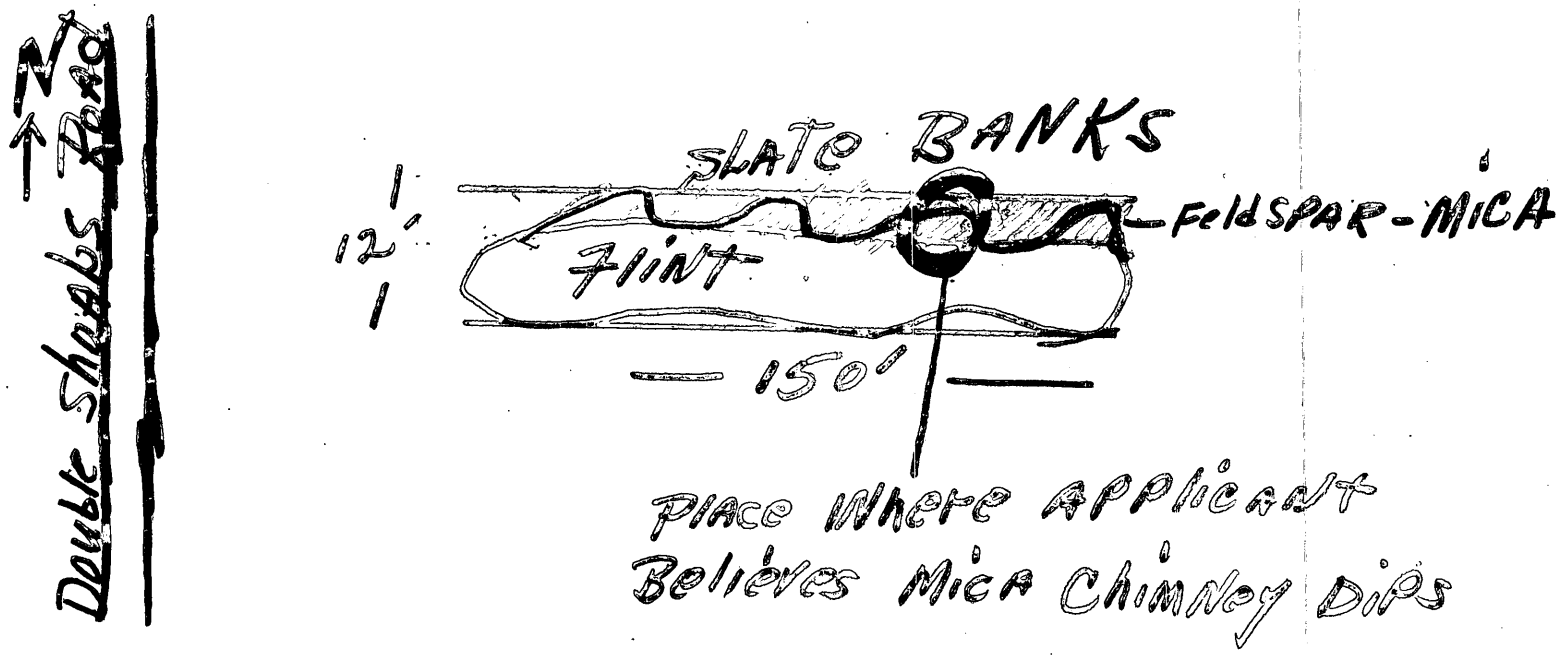
(c) Lessee for 10 years

(d) Lease agreement attached

4.
(a) This property was first explored in 1895 and some of the old diggins are visible now, however it has been difficult to get an accurate account of the production of this mine in 1895. The reason for discontinuance of the mining operations in 1895 is unknown but the applicant reasons that the low price paid for mica is the probable answer. The applicants have dug a pit 150 feet in length with various depth of from 8 feet to 40 feet approximately 12 feet wide. The applicants have found mica at all points in the pit but feel that this has come from the feeder veins and that the main chimney of mica has made a dip and will require the moving of a large quanity of earth in order to locate same.

(b) The applicants have sold approximately 700 pounds of sheet mica which averaged $13.00 per pound.

BELOW IS A ROUGH SKETCH OF THE FORMATION OF THE WORKING AREA



(d)

There is a state road within 200 feet of the mine

(e)

There ia an abundance of man power avaible in this vicinity, supplies can be purchased in Shelby, N. C. approximately 4 miles away, equipment can be rented from available contractors nearby, Duke Power Co. ;has an electric line within 300 yards of the mine location.

5.

(a) The applicants propose to cut down the banks and slope same to avoid caving, removing overburdens and moving muck piles out of the work area; constract necessary approaches for the entrance and exit of workers; it is believed that if the applicants can sink a pit 50 feet in diameter at the point indicated on the map above that the main chimney can be found; that the renting of a drag line will be the most econimical way to remove the dirt and locate same; that once the vein is uncovered that the rest of the work should be done by workmen using a hoist.

(d) The mining and general business experience of the members of the partnership are as follows:

Jack Sisk, Rt. # 1, Forest City, N. C., 10 years general mining experience in mica; supervisor in a chemical-rayon plant for 14 years; construction work in a supervisory capacity for 5 years.

C. T. Shytle, 215 Meridian Street, Rutherfordton, N. C., 10 years general mining experience, operated the Horn mine in Cleveland county in World War 11; builder and general contractor 40 years.

Grady Earley, Route #3, Rutherfordton, N. C., 1 year general mining experience; carpenter 8 years

The project will be under the supervision of Jack Sisk and C.T. Shytle.

6. Total Cost Aprox. $10,000.

(a) Drag line rented from independent contractor @ $20.00 per hour
Bulldozer " " " " @ $12.50 per hour
Air compressor and hammer @ $25.00 per day
Water pump $ 5.00 per day

(b)
4 muckers @ $1.50 per hour
1 forman $100.00 per week

(c) Insurance $250.
Gasoline and oil for hoist, pump and compressor $150. per month
Dynamite $40. per month
Repairs $50. per month
Accounting $100. per month

(d)
Same as in (a) above but operator will furnish a hoist and rigging and one gasoline water pump. Hand tools will be purchased at a cost of $75.

(e) none
(f) Tool and Supply house will be built at a cost of $500.
(g) none
(h) $300.

7.
(a) yes

A TRUE COPY

MINING LEASE

Printed and For Sale by The Tri-County News, Spruce Pine

STATE OF NORTH CAROLINA, Cleveland COUNTY.

This indenture made this 23 day of December 19 52, between Forest Lutz and wife, Aoe Lutz of Cleveland County and State of North Carolina as parties of the first part, and known as lessors, and G.T. Shytle, Mack Snyder, Grady Earley & Jack Sisk of Rutherford County and State of North Carolina, of the second part and known as lessees:

WITNESSETH, That the parties of the first part, in consideration of the agreements hereinafter contained, on the part of the parties of the second part to be performed, hereby bargains, leases and grants to the parties of the second part, and their heirs and assigns, for the period of ten (10) years from the date of this agreement, the following described real property, for mining purposes, in the County of Cleveland State of North Carolina, to wit:

Situate in No. 6 Township, about 3 miles north of Shelby on the old Shelby Road akjoining the lands of J. L. Allen and others and being on both sides of Simmons Creek, and beginning at a point in the center of the old Shelby Road about 15 poles east of the creek at the entrance of a farm road from the north Allen's corner, and running thence with the farm road N. 23 E. 12 poles 17 links to a stake in the road; thence N. 36 E. 14¾ poles to a stake in the road thence gradually leaving the road N. 16 E. 7 poles to a Red Oak Stump; thence a new line N. 86¼ W. 45 poles and 10 links to a poplar; thence S. 4 E. 10 poles and 8 links to a stone pile; thence S. 49 E. 23 poles crossing the creek just north of the bridge to a stake in the road; thence with the old Shelby road S. 59½ E. 12-4/5 poles to the BEGINNING, containing 6 acres more or less.

To Have and to Hold the said lands to them, for mining purposes, the said parties of the second part, their, and their heirs and assigns for the aforesaid period of Ten (10) years upon a full compliance with the conditions of this instrument, for the purpose and with the right to dig, quarry, search for and obtain any kind of minerals, metals or fossils, and particularly mica and to conduct the same to any extent the said parties of the second part may desire. And it is hereby agreed between the parties to this agreement that the parties of the second part are to have the use of the unoccupied buildings on said lands for mining purposes, or have a right to erect such, if necessary, during the continuance of this lease, and keep the same in as good condition as when received, unavoidable accidents excepted. And it is also agreed by parties of the second part that no unnecessary damage is to be done to the lands herein leased during the continuance of said lease, but the said parties of the second part shall have right to take from said lands of party of the first part any wood or timber to carry on said mining operations or to erect buildings on said lands. (Timber of high or special market value excepted.) And the parties of the second part are to have right-of-way of ingress and egress to said mines. The said parties of the second part hereby agree to pay to the said parties of the first part, or their heirs or assigns, a rental or royalty of 1/8, on taken and sold from said mines for the use of the said lands for the aforesaid period of Ten years only; payable as follows:

Payable on computation of selling bills on the tenth of each month covering sales during the previous month.

Royalties on all other minerals mined and sold shall be determined on a percentage basis and be governed by the market value.

The Term of this lease shall not be extended except with the option of the lessors; and in case of renewal, this instrument may stand if proper amendments are duly witnessed and attached in writing hereto. The lessors reserve the right to use the land, or convey the same not conflicting with this lease, but under any conveyance the terms of this lease must be recognized by the assigns thereof. The lessee is not to assign this lease without license of the lessors.

But it is expressly agreed that unless mineral or fossil material of practical value for mining purposes shall be found within Ten Years from the date of this instrument, this lease may be terminated by the lessee at any time thereafter, on 60 days notice to the lessor. The lessee agree that during continuance of this lease work in said mines shall not cease longer than 60 days at any one time, unavoidable accidents excepted.

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

Forrest Lutz (Seal)

Aoe Lutz (Seal)

(Seal)

(Seal)

Witness:

J. A. Connwell

NORTH CAROLINA, Cleveland COUNTY. No. 6 TOWNSHIP.

I, J. A. Connwell, do certify that Forest Lutz

and Zoe Lutz

his wife personally appeared before me this day, and acknowledged the execution of the annexed MINING LEASE and the said Zoe Lutz

being by me privately examined separate and apart from her said husband, touching her voluntary execution of the same; doth state that she signed the same free and voluntarily, without fear or compulsion of her said husband, or of any other person, and that she doth still voluntarily assent thereto.

This 29 day of December, 19 52

J. A. Connwell, N. P. Seal

My comm. exp. May 4, 1953 ~~Justice of the Peace~~

NORTH CAROLINA, Cleveland COUNTY.

The execution of the foregoing instrument was this day acknowledged before me, by

the grantor for the purposes therein expressed. Let the same, with this certificate, be registered. This day of, 19

NORTH CAROLINA, Cleveland COUNTY.

The foregoing certificate of J. A. Connwell, N. P. of said County is adjudged to be correct and sufficient. Let the instrument, with the certificate be registered.

Witness my hand and official seal, this 29 day of December, 19 52

Nan Arrowood
Depty. Clerk Superior Court.

Filed for Registration at 1 o'clock P M., December 29, 19 52, and registered in the office of Register of Deeds for Cleveland County, in 6 R Deed Book No. 476 page No.

Dec. 29, 19 52

Dan W. Moore
By Eva Thompson Register of Deeds.

MINING LEASE

FROM

TO

Lease Book Page

FEES:

Probate $

Certificate and Seal, J. P. or N. P. $

Certificate and Seal, Clerk $

State Tax $

$

OFFICIAL BUSINESS

U. S. GEOLOGICAL SURVEY
S. 157 Howard St.
Spokane 8, Wash.

SPOKANE, WASH.
AG 16 7PM
1953

Mr. George C. Selfridge

Chairman, Operating Committee

Defense Minerals Exploration Administration

Department of the Interior

Washington 25, D. C.

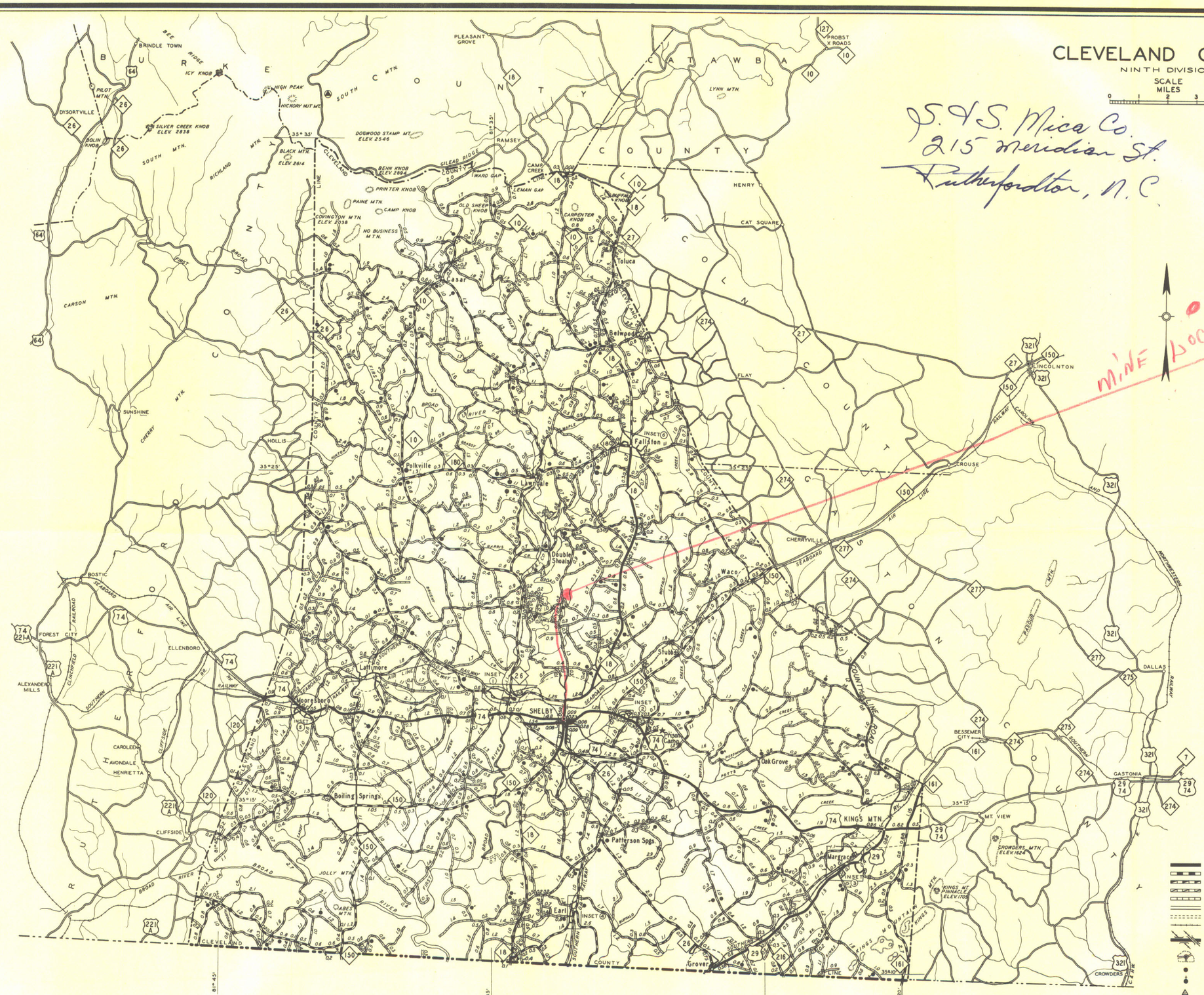
CLEVELAND COUNTY

NINTH DIVISION

SCALE MILES 0 1 2 3 4

S. & S. Mica Co.
215 Meridian St.
Rutherfordton, N.C.

MINE LOCATION



LEGEND

- PAVED ROAD – HIGH TYPE
- BITUMINOUS SURFACED ROAD – B.S.T.
- METAL SURFACED ROAD
- SOIL SURFACED ROAD
- GRADED AND DRAINED ROAD
- UNIMPROVED ROAD
- PRIMITIVE ROAD
- RAILROAD
- GRADE SEPARATION
- COUNTY SEAT ALSO INCORPORATED CITY
- SCHOOL
- CHURCH
- TRIANGULATION STATION
- FOREST SERVICE LOOKOUT STATION
- 64 UNITED STATES HIGHWAY
- 27 STATE HIGHWAY

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7–29–48
6–3–48
2–26–48
12–18–47
9–28–47
7–30–47
5–28–47
2–12–47
8–29–46
3–23–45
12–1–44
REVISED

CLEVELAND

NORTH CAROLINA
STATE HIGHWAY AND PUBLIC WORKS COMMISSION
1949

S O U T H C A R O L I N A

DMEA-3107

SHEET 1 OF 2