DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

Idm-E NO. 692

DMEA NO. 3260

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [x] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [x] Royalty Audits
- [x] Certification of Discovery
- [ ] Closing Letter
- [x] Cost Audits
- [x] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [x] Contract with all exhibits and annexes
- [x] Owner's Consent to Lien and Subordination Agreement
- [x] Application and attachments

Right Side

- [x] Project summary (final)
- [x] Work Completed analysis (final)

All other material filed in chronological order including the following reports if checked:

- [x] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab)
- [x] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [x] On-site Exam Report (Tab)
- [x] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. _____: Reports
- [ ] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

- [ ] Field Team Semi-Annual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] Operator's Monthly Reports with transmittal, narrative and maps.

Folders No. _____: Maps (Use pocket folder or envelope)

Folders No. _____: Settlement Sheets

Folders No. _____: Drill Logs

Folders No. _____: Royalty material

17963

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

SECOND REPORT OF ROYALTY REVIEW

I have reviewed the files of the Executive Officer, DMEA Field Team, Region V, Knoxville, Tennessee, pertaining to Contract Idm-E692, Docket No. DMEA-3260, dated July 30, 1954, with

John Phillips, Sam L. Phillips,
Lin Carpenter and Charlie Carpenter
Spruce Pine, North Carolina

for the purpose of determining the amount of royalties due the United States Government on sales of mica from property referred to as W. A. McKinney Mine located in Yancey County, North Carolina, during the period July 30, 1954, to November 16, 1955.

My review included an inspection and comparison of the records of General Services Administration Mica Purchase Depot, Spruce Pine, with the records of Mr. W. A. McKinney, Newdale, North Carolina, owner of the property; recomputation and tabulation of all mica settlement sheets; and a conference with Mr. W. A. Beck, Mining Engineer, who is thoroughly familiar with this project. Information respecting the status of this contract is shown in the attached Exhibit "A".

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

(a) The Operators paid royalties on the production and sales by them during the exploration period;
(b) Subsequent mining operations have been performed by Superior Mica, Inc., under an agreement whereby the landowner assumed the liability for the DMEA royalties; and
(c) The administrative cost to the Government of an on-site royalty audit at this time would be excessive in relation to the amount of possible additional royalty which might be disclosed.

The review established the total net sales of mica to be $9,292.16. Royalty due the United States Government at the contract rate of 5 percent is $464.60. The royalty paid and balance due are as follows:

Total Royalty Due	$464.60
Total Royalty Paid	191.84
Balance of Royalty Due (Exhibit "B")	$272.76

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

November 29, 1955

EXHIBIT "A"

Status of Contract 14g-2692, Docket No. DMEA-3260

The exploration contract provides that should the Government, within 6 months after completion of the exploration, certify that a discovery or development has resulted from the work, the operator and his successor in interest shall be obligated to pay a percentage royalty on the net smelter returns or other net proceeds realized from the ore, concentrates, or metals produced within 10 years from the date of the contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years shall have elapsed, whichever occurs first. Mr. W. A. McKinney, owner of the land on which the exploration was performed, has granted the Government a lien upon the land and upon the production of minerals therefrom until said royalty is fully paid or 10 years have elapsed from the date of the contract, whichever occurs first. A certification of discovery or development was issued on February 11, 1955.

According to a Report of Review, in lieu of final cost audit, dated December 1, 1954, prepared by Mr. E. D. Talbert, Auditor, the total accepted costs of the exploration amounted to $2,878.00, with the Government's contribution, on a 75 percent basis, being $2,158.50.

EXHIBIT "B"

Balance of Royalty Due
Contract Xdm-1692, Docket No. DMEA-3260

Sales by Superior Mica, Inc., to General Services Administration Mica Purchase Depot, Spruce Pine, North Carolina

G.S.A. Lot

No.	Date	Pounds	Net Proceeds
	Sheet or Film Mica		
1518	6/7/55	65.99	$1,039.81
1590	6/17/55	53.18	832.53
37	7/11/55	32.12	185.83
165	8/25/55	20.97	273.48
266	9/28/55	44.24	527.67
Totals		216.50	$2,859.32
	Hand-Cobbed Mica		
17	6/7/55	5,525	$1,306.32
27	6/17/55	1,685	123.00
36	7/18/55	1,515	456.33
49	7/26/55	1,250	218.66
59	7/29/55	1,180	210.33
66	8/3/55	1,280	281.33
Totals		12,435	$2,595.97
Total Net Proceeds			$5,455.29
Royalty Due - 5%			$ 272.76

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed all copies of settlement sheets on file with the Executive Officer, DMEA Field Team, Region V, applicable to royalties collected on the sales of mica for the period July 30, 1954, to March 9, 1955, by:

John Phillips, Sam L. Phillips,
Lin Carpenter and Charlie Carpenter
Spruce Pine, North Carolina

produced from property referred to as the W. A. McKinney Mine located in Yancey County, North Carolina, under terms of Contract Idm-E692, Docket No. DMEA-3260.

My review included a conference with Mr. William A. Beck, Mining Engineer, U. S. Bureau of Mines, Knoxville, Tennessee, who is thoroughly familiar with the project.

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

(1) The production involved was incidental to the exploration operations;

(2) A review of the records of General Services Administration Mica Purchase Depot, Spruce Pine, North Carolina, did not disclose any other sales of mica from this mine since the effective date of the exploration contract; and

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

The audit established the total sales of mica for this period to be $1,037.37. Royalty due the U. S. Government at the contract rate of 5 percent is $51.86. The royalty paid and balance due are as follows:

Total Royalties Due	$51.86
Total Royalties Paid	51.86
Balance of Royalties Due	$ -0-

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

March 21, 1955

Docket Copy
Surname:
Anderson
Houk
Hoffheld
Chambers
Hedges
Kiilsgaard
Selfridge
Johnson

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

INTERIOR DEPT.
FEB 9 - 1955
SOLICITOR

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

To: Messrs. John Phillips, Sam L. Phillips,
Lin Carpenter and Charlie Carpenter
Spruce Pine, North Carolina

Pursuant to the provisions of Exploration Project Contract No. Idm-E692, dated July 30, 1954 (Docket No. DMEA-3260), hereinafter called the "contract" between you and the United States of America, hereinafter called the "Government"; to establish and fix the Government's percentage royalty on production and its lien thereon and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

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

A zoned, pipe shaped pegmatite in biotite gneiss showed concentrations of strategic mica on the 45-foot level.

THE UNITED STATES OF AMERICA

By C O Mitchenor
Administrator, Defense Minerals
Exploration Administration

Dated: FEB 1 1 1955

WCAnderson:gad 2/7/55
Copy to: Mr. Irving Gumbel, EPS, GSA
Docket
Admr. R. File
Mr. Hedges, 4604
Mr. Chambers
Mr. Johnson
Field Team, Region V
Mr. Kiilsgaard, 5222
Operating Committee
Finance Office
Mr. Houk
Mr. and Mrs. W. A. McKinney (Attached to Field Team copy for mailing

Mr. Lindsay

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

John Phillips, Sam L. Phillips,
Lin Carpenter & Charlie Carpenter
d/b/a W. A. McKinney Mining Co.
Spruce Pine, North Carolina

pertaining to Exploration Project Contract No. Idm-E692, Docket No. DMEA-3260, for the months of August, 1954 to October, 1954, inclusive, covering a project for the exploration of mica on property, known as the W. A. McKinney Mine, located in Yancey County, North Carolina.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, verification of work performed by reference to reports of DMEA Field Team representatives, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the following reason:

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

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

Total cost as billed by Contractor		$2,878.00
Exceptions:		
By DMEA Finance Officer	$ -0-	
Nereswith	-0-	-0-
Total Accepted Cost		$2,878.00

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Two thousand one hundred fifty-eight and 50/100 Dollars,

$2,158.50

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

E. D. Talbert

E. D. Talbert, Auditor

December 1, 1954

Docket copy

TERMINATION AGREEMENT

It is agreed this 24th day of November, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and John Phillips, Sam L. Phillips, Lin Carpenter, and Charlie Carpenter, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E692, Docket No. DMEA-3260, dated July 30, 1954, hereinafter called the "Contract," that:

1. Effective October 21, 1954, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

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

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

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

THE UNITED STATES OF AMERICA

By C. J. Mitteendorf
Administrator, Defense Minerals Exploration Administration

Ontiz
Hoffland
Anderson
Houk
Talbert
Selfridge
Jefferson

John Phillips
John Phillips

Sam L. Phillips
Sam L. Phillips

Lin Carpenter
Lin Carpenter

Charlie Carpenter
Charlie Carpenter

MF-200 (A)
(February 1952)

DOCKET NO. DMEA -3260

COMMODITY Mica

Docket copy

IDM-E 692

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

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 30th day of July, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] John Phillips, Sam L. Phillips, Lin Carpenter, and Charlie Carpenter
Spruce Pine, 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 Yancey, described as follows:[3] as set forth in Annex I.

the Operator represents and undertakes:[4]

~~(a) That the Operator is a lessee, in possession and entitled to possession, and the Owner's Consent to Lien is attached, subject~~ only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached:

(b) That the Operator is 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 30 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 Six(6)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 75 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 $2,709.75, which is 75 percent of $3,613.00, 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:

(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. **See Annex II, substituted for Article 6.**

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* **That part of the second sentence in Article 7 beginning with the word "Provided" is deleted.**

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By **Administrator, Defense Minerals Exploration Administration**

Britt
Hoffman
Hook
Anderson
Selfridge
Johnson

[redacted]

[redacted]

[redacted]

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
JOHN PHILLIPS, SAM L. PHILLIPS,
LIN CARPENTER and CHARLIE CARPENTER
DOCKET NO. DMEA-3260

ANNEX I

The land referred to in Article 2 of the contract form and in Annex II is known as the W. A. McKinney Mine and was leased for mining purposes to John Phillips, Sam L. Phillips, Lin Carpenter, and Charlie Carpenter for a period of five years by W. A. McKinney and wife, by an instrument dated May 7, 1954. The W. A. McKinney Mine is located on the northeast side of Edd Young Road, 1/8 miles northeast of Newdale, Yancey County, North Carolina, and is bounded as follows:

Beginning at a poplar in the Mills Edge line and running S. 3° W. 152 feet, thence S. 66° W. 298 feet, thence S. 78° W. 242 feet to a birch, thence S. 72° 30' W. 269 feet to a stake in Estel Peak's line, thence N. 20° E. 125 feet, thence N. 15° W. 197 feet to an iron pipe, thence N. 47° 30' E. 347 feet, thence S. 47° E. 190 feet to a large stone, thence S. 89° E. 395 feet to the beginning.

EXPLORATION PROJECT CONTRACT
JOHN PHILLIPS, SAM L. PHILLIPS,
LIN CARPENTER and CHARLIE CARPENTER
DOCKET NO. DMEA-3260

ANNEX II

The following provisions are in lieu of Article 6:

Repayment by Operator.--a. Certification.--If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

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

c. Basis for computation.--The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the raw ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

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

e. Percentages of royalty.--The percentages of the Government's royalty shall be as follows:

> One and one-half ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.
>
> (For instance: the royalty on an amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

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

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

h. No obligation to produce.--Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

i. Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

58694

EXPLORATION PROJECT CONTRACT
JOHN PHILLIPS, SAM L. PHILLIPS,
LIN CARPENTER and CHARLIE CARPENTER
DOCKET NO. DMEA-3260

EXHIBIT "A"

Description of the Work

Exploration for concentrations of strategic mica shall be accomplished in the area indicated on the attached map entitled "Sketch of W. A. McKinney Mine, Yancey Co., N.C. DMEA-3260 (mica)," as follows:

1. Construct a toolhouse, a powder magazine, and an exploder magazine.

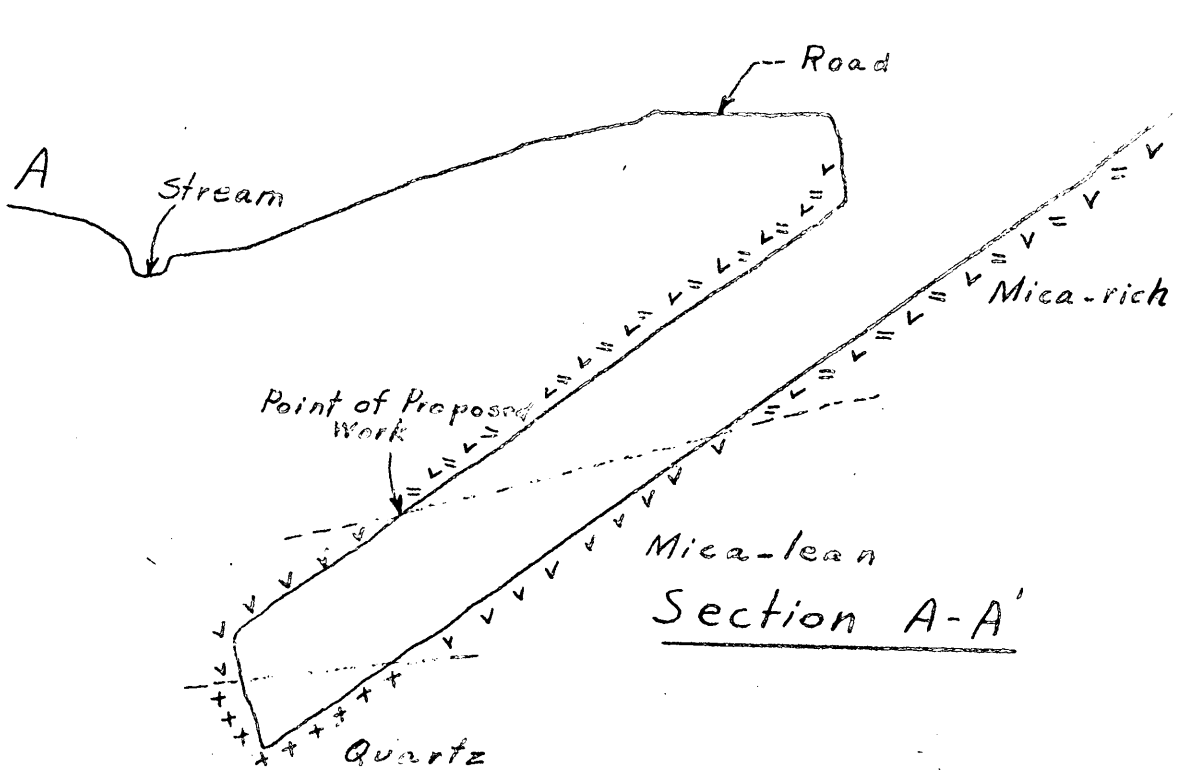
2. Drive 100 feet of drift and/or crosscut, timbered where necessary, with a cross-sectional dimension of 5 feet by 7 feet in the clear of timber.

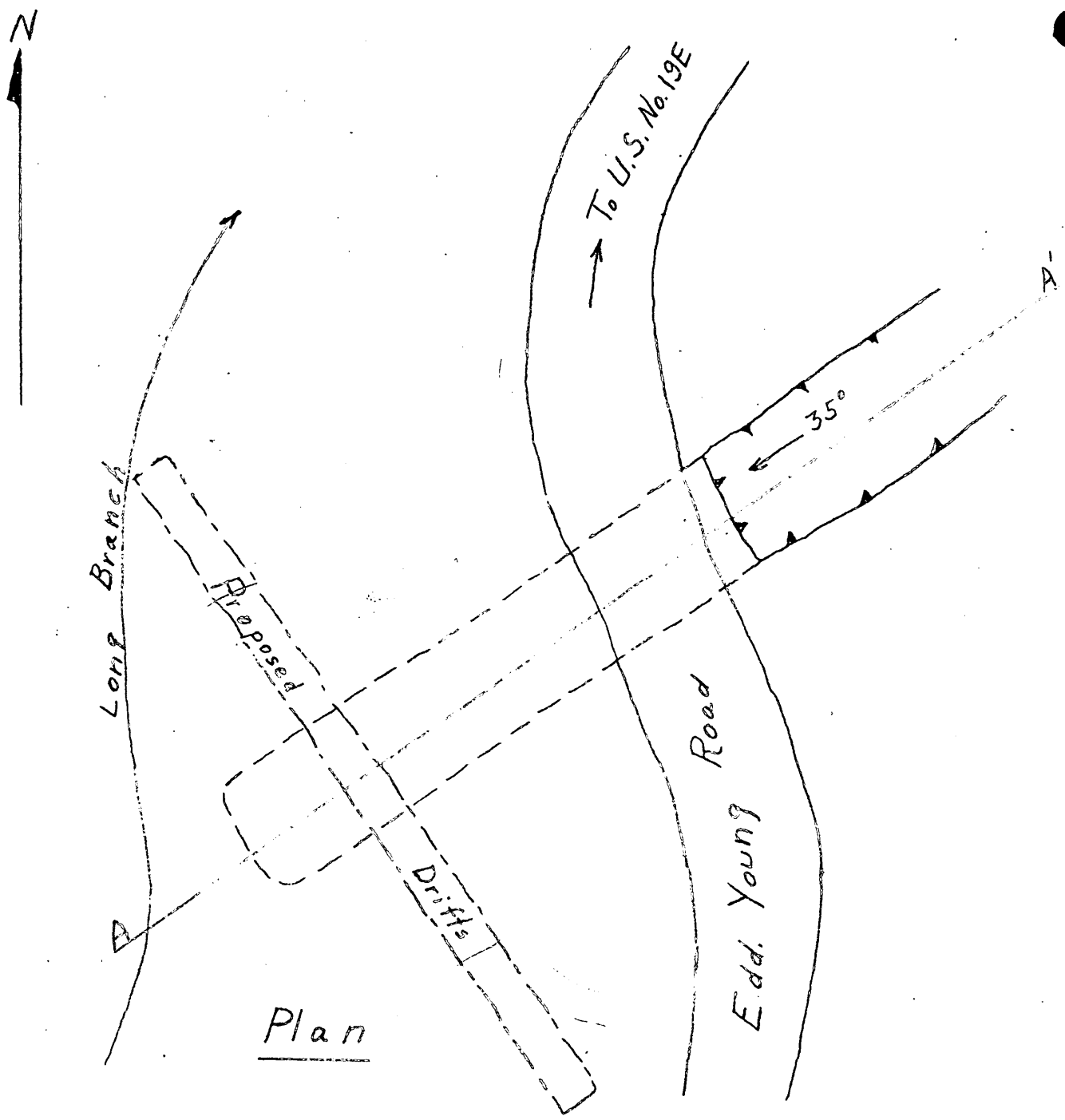
The location, inclination, direction, and extent of all work are subject to the approval of the Government.

Agreed Unit Costs

Constructing - Toolhouse 1/	$75.00	
Powder magazine 1/	25.00	
Exploder magazine 1/	13.00	
Drifting and/or crosscutting 100 Feet @ $35.00/ft.	3,500.00	
Agreed Estimated Total Cost of Project		$3,613.00
Government Participation @ 75%		$2,709.75

1/ The completed work constitutes the unit.





Sketch of
W. A. McKinney Mine
Yancey Co., N.C.

0 20' 40'
Scale

DMEA-3260 (mica)

MF-203
(Revised July 1, 1954)

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 Yancey, described as follows:1/ Beginning at a poplar in the Mills Edge line and running S. 3° W. 152feet thence S. 66° W. 298 feet, thence S. 78° W. 242 feet to a birch, thence S. 72° 30' W. 269 feet to a stake in Estel Peak's line, thence N. 20° E. 125 feet, thence N. 15° W. 197 feet to an iron pipe, thence N. 47° 30' E. 347 feet, thence S. 47° E. 100 feet to a large stone, thence S. 89° E. 395 feet to the beginning.

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/ John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter, of Spruce Pine, North Carolina

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

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 there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

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.

(OVER)

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.

4. Changes and added provisions _____

_____

_____

_____

Dated this _____ day of _____, 195___.

W R McKinney [Seal]

Mrs W R McKinney [Seal]

_____ [Seal]

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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. 3260
Metal or Mineral Mica
Date Received
Estimated Cost $10,500
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: John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter all of Spruce Pine, N. C.

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

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

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

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

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

(*b*) State any mine name by which the property is known. W. A. McKinney Mines

(*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 Not owner

(*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 .....

.....

(*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 ..... days and be completed within ..... months from the date of an exploration project contract.

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

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 Feb. 18, 1954

.....
(Applicant)

By Sam L. Phillips

.....

.....

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

MF 103

1. (a) John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter all of Spruce Pine, N. C.

   (b) Partnership

2. No Answer.

3. (a) This is lease property (Lease is attached in 3 (d) below.)

   (b) W. A. McKinney Mines.

   (c) Lessee

   (d) Lease is attached as Exhibit A.

   (e) Not owner.

   (f) Land is held by Landlord. No land patents involved.

4. (a) Physical works set forth on map attached as Exhibit B.

   (b) These mines were worked during Colonial days , large quanities of ruby mica was produced from both mines. Mr. McKinney states that $10,000 of mica was taken from Mine No. 1. All this work was done by hand they had no machinery.

   (c) The last operator was Mr. W. A. McKinney himself. He ceased work when Colonial stopped buying mica.

   (d) These mines are located near Spruce Pine, N. C. in the Crabtree Township on the Edd Young Road. These mines are on the property of W. A. McKinney.

   (e) There is ample experience manpower available. Electricty is at the No. 1 mine and about 150 yards from the No. 2 mine. No difficulty is contemplated in obtaining equipment and supplies.

5. (a) It is anticipated that the pegmatite contains additional quantities of ruby mica of stockpile grade in both mines.

   (b) At mine No. 1 it is proposed to sink a shaft 50 feet deep then drift 75 feet in the most promising pegmatite that is discovered by the shaft. Then at mine No. 2 it is proposed to ~~incline~~ sink an incline shaft 50 feet deep. Then it is proposed to drift 75 feet in the most promising pegmatite that is discovered by the incline.

   (c) The work will be started as soon as the contract is approved by the Government and the work should be concluded within 6 month.

   (d) The ability of the persons connected with this project is a matter of record with the DMEA.

6. Estimate of Costs.

(a) Independent Contracts-None.

(b through h)

(1) No. 1 Mine

Shafting - 5 x 7	50 feet	@ $50.00 per ft.	$2500.00
Drifting	75 feet	@ $ 35.00 per ft.	2625.00
			$5125.00

(2) No. 2 Mine

Incline	5 x 7	50 feet @$55.00 per ft.	$2750.00
Drifting	75 feet	@$35.00 per ft.	2625.00
			$5375.00

Both mines Total $10,500.00

7. (a) Applicant will pay in money 25% required by regulation.

MINING LEASE

State of North Carolina Mitchell County:

This indenture made this 8 day of February, 1953, 4

between Mr. W. A. McKinney and wife

of Mitchell County and State of North Carolina as party of the first part, and known as lessors, and John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter

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

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

Beginning at a corner in J. D. McKinney line N. E. to a dogwood about 15 poles thence N. about 40 poles to Mills Edge's line. Thence with Mill Edge line to the Edd Young road thence along Edd Young ~~rad~~ road to beginning corner. This includes both mines with the execption of the Jig mica.

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

AND IT IS FURTHER AGREED That the party of the second part, the lessee hereby agrees to pay to the said parties of the first part, or his or their heirs or assigns, a rental royalty of 1/8

on the minerals taken and sold from said mines which shall be for the use of the said lands for the aforesaid period of five years. The said amounts shall be payable on the computation of selling bills on the tenth day of each month covering sales made during the previous month. Any minerals other than those set forth above which may be taken and sold shall be paid for and at the usual royalty rate of the minerals taken.

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

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

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

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

Witness:

Kenneth R. McKinney
Notary Public
My Commission Expires 8/11/55

W. A. McKinney (Seal)

Mrs W. A. McKinney (Seal)

_____ (Seal)

It is agreed that W. A. McKinney the lessor is to have a job at the mines.

MF-203
(Revised July 1, 1953)

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 Mitchell, described as follows:1/

Beginning at a corner in J. D. McKinney line N. E. to a dogwood about 15 poles thence N. about 40 poles to Mills Edge's line. Thence with Mill Edge line to the Edd Young road thence along Edd Young road to beginning corner.

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/ John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter doing business as The McKinney Mining Co.

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

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, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

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.

4. Changes and added provisions _____

Dated this _____ day of _____, 195__.

W. A. McKinney [Seal]

Mrs W. A. McKinney [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.

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--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,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

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

(b) 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.)

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

d. Lien for Payment.--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.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--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.

Interior--Duplicating Section, Washington, D. C. 47318

MF-203
(Revised July 1, 1953)

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 Mitchell, described as follows:1/

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2/ John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter doing business as The McKinney Mining Co.

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WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

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.

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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.

4. Changes and added provisions

Dated this 8 day of February, 1954.

/s/ W. A. McKinney [Seal]

/s/ Mrs. W. A. McKinney [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.

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

(b) 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.)

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

d. Lien for Payment.--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.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

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Interior—Duplicating Section, Washington, D. C. 47318

MF-203
(Revised July 1, 1953)

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 Mitchell, described as follows:1/

Beginning at a corner in J. D. McKinney line N. E. to a dogwood about 15 poles thence N. about 40 poles to Mills Edge's line. Thence with Mills Edge line to the Edd Young road thence along Edd Young road to beginning corner.

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/ John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter doing business as The McKinney Mining Co.

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

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, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

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.

4. Changes and added provisions _____

Dated this 8 day of February, 1954.

/s/ W. A. McKinney [Seal]

/s/ Mrs. W. A. McKinney [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.

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--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,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

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

(b) 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.)

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

d. Lien for Payment.--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.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--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.

Interior—Duplicating Section, Washington, D. C. 47318

MF-203
(Revised July 1, 1953)

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 Mitchell, described as follows:1/

Beginning at a corner in J. D. McKinney line N. E. to a dogwood about 15 poles thence N. about 40 poles to Mills Edges line. Thence with Mills Edge line to the Edd Young road thence along Edd Young road to beginning corner.

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2/ John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter doing business as The McKinney Mining Co.

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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.

4. Changes and added provisions _____

Dated this 8 day of February, 1954.

/s/ W. A. McKinney [Seal]

/s/ Mrs. W. A. McKinney [Seal]

_____ [Seal]

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(b) 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.

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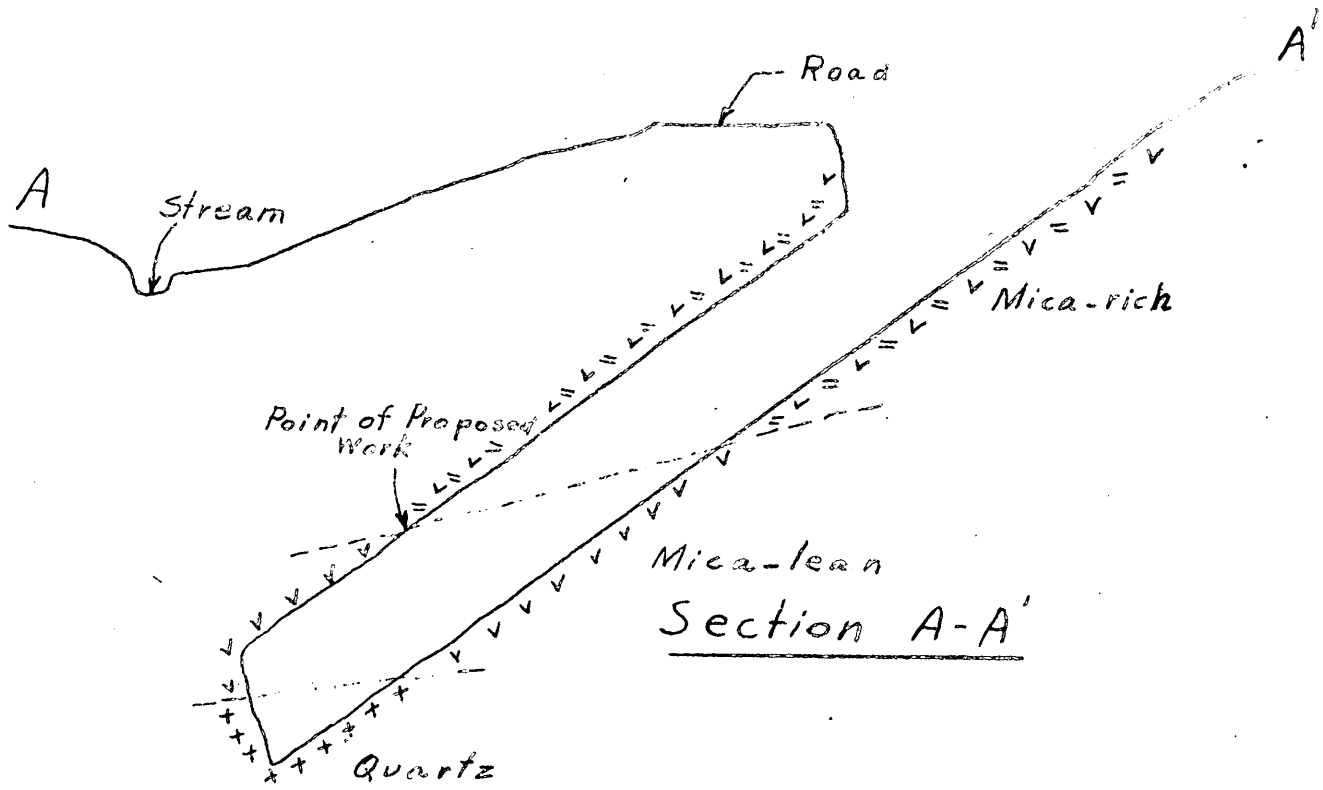
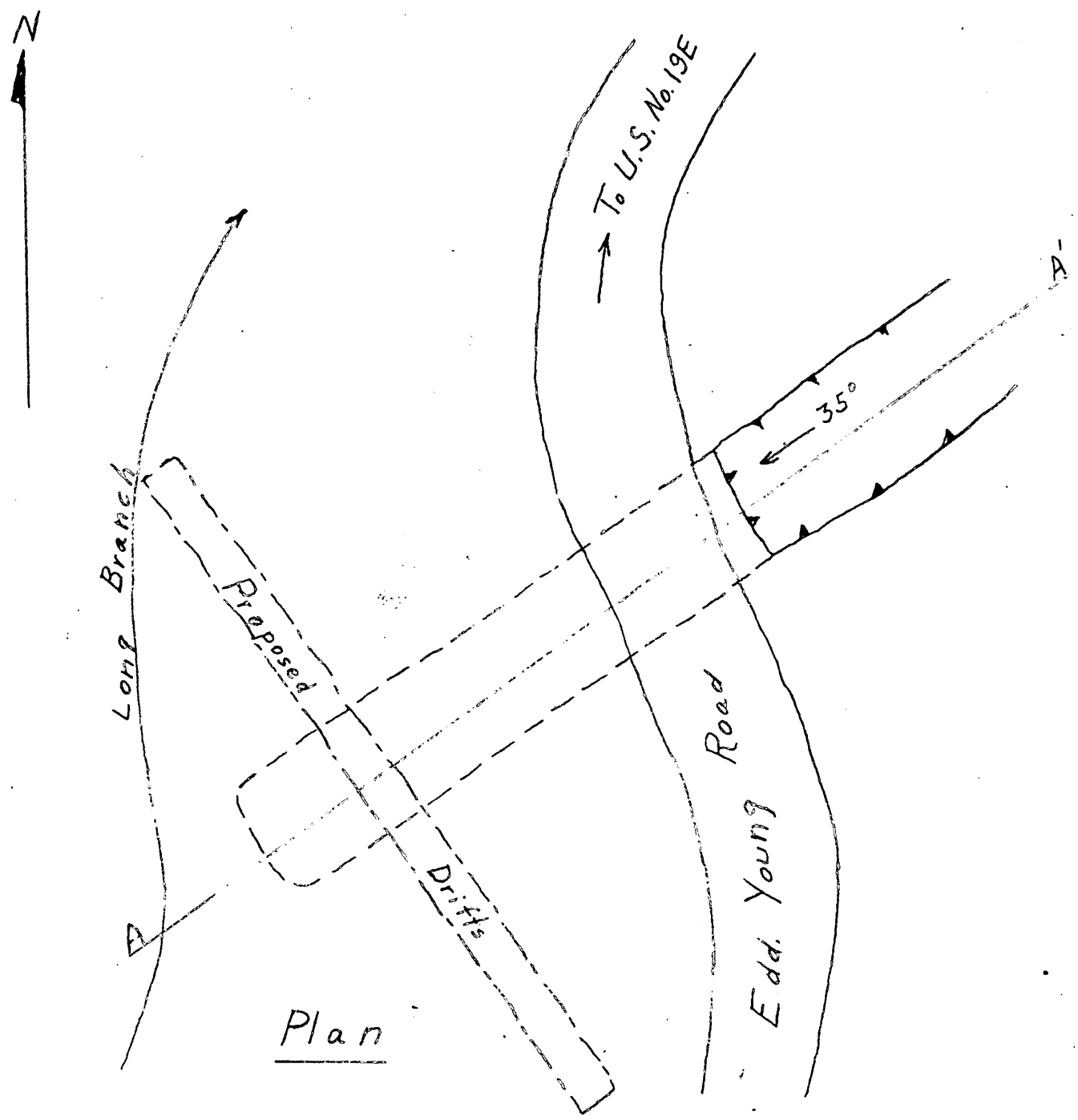
Interior—Duplicating Section, Washington, D. C. 47318





Sketch of
W. A. McKinney Mine
Yancey Co., N.C.

0 20' 40'
Scale

DMEA-3260 (mica)

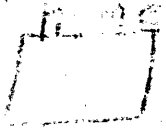
Mine No. 2

on incline 25' deep

Proposed incline 50'

" Drift 75'

W.A. McKinney Mine



Mine No 1

on shaft 75' deep

Proposed shaft 50'

" Drift 75'

Edd Foster Road

W.A. McKinney Mine

EA Form 7
(2-56)

OFFICIAL FILE COPY

Date	Surname	Code
6/5	Anderson	600
		~~600~~
6/6	JWD	220
		235

600

May 29, 1957

Project Summary Report

By: A. G. Keating

1. Docket No. DMEA-3260-Mica
Contract No. Idm-E692
McKinney Mine
Yancey County, North Carolina

Operator: John Phillips, Sam Phillips, Lin Carpenter, and Charlie Carpenter, partners.

Operator's Property Rights: Lessee, agreement dated May 7, 1954. Consent to Lien - undated.

2. Contract: Form MF-200A, dated July 30, 1954. Work suspended October 21, 1954. Terminated by Agreement, November 24, 1954. Royalty repayment within 10 years.

Work Authorized:

Agreed Unit Costs	
Toolhouse	$75.00
Powder magazine	25.00
Exploder magazine	13.00
Drifting and/or crosscutting, 100 feet @ $35.00/ft.	3,500.00
Agreed total estimated cost of project	$3,613.00
Government participation @ 75%	$2,709.75

Amendments: None

Work Completed: Operator's MF-104 Report for October, 1954.

Toolhouse, powder magazine, and exploder magazine	$113.00
Drifting - 79 feet @ $35.00/ft.	2,765.00
Total expenditures reported by Operator	$2,878.00
Exceptions	-0-
Government participation @ 75%	$2,158.50

Audit Certificate dated December 1, 1954, confirms the above.

8623

Certificate of Discovery dated February 11, 1955.

Drifting in the upper portion of a pipe-shaped, zoned, pegmatite in biotite gneiss, resulted in the discovery of a concentration of strategic mica from which the following reserves were calculated:

Indicated:	12/5	tons of "mine run" mica @ $600.00/ton	$7,500.00
Inferred:	20.0	tons of "mine run" mica @ $600.00/ton	12,000.00
Total	32.5	tons	$19,500.00

Production to date:

Sheet	472.73	pounds - net proceeds	$6,816.46
Hand cobbed	12435.00	" " "	2,595.71
Punch	1180.00	" " "	86.60
Scrap	6650.00	" " "	99.75
Total	20737.73	pounds	$9,598.78

Royalty: Royalty Audit November 29, 1955.

Paid by Phillips - Lessee - net sales $1,037.37 - royalty	$51.86
Paid by McKinney - Owner - net sales $2,799.50 - royalty	139.98
Total royalties paid to date	$191.84

The Operator and Owner paid royalties due on all production and sales during their operations, except two sales made by McKinney in March, 1956.

May 1, 1955, operations were undertaken by Superior Mica Company under an agreement whereby the land owner assumed liability for DMEA.

Production and royalties reported as follows:

6/7/55 to 9/28/55 -	216.50	pounds block mica - net proceeds	$2,859.32
6/7/55 to 8/3/55 -	12435.00	pounds hand cobbed - " "	2,595.97
Total	12651.50	pounds	$5,455.29

In addition to those previously reported, two sales were made by McKinney in March, 1956 - net proceeds of $306.62, royalty $15.33

Summary

Total net sales to date	$9,598.78
Total royalties due	479.93
Total royalties paid	191.84
Balance royalty due	288.09

Note: Several letters were written to Sam Phillips, Operator, and to McKinney, Landowner, requesting payment of royalties due. McKinney responded that he is unable to pay. Phillips responded that he considers making a test case by allowing the Government to seek payment from both the Operator and Landowner. A legal question is present - regarding the omission of preserving the "Right to Certify" in the Termination Agreement.

Operator's Final Report - received December 10, 1954.
Field Team's Final Report - received December 10, 1954.
The Field Team Reports estimated ore reserves as follows:

Indicated: 25000 lbs. "mine run" mica.
Inferred: 40000 lbs. "mine run" mica.

Comments

The work was conducted satisfactorily, suggestions by the Field Examiners were as follows:

1. A pipe shaped pegmatite plunging to the southwest was explored by three laterals driven from the 45 foot level of an existing 75 foot incline. The body is zoned but exploration was confined to the mica-rich upper zone.

2. Muscovite was scattered, mineral stained, cracked and curved. Some strategic mica was recovered.

3. Country rock and biotite gneiss was encountered in the headings of all three laterals and therefore, the Field Team considered the work to have adequately explored the pegmatite at this level and no additional exploration was warranted. The Field Team advised the Operator to suspend work as of October 21, 1954.

A. G. Keating

5/29/57:rsi

May 29, 1957

Supplemental Project Summary

This project terminated by mutual agreement (without reserving our right to certify), on November 24, 1954, was certified on February 11, 1955. The Operators (McKinney Mining Company) abandoned their lease prior to May 1, 1955. (The abandonment provision was stricken - 2nd sentence in Article 7.) The Superior Mica Company sold $2,799.50 between May 1, 1955, and June 9, 1955, and the owner, W. A. McKinney, paid $138.98 royalty to the Government. The Superior Mica Company ceased operating the mine prior to November 15, 1955, and a check of the Spruce Pine Depot showed sales of $5,455.29, upon which $272.76 is due. Mr. McKinney on November 15, 1955, told William H. Beck that he would try to send check to Mr. Laurence within ten days. Since then Mr. Laurence has written McKinney on February 1, 1956, March 27, 1956, May 18, 1956, and to the Operators on May 4, 1956, without results. Mr. C. O. Mittendorf has written Operators on July 13, August 17, 1956, and on March 27, 1957. The Operators replied on July 27, and March 6, 1956. There has been no reply to the Administrator's letter of March 27, 1957, in which the Operators were given until May 27, 1957, to make the collection from the land owner. The latest semi-annual report dated February 1, 1957, shows the total royalty due is $288.09. Royalty due on sales in March, 1956, under the name of the McKinney Mining Company, by W. A. McKinney and T. R. Wyatt, account for $15.33 additional.

Questions:

1. Are Operators liable in part?
2. Is lessor liable in all? In part?
3. Does termination nullify certification?
4. If (3) is affirmative, who is liable for the royalty until April 22, 1955?
5. Does Termination Agreement nullify the Government's rights to royalty during the period we may certify?
6. Is Operator primarily liable and Lessor secondarily liable?
7. Should refunds be made to Lessor?

Solution:

1. Refer to Attorney General.
T 2. Refuse payment to any and all Operators for work on other contracts.
3. Write it off.
4. Split it down the middle and demand 1/2 from each.
T 5. Tell each of Operators no subsequent contract will be considered until payment is made.

(6) Wait & discuss [illegible] partners

May 29, 1957

Supplemental Project Summary

This project terminated by mutual agreement (without reserving our right to certify) on November 24, 1954, was certified on February 11, 1955. The Operators (McKinney Mining Company) abandoned their lease prior to May 1, 1955. (The abandonment provision was stricken - 2nd sentence in Article 7). The Superior Mica Company sold $2,799.50 between May 1, 1955 and June 9, 1955, and the Owner, W. A. McKinney, paid $138.98 royalty to the Government. The Superior Mica Company ceased operating the mine prior to November 15, 1955, and a check of the Spruce Pine Depot showed sales of $5,455.29, upon which $272.76 is due. Mr. McKinney on November 15, 1955, told William H. Beck that he would try to send check to Mr. Laurence within ten days. Since then Mr. Laurence has written McKinney on February 1, 1956, March 27, 1956, May 18, 1956 and to the Operators on May 14, 1956, without results. C. O. M. has written Operators on July 13, August 17, 1956 and on March 27, 1957. The Operators replied on July 27 and March 6, 1956. There has been no reply to the Administrator's letter of March 27, 1957, in which the Operators were given until May 27, 1957, to make the collection from the land owner. The latest semi annual report dated February 1, 1957, shows the total royalty due is $288.09. Royalty due on sales in March, 1956, under the name of the McKinney Mining Company, by W. A. McKinney and T. R. Wyatt, account for $15.33 additional.

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4. If (3) is affirmative, who is liable for the royalty until April 22, 1955?
5. Does Termination Agreement nullify the Government's rights to royalty during the period we may certify?
6. Is Operator primarily liable and Lessor secondarily liable?
7. Should refunds be made to Lessor -

Solution

(1) Refer to attorney general?

T (2) Release payment to any said operator for work on other contracts

(3) Moote it off.

(4) Split it down the middle & charge ½ from each.

T. (5) T. H. and W. Operator as [illegible] will be considered payment is made.

(6) Work & charge with pro. loss on [illegible]

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

Project Summary Report

By: Walter C. Anderson February 8, 1955

1. Docket No. DMEA-3260 - Mica
Contract No. Idm-E692
W. A. McKinney Mine
Yancey County, North Carolina

Operators: John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter
Spruce Pine, North Carolina

Application: MF-103 (April, 1952) received February 19, 1954.
Work proposed: Sinking two shafts in different areas, each 75 feet deep and 50 feet of drift at each location.
Amount requested - $10,500.00.

Operators' property rights - Mining lease for 5-years, dated February 8, 1954. Owner's Consent to Lien (Rev. July 1, 1954).

2. Contract: Form MF-200(A) (February, 1952), dated July 30, 1954. annex II in lieu of art 6 added

Work authorized:

Construction - Toolhouse, powder & exploder magazines	$113.00
100 feet of drifting and/or crosscutting @ $35.00/ft.	3,500.00
Estimated total cost of project	$3,613.00
Government participation @ 75%	$2,709.75

Amendments - None

Work completed:

Constructed - Toolhouse, powder & exploder magazines	$113.00
79 feet of drift @ $35.00/ft.	2,765.00
Total accepted cost	$2,878.00
Government participation @ 75%	$2,158.50

Work began on August 17, 1954, and was completed on October 21, 1954, after 79 feet of authorized 100 feet of drifting had been accomplished. At this point it was agreed by the field team and Operator that the pegmatite had been explored adequately to warrant a certification and, therefore, a mutual agreement termination was executed as of November 24, 1954.

From about 5,000 pounds of "mine run" mica recovered during the operation, trimmed sheet mica worth $1,037.37 has been sold, and $51.86 in royalties paid. Field Team Final Report received December 10, 1954. Operators' Final Report received ~~December 10~~ Oct 24, 1954.

3. Audit - certificate issued December 1, 1954.

Accepted cost	$2,878.00
Government participation	$2,158.50

4. Certification of Discovery issued 2/11/55.

Estimate of reserves revealed by exploration:

Indicated	- 12.5 tons "mine run" mica	@ $600.00/ton	$7,500.00
Inferred	- 20.0 tons "mine run" mica	@ $600.00/ton	12,000.00
Total	32.5 tons "mine run" mica	@ $600.00/ton	$19,500.00

5. Comments:

How conducted - Carried out the work on schedule as authorized in the contract in a workmanlike manner.

Operation - Good. Successful.

Engineering - Planning was good. Reporting by Operators was very satisfactory.

Geological premise - The premise that the mica rich upper portion of a zoned pegmatite was correct for a distance of 79 feet from the incline.

Geological criteria upon which work was based:
1. Mica rich zone in pegmatite 20 feet thick.
2. Non-ruby mica books up to 15 inches across.
3. Past production.

Criteria developed during project -
1. Pipe-shaped zoned pegmatite, upper portion of which is mica-rich.
2. Muscovite mica scattered throughout the zone.

Future possibilities - Enough mica discovered for a possible economical operation. No additional exploratory work is warranted since the limits of the mica-bearing zone were established by this exploratory work.

Recommendation - The Nonmetallic Minerals Division concurs in the Field Team's recommendation that a certification of discovery or development should be issued. This recommendation has the concurrence of the Geological Survey and the Bureau of Mines.

DMEA Form 18
Feb. 58

DEFENSE MINERALS EXPLORATION ADMINISTRATION

ANALYSIS OF SEMIANNUAL REPORT OF CERTIFIED PROJECT

Prepare in duplicate. File original in Official Docket. Send copy

To: Statistics Branch (Code 210)

From: Division of Nonmetallic Minerals

Report Period 7/1/57 - 2/7/58

DMEA No.	Operator	Contract No.
9260	John Phillips, et al.	Tom-E692

Mica

ORE ESTIMATES

	Tons	Analysis	
DMEA	32.5	@ $600 Ton	$19,500
Operator to date	---		
Total	32.5		
Production to date	19.0		~~$11,200~~ 11,375
Ore in ground	13.5		$8,200

INVESTMENT

Type	Size		Feet	Cost
Shafts				
Winzes				
Drifts and Crosscuts				
Raises				
Drilling	Type			
Rehabilitation	Description			

FACILITIES

Mine Plant		
Mill		
Roads		

REMARKS

Not included 3.3 Tons of scrap @ $99.75
Royalty due $294.24

Prepared by Lawrence G. Houk Date

31398

$2,7~~09.75~~ 10 $3,613 $2,15~~8.50~~ 9

ANALYSIS: Mica MR

ORE	DMEA	OPERATOR	TOTAL	PRODUCTION	AVAILABLE
MINERAL					
Mica	65,000 lbs		65,000	35,400	29,600

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

October 1, 1962

Re: DMEA-3260 (Mica)
John Phillips,
Sam L. Phillips, et al.
McKinney Mine
Yancey County, N. C.
Contract Idm-E692

Mr. Sam L. Phillips

Spruce Pine, North Carolina

Dear Mr. Phillips:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

W. R. Griswold, Chief
Division of Minerals

OFFICIAL FILE COPY

RECEIVED OCT 8 '62

DATE	INITIALS	CODE
10/8		800
10/8		100
10/8		110
10/9		500
"		500 ✓
		220

MME Form 63
Revised 3-62

DMEA-3260
Idm-E692

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since June 15, 1960, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☑

2. Since June 15, 1960, has there been any production from the land subject to the contract? Yes ☐ No ☑

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity	Estimated Grade	Location
Ore	Tons		
Concentrates	Tons		
Other	Tons		

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☐

   A. If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name Sam L. Phillips Title Partner

Address Spruce Pine N.C. Date Oct. 4, 1962

4511

OME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Purpose	Amount
6/26	[illegible]	[illegible]
		500
		120
		110
		100
		220

June 26, 1962

Memorandum

To: The File

From: C. E. Fisher, OME Auditor

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

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

Contract No.	Docket No.	Operator	Mine Names
E- 684	3244	Alex Teague	Old Denson (Denison)
687	3256	Glenn C. Rathburn	Fox, Busby Creek
692	3260	Sam L. Phillips	. A. McKinney, McKinney No. 1
694	3199	W. B. Chrisawn	. D. (W. H.) Westall
712	3410	Rock Mining Company	Rock
737	3469	A. Ward	Moore
757	3559	C. R. Phillips, et al.	Bear Dave, Ralph
762	[illegible]	Keller Mining Co.	Oyster
805	3720	Alvin White, et al.	Ward
830	3265	Lines and Mining, Inc.	Marlow Gap
835	3913	T. A. Vance	Buffle Vance, Red, Charlie Burleson
840	3799	J. R. Beam	Bennett, Mica Field
865	3960	Ed Boone	Hog Rock
882	3924	J. R. Beam & John Phillips	Little Ray, Pat
891	3943	Buchanan Minerals, Inc.	Buchanan, Dream
900	3942	Sam G. Smith	Joe Hill, Sam Smith
962	4147	Sam L. Phillips	Old Buchanan
1005	4239	John Phillips	Roby (Robby)
1008	4332	John Phillips	John (John's) Dream
1037	4268	Murphy Mining Co.	Murphy, Murphy Rock
1042	4449	Clifton D. Buchanan	Boone, Phillips
1099	4554	Sam L. Phillips	Black Mountain

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

CEFisher/ama
6-26-62

Monthly report on certified projects [illegible]

[illegible]	Operator	[illegible]
[illegible]	Burns & Spangler Construction Co. (Lee Cornwell Mine)	June [illegible]
548	Taylor and Greene (Cow Camp Mine)	[illegible]
516	Good Mica Mining Co. (Engle Cope Mine)	[illegible]
537	J. P. Bryson (B.T.B. Mining Co.) (Dream Mine)	[illegible]
560	Murphy Mining Co. (Bennett Red)	[illegible]
636	Ellis & Grindstaff (Byrd Mine)	[illegible]
665	Sparks & Parsley (Hector Mine)	[illegible]
659	Willis & Snyder (Luts Mine)	[illegible]
694	W. B. Chrisman (Westall Mine)	[illegible]
664	Buchanan & Cook (Johnson Mine)	[illegible]
[illegible]	Non-Metallic Minerals (White Pass Mine)	[illegible]
667	Brown & Rathburn (Fox Mine)	[illegible]
692	Phillips & Carpenter (W.A. McKinney Mine)	Inac[illegible]
675	J. R. Beam & H. Bosse (Magram Mine)	[illegible]
674	Phillips & Carpenter (Mud Cut Mine)	[illegible]
712	Rock Mining Co. (Rock Mine)	[illegible]

Sic. [illegible]

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 23 1959
DATE | INITIALS | CODE

BMEA SEMI-ANNUAL REPORT ON CERTIFIED PROJECTS

Projects Inactive since last inspection

Reporting Period: January 1, 1959 to July 1, 1959

[redacted]	Idm-E	Operator	Date of Inspection
act [redacted]	547	Duncan Mining Co. (Connolly Mine)	Nov. 4, 1959
act [redacted]	548	Taylor, Greene & Greene (Gee Camp Mine)*	Nov. 5, 1959
act [redacted]	665	Sparks & Pursley (Hector Mine)	Nov. 12, 1959
act [redacted]	692	John Phillips, et al (McKinney Mine)	Nov. 4, 1959
act [redacted]	675	J. R. Beam & H. Boone (Ingram Mine)	Nov. 5, 1959
act [redacted]	835	T. H. Vance (Shaffle Vance Mine)	Nov. 5, 1959
act [redacted]	865	Ed Boone (Goog Rock Mine)	Nov. 12, 1959
act [redacted]	900	Sam Smith (Dee Hill Mine)	Nov. 3, 1959
act [redacted]	1005	John Phillips (Roby Mine)	November 3, 1959
act [redacted]	1006	John Phillips (John Prospect)	[redacted] 1959
act [redacted]	1042	Clifton D. Buchanan (Boone Prospect)	Nov. 5, 1959

* During an inspection of this property on November 12, it was definitely established that all production by the present lessee, Mr. Ward Young, is not coming from any part of the Contract area.

** There has been no production from this property since the last inspection. The Operator was again requested to pay up the royalties due on past production. He agreed to do this but to-date he has not complied.

V. J. Lynch, Mining Engineer
Bureau of Mines

OFFICIAL FILE COPY
DMEA
RECEIVED APR 17 1958
DATE | INITIALS | CODE
4/17 | C | 220
4/17 | Com | 100
" | JJ | 110
4/18 | [illegible] | 200
600

DMEA EXPLORATION PROJECT

Semi-Annual Report of Certified Project

Reporting Period: 7-1-57 to 2-7-58. Examined: March 14, 1958

Operator: John Phillips, et al. Spruce Pine, N.C.
Last Operator: Troy Beaver, Johnson City, Tennessee

Mine Name: W. A. McKinney. County: Yancey. State: N. C.

Docket No: DMEA-3260. Contract No. 692. Commodity: Mica

Date of Contract: July 30, 1954. Certified: February 11, 1955

Total Amount of Contract: $3,613.00. Royalty Expiration date: 7-30-64

Total Expenditures: $2,878.00

Government Participation at 75%...$2,158.50

Royalty Payments this Period: $30.00. Previously Paid: $240.84

Total Royalty Paid to Date: $270.84

Government Participation repaid: 12.55%

Royalty Due on production to date: $295.96

Royalty Remarks: When visited March 14, 1958, Mr. McKinney told the writer he was unemployed and was unable to pay anything on his arrears at the present time. He did not know when he would be able to pay.

Original Estimate of DMEA Reserves(Field Team Final Report)

Indicated - 25,000 lbs. of mine-run mica

Inferred - 40,000 lbs. " " " "

Production this period:

Type	Pounds	Value
Sheet mica	51.44	$634.44

Production Previously:

Sheet	581.55	$7,918.99
Hand cobbed	12435.00	2,595.97
Punch	1180.00	86.60
Scrap	6650.00	99.75
Total	20,846.55	$10,701.31

Production to date:

Type	Pounds	Value
Sheet	632.99	$8,553.43
Hand cobbed	12,435.00	2,595.97
Punch	1,180.00	86.60
Scrap	6,659.00	99.75
Total	20,897.99	$11,335.75

Remarks: When visited March 14,1958 the mine was not in operation. Mr. W. A. McKinney, owner of the property, said it was not worked since November 20, 1957 when Troy Beaver and his group ceased operations. Two sales of sheet mica were made by them, one under the name of Beaver Mining Co., by Troy Beaver, and the other by Dayton Burleson under the name of B & B Mining Company. These sales totalled 51.44 pounds and brought $634.44. Mr. McKinney paid the Government $30 for royalty on these sales.

6 11,325 / 18.9

Wm. A. Beck, Mining Engineer
Bureau of Mines

April 15, 1958

z

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

April 12, 1958

Mr. W. A. McKinney

Newdale, North Carolina

Re: DMEA-3260, Idm-E692-mica
John Phillips, et al
McKinney Mine, Yancey County,
North Carolina

Dear Mr. McKinney:

On February 10, 1958 this office wrote you acknowledging receipt of your check in the amount of $30 as part payment for the Government's royalty on production from the subject mine. In that letter it was pointed out that $295.96 was still due on back royalties. Over two months have passed since that letter and no additional payments have been made. It is not within the authority of this office to postpone indefinitely such action as may be necessary to collect the amounts properly due the Government.

Accordingly, I must advise you that unless a substantial payment is received within thirty days from the date of this letter we will have to refer this to our Washington office to take such action as it deems necessary to effect collection of the royalty due.

Very truly yours,

Robert A. Laurence
Executive Officer, DMEA
Region V

WAB/zm
cc
Lynch
Files

Opr. Com-2

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

February 10, 1958

DMEA
RECEIVED FEB 12 1958

DATE	INITIALS	CODE
2/12	C	220
2/12	[illegible]	800
2/13	Hough	600

Mr. W. A. McKinney

Newland, North Carolina

Re: DMEA-3260, Idm-E692-mica
John Phillips, et al
McKinney Mine, Yancey County,
North Carolina

Dear Mr. McKinney:

Thank you for your check dated February 7, 1958 in the amount of $30.00 for the Government's royalty on production from the subject mine. Also transmitted with the check was a settlement sheet from the Government Mica Buying Depot showing the initial payment of $89.03 on a sale of 11.37 pounds of mica made November 21, 1957 by the Beaver Mining Co. On the reverse of the settlement sheet was the notation "this check covers this statement and some back pay."

When Mr. Wm. A. Beck, our engineer called on you October 11, 1957 he gave you a statement showing the mica sales to the Government Depot on which royalty had not been paid. Royalty on these sales amounted to $294.24. Since that time at least two sales have been made to the Government. One was made by B & B Mining Company on November 5, 1957 and totaled $481.70. The second was made by the Beaver Mining Company on November 21, 1957 and totaled $152.74. As the sum of these two sales amounts to $634.44 the royalty on them is $31.72. If the $30.00 payment we received today is applied to these two sales your royalty account is now $295.96 in arrears.

We would appreciate your making payments promptly upon receipt of your royalty as land owner and would suggest that you make an effort to cut down the balance due rather than allowing it to increase.

Very truly yours,

Robert A. Laurence
Executive Officer, DMEA
Region V

WAB/zm
cc
Lynch
Laurence
Opr. Com.-2
Finance

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

RECEIVED FEB 1		
DATE	INITIALS	
2/12	C	220
2/13	wza	600

February 10, 1958

Memorandum

To: Finance Officer, (DMEA) Region V - Norris, Tenn.

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

Subject: Royalty Payment - Idm-E692, DMEA-3260-mica.
John Phillips, et al. Spruce Pine, N.C.
W. A. McKinney Mine, Yancey County, N.C.

Transmitted is a bill-of-sale for mica sold from the subject mine, and a check dated 2-7-58 in the amount of $30.00-royalty to apply on their account.

Robert A. Laurence

zm.
cc
Mittendorf
Lynch
Files

FORM APPROVED BY COMP. GEN., U.S. MARCH 25, 1957

GENERAL SERVICES ADMINISTRATION

WARRANTY AND ACCEPTANCE

DOMESTIC MICA PURCHASE PROGRAM (GSA REG. 7, AS AMENDED)

MICA PURCHASE DEPOT - [redacted]

DATE PURCHASED [redacted]

ACCEPTANCE NUMBER [redacted]

CERTIFICATE AUTHORIZATION NUMBER [redacted]

LOT NUMBER [redacted]

VOUCHER NUMBER

SCHEDULE NUMBER

BASIS FOR FINAL SETTLEMENT

[X] PROGRAM A

[ ] PROGRAM B

[ ] ALTERNATE PROGRAM B *(Under Regulation 7, Revision 3, as amended)*

NAME AND LOCATION OF MINE

[redacted]

TYPE OF MICA

[ ] RUBY

[X] NONRUBY

PRELIMINARY PAYMENT

TOTAL POUNDS PURCHASED [redacted]

AMOUNT OF INITIAL PAYMENT $ [redacted]

WARRANTY

89.03

The undersigned warrants that this lot of mica, weight above indicated, meets the requirements of all applicable regulations and laws governing the Domestic Mica Purchase Program. Further, the undersigned hereby sells this lot of mica to the Government subject to all laws and regulations governing the Domestic Mica Purchase Program and agrees to accept the processing results as valid and correct and to refund unconditionally to the Government any overpayment, with the understanding that the amount of any underpayment will be paid by the Government to the Seller upon completion of the processing of this mica.

SELLER'S NAME AND ADDRESS *(Type or print)*

[redacted]

SELLER OR PERSON AUTHORIZED TO SIGN FOR SELLER

SIGNATURE

NAME *(Type or print)* [redacted]

TITLE *(Type or print)* [redacted]

ACCEPTANCE

This lot of mica, weight above indicated, is accepted for the Government subject to all pertinent regulations and laws governing the Domestic Mica Purchase Program.

GENERAL SERVICES ADMINISTRATION

BY *(Type name)* [redacted]

SIGNATURE

TITLE [redacted]

GSA WASH D C 58-3177

GSA FORM 1013 SEPTEMBER 1957

DME4-3260, FdME-692-
McKinney Mine, Yancey County, N.C.

DMEA EXPLORATION PROJECT
SEMI-ANNUAL REPORT OF CERTIFIED PROJECT

Reporting Period: 1-1-57 to 10-11-57. Date Examined: 10-11-57

Operators: John Phillips, et al, Spruce Pine, N. C. Mine Name: W.A.McKinney

County: Yancey. State: North Carolina. DMEA-3260, Idm-E692 - Mica .

Contract Date: July 30, 1954. Date Certified: February 2, 1955.

Expiration Date of Royalty: July 30, 1964. Total Amount of Contract: $3,613.00

Total Expended Under Contract: $2,878.00. Amount Gov. Part. at 75% $2,158.50

Royalty paid this period: $49.00/ Previously Paid: $191.84. Paid to date: $240.84

Percent Gov. Part. Repaid: 11.16%. Royalty Due on Production: $294.24

Royalty Remarks: When visited, Mr. W. A. McKinney gave the writer $49.00 to cover royalty on a sale of mica amounting to $980.01 made by the Hawk Mining Co., on Sept. 3, 1957. He still owes the royalty($288.09) reported in the last interim plus royalty amounting to $6.13 on a sale valued at $122.52 which he made June 10, 1957.
Mr. McKinney stated he would pay the royalty when due from now on, and would endeavor to pay some on what he owed.

Original Estimate of DMEA Reserves (Field Team Final Report).
Indicated - 25,000 lbs. "mine-run" mica
Inferred - 40,000 lbs. " " "

OFFICIAL FILE COPY
DMEA
RECEIVED NOV 4 1957
11/4 gb 220

Production this Period:	Type	Pounds	Value
	Sheet	108.82	$1,102.53
	Total	108.82	$1,102.53

Production Previously Reported:			
	Sheet	472.73	$6,816.46
	Hand cobbed	12,435.00	2,595.97
	Punch	1,180.00	86.60
	Scrap	6,650.00	99.75
	Total	20,737.73	$ 9,598.78

Production to Date:			
	Sheet	581.55	7,918.99
	Hand cobbed	12,435.00	2,595.97
	Punch	1,180.00	86.60
	Scrap	6,650.00	99.75
	Total	20,846.55	$10,701.31

FINAL SETT

PURCHASING DEPOT,

AUTHORIZATION

PROJ

9-3-57

980.01

184.08

Form 7
(56)

OFFICIAL FILE COPY

Date	Surname	Code
8/8	Houk	600
8-9	Chambers	800
"	Johnson	110
"	Whitenberg	100
8/9	O.K.	220
		225

August 9, 1957

Memorandum to the file

From: Lawrence G. Houk, Director, Division of Nonmetallic Minerals

Subject: Closing the docket.

Docket No. DMEA-3260-Mica
John Phillips, et al.
McKinney Mine
Yancey County, North Carolina
Contract No. Idm-E692

Legal has advised this Division that the Termination Agreement, executed on November 24, 1954, effective October 31, 1954, relieved the partnership John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter, and the owners W. A. McKinney and Mrs. W. A. McKinney of all obligations to pay royalty on future production.

According to previous legal advice this was not the intent but due to the omission of a clause in the Termination Agreement reserving the Government's right to certify, the Government probably lost the legal basis for demanding payment of royalty. Legal, also advised that we could accept royalty payments if made.

It is not clear as to whether the owner or the operators would be liable for any royalties due under the contract and a determination could only be made by going to court. The owner has stated that he is financially unable to pay royalties on ore produced after the operators abandoned the property; but is willing. The operators maintain they are not liable for such royalty, have suggested litigation, and have stated they are willing to pay this money, if it is our wish. However, they have not paid it or answered our requests for payment. The royalties on production since abandonment by the operators are nominal. The outlook for the future production is meager, and therefore, royalties, if paid, would be small. The cost of litigation or policing this contract would, no doubt, be considerably more than the royalties involved.

Under the circumstances the case should be considered as closed.

LGHouk:FEJohnson:gad 8/9/57
Copy to: Admr. R. File
Mr. Houk

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
8-7	Houk	600
8-7	[redacted]	800
		110
		100
		220

August 7, 1957

Memorandum to the file

From: Lawrence G. Houk, Director, Division of Nonmetallic Minerals

Subject: Closing the docket.

Docket No. DMEA-3260-Mica
John Phillips, et al.
McKinney Mine
Yancey County, North Carolina
Contract No. Idm-E692

Legal has advised this Division that the Termination Agreement, executed on November 24, 1954, effective October 31, 1954, relieved the partnership John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter, and the owner W. A. McKinney and Mrs. W. A. McKinney of all obligations to pay royalty on future production. A study of the docket indicates that the possibility of much future production is meager. Under these circumstances ~~it is felt that the case be~~ considered closed.

the case should be

Insert A

Lawrence G Houk

LGHouk:gad 8/7/57
Copy to: Admr. R. File
Mr. Houk

8623

Mr. Houk:

8-8-57

Insert "A"

According to previous legal advice this was not the intent but due to the omission of a clause in the Termination Agreement reserving the Government's right to certify, the Government probably lost the legal basis for demanding payment of royalty. Legal, also advised that we could accept royalty payments if made.

It is not clear as to whether the ~~BMEA or~~ owner or the operator would be liable for any royalties due under the contract and a determination could only be made by going to court. The owner has stated that he is financially unable to pay royalties on ore produced after the operator abandoned the property; but is willing. The operator maintains he is not liable for such royalties, has suggested litigation, and has stated he is willing to pay this money, if it is our wish. However, he has not paid it or answered our requests for payment. The royalties on production since abandonment by the operator are nominal. The outlook for the future production is meager, and therefore, royalties, if paid, would be small. The cost of litigation or policing this contract would, no doubt, be considerably more than the royalties involved.

FEJohnson

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3/27	Houk	600
3-28	Chambers	800
3/27	Sawyer	140
		140
3/27	Johnson	110
"	Chatterday	100
3/27	C	220
		225

600

MAR 27 1957

Mr. John Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3260-Mica
John Phillips, et al.
McKinney Mine
Yancey County, North Carolina
Contract No. Idm-E692

Dear Mr. Phillips:

Reference is made to your letter of March 6, 1957, requesting the Government to forego for a reasonable length of time its demand for payment of the royalty due on production from the land described in the contract.

We have already waited a considerable time for settlement of this account, and cannot indefinitely postpone our demand for its payment. However, if you will make a diligent effort to collect from the landlord the amount due the Government we will postpone our demand for payment from you for 60 days from the date of this letter.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

LGHouk:gad 3/18/57
Rewritten
FEJohnson:LGHouk:gad 3/25/57
Copy to: Admr. R. File
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

8623

Paragraph No. 2

We have already waited a considerable time for settlement of this account and cannot indefinitely postpone our demand for its payment. However, if you will make a dilligent effort to collect from the Landlord the amount due the Government we will postpone our demand for payment from you for 60 days from the date of this letter.

FEJohnson

OK JK

MF-500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

REFERENCE SLIP

DMEA-3260-Mica

DATE 3/18/57

REFERRED TO:

1. ~~Mr. Dwyer, 7243~~
2. ~~Mr. Johnson, DMEA~~
3. Mr Johnson
4.

FOR:

..... Action	..... Recommendation
..... Approval	..... Record
..... Comment	of .....
..... Conference	..... Referring
..... Consideration	to .....
..... Filing	..... Reply for signa-
..... Instructions	ture of .....
..... Investigation	..... Rewriting
..... Initials	..... Signature
..... Mailing	..... Suggestions
..... Previous correspondence	..... Your information

INTERIOR DEPT.
MAR 19 1957
SOLICITOR

REMARKS: Our letter should be more clearly stated as to who would take action against the landlord; also what is "reasonable time". JK

Check (X) before the items needing attention.

Lawrence G. Houk

Initials of sender.

GPO 16—63815-1

(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3/18	Houk	600
	Porter	800
	Sawyer	140
		110
		100
		220

600 noted "

Mr. John Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3260-Mica
John Phillips, et al.
McKinney Mine
Yancey County, North Carolina
Contract No. Idm-E692

Dear Mr. Phillips:

Reference is made to your letter of March 6, 1957, requesting the Government to forego for a reasonable length of time its demand for payment of the royalty due on production from the land described in the contract.

~~The Government will postpone its demand upon the partners for payment of the royalty due for a reasonable length of time provided a diligent effort is made by the Operators to make the required collection from the landlord.~~

Sincerely yours,

Administrator

LGHouk:gad 3/18/57
Copy to: Admr. R. File
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

RECEIVED
MAR 19 1957
ASSOC. SOLICITOR
MINERAL RESOURCES

We have already waited a reasonable time for settlement of this overdue matter and must unfortunately postpone our demand for the royalty. However, if you will show a diligent effort to collect from the landlord after receipt of this letter we will postpone our demand

8623

Jim - Acknowledge
Have to make the collection
and magnify in proof

OFFICIAL FILE COPY DMEA RECEIVED MAR 8 1957		
DATE	INITIALS	CODE
3-8	C	220
3/11	Hawk	600
		110
		100
		225

Spruce Pine, North Carolina
March 6, 1957

Mr. C.O. Mittendorf
United States Department of the Interior
Defense Minerals Exploration Administration
Washington 25, D.C.

Re: Docket No.DMEA-3260 (Mica)
John Phillips
McKinney Mine
Yancey County, North Carolina
Contract No. Idm-E 692

Dear Mr. Mittendorf:

This will acknowledge receipt of your letter dated August 17, 1956, informing us of the position of the Government in DMEA-3260.

It would be greatly appreciated by the partners of the McKinney Mining Company if the Government would forego a demand for payment from the applicant untill every reasonable effort had been made to collect from the landlord. Our attorney informs us that if the applicant repays the Government that the applicant then will have a cause of action against the landlord. If you could bear with us in this matter it might prevent some unnecessary litigation.

Thank you for your indulgence in this matter.

Sincerely,

John Phillips

John Phillips

P/j

3260

ACTION ON INFORM
OR FINAL FIELD TEAM REPORT
Date 2/5

Referred to:

1. ~~Mr. Mittendorf~~
2. ~~Mr. Johnson~~
3. ~~Mr. Chambers~~
4. ~~Docket Control Mails and Files~~
5. ~~Non-Metallic Min. Division~~
6. Docket Control Mails and Files

Note comments in report regarding:

1. Property was - Operator broke!
2.
3. The Operator is not broke. W.A. McKinney is the land-owner. Question has been raised as to the validity of our certification of the operator. L.E.P.

and take appropriate action.

- - - - - - - - - - -

Action taken by Division: Mr. Laurence said (Feb. 19, 1957) the field team requested John Phillips to answer our last letter. The Non-metallic Min. Dvn. will attempt to resolve this personally on the next field trip.

Robert E. Adams

OFFICIAL FILE COPY
D M E A
RECEIVED FEB 4 1957

DATE	INITIALS	CODE

DMEA EXPLORATION PROJECTS

Semi-Annual Report of Certified Projects

Reporting Period 11-15-55/1-1-57 Date of Examination: 1-24-57

Mine Name: W. A. McKinney No.1. Operator: John Phillips, et al Spruce Pine, N. C.

County: Yancey State: N. C.

DMEA-3260 Contract No. Idm-E92 Commodity: mica

Date of Contract: 7-30-54 Date of Certification 2-11-55

Expiration Date of Royalty Payments: 7-30-64

Total Amount of Contract: $3613.00

Total Expenditures under contract: $2878.00

Amount of Government Participation at 75 % $2158.50

Royalty Payments this Period: none (previously paid)

Previous Royalty Payments : $191.84

Total Royalty paid to Date : $191.84

Percent Government Participation Repaid: 8.89%

Royalty Due on Production to Date: $288.09 ✓

Royalty Remarks: In addition to the sales previously reported and on which royalty amounting to $272.76 was still due, two sales totalling $306.62 were made in March 1956. An additional royalty of $15.33 is due on these sales making a total of $288.09.

Original Estimate of DMEA Reserves (Field Team Final Report)

Indicated--25,000 lbs. "mine-run" mica

Inferred-- 40,000 Lbs. " " " " ".

✓

Production this period:

Kind	Pounds	Value
Sheet	22.62	$306.62
Total	22.62	$306.62

Production Previously Reported:

Sheet	450.11	$6,509.84
Hand cobbed	12,435.00	2,595.97
Punch	1,180.00	86.60
Scrap	6,650.00	99.75
Total	20,715.11	$9,292.16

Total Production to date:

Sheet	472.73	$6,816.46
Hand cobbed	12,435.00	2,595.97
Punch	1,180.00	86.60
Scrap	6,650.00	99.75
Total	20,737.73	$9,598.78

Remarks: The writer checked the records at the Spruce Pine Mica Buying Depot and found that two sales in addition to those previously reported were made in March 1956. These sales were listed under the name of McKinney Mining Company and were made by W. A. McKinney and T. R. Wyatt.

The mine was visited and no work was being done there. Mr. W. A. McKinney was contacted at his home on the property. He stated that he had not worked for over a year and was unable to pay the royalties due. He said that he was drawing $16 per week unemployment compensation and had been for the previous 25 weeks and that he had one more week to go. He was aware of his obligation and stated that he would take care of it as soon as he could.

Wm. A. Beck, Mining Engineer
U. S. Bureau of Mines

Feb.1, 1957

z

Frank -

Fr[illegible]k says see about this personally. 1/18/57

Terminated before certification without preserving our right to certify

February 4, 1957

Mr. L. G. Houk calling Mr. R. A. Laurence, Knoxville, Tennessee

Re: Docket No. DMEA-3260-Mica
W. A. McKinney Prospect
Sam and John Phillips, Lin Carpenter
and Charlie Carpenter
Yancey County, North Carolina

Mr. Laurence: The boys are off to Spruce Pine this morning.

Mr. Houk: My secretary is on the line. On the W. A. McKinney -

Mr. Laurence: That is the one where Sam Phillips owes some royalty.

Mr. Houk: Do you know if they received that letter of August 17th? The last one.

Mr. Laurence: I think so, yes. I don't know, i think he has gotten that letter of August 17th but there is nothing in the correspondence to prove it. I am pretty sure he got that letter. He doesnt want to pay that if he can get the land owner to pay it. He is afraid that if it once gets out that the landowner will not pay, no land owner will pay up.

Mr. Houk: We think he should reply to our letter.

Mr. Laurence: I would not necessarily have a copy. It was between him and Washington.

Mr. Houk: Could you have one of the field men to ask John if he received that letter? Mr. Frank Johnson suggested that I wait until I come down and discuss it with John Phillips.

Mr. Laurence: I will try to get hold of them probably not before tomorrow morning. They will see Sam Phillips today but I will not be able to get them until tomorrow morning.

DEFENSE MINERALS ADMINISTRATION

97023

PRODUCTION EXPANSION DIVISION

PROCUREMENT APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Length of Contract (preproduction plus production) _____

Amount of Metals or Minerals in tons, units or pounds _____

Floor price or Guaranteed price and whether or not escalated _____

Maximum Government Commitment _____

Comments on Contract: _____

_____

_____

_____

_____

_____

Date sent to Legal Division _____

Date of Recommendation to D.P.A. for Certification _____

Date Certification sent to G.S.A. by D.P.A. _____

Date signed into Contract by G.S.A. _____

Additional Remarks: _____

_____

_____

_____

_____

NOTE: If application is denied, or if it is recommended for change into exploration, etc., please state under additional remarks.

Signed _____

Interior—Duplicating Section, Washington, D. C.

Docket copy
Surname:
Chambers
Hook
H Johnson

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

AUG 1 7 1956

Mr. John Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3260 (Mica)
John Phillips, et al.
McKinney Mine
Yancey County, North Carolina
Contract No. Idm-E692

Dear Mr. Phillips:

Thank you for your letter dated July 27, 1956, informing us of your position with respect to the payment of royalty under the subject contract, as requested in Mr. Laurence's letter dated May 4 to you.

Your letter expresses the opinion that in general the Government must pursue its remedy against a landlord, who has executed a Consent to Lien, rather than against the operator, and that, under the terms of a contract that are present in the subject case, the Government has no recourse against an operator who has relinquished possession of the property when it accepts a Consent to Lien. This position is entirely at odds with the view of the Government as to the requirements of the contract, as we shall indicate below:

The subject contract provides (Annex II, paragraph b.) that:

> "The Operator, as principal, if the Operator is the producer, or as surety, if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land . . . (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."

This language, in our judgment, clearly fastens upon an operator at the time he executes the contract the liability for payment of all royalty due the Government under an exploration project contract. In addition,

the Government requires the landowner "to secure the payment of the percentage royalty on production provided for under the terms of said exploration project contract . . ." by granting a lien upon the land and upon any production therefrom. (Paragraph 2, Owner's-Consent-to-Lien form, Revised July 1, 1954.) This undertaking by the landowner runs to the Government and is for the benefit of the Government, and does not benefit the operator. Accordingly, it is our judgment that the contention that the Government must pursue its remedy against the landowner is erroneous.

In view of this understanding you will probably want to close the matter by forwarding your check for the balance of royalty due—$272.76.

Sincerely yours,

Administrator

HCRubin/JLChambers/wb
August 15, 1956

Copy to: Docket
Admr. Reading File
Operating Committee
Field Team, Reg. V (2)
T. H. Kiilsgaard
W. F. Dietrich
L. G. Houk
J. L. Chambers
R. P. Dwyer

Mott:

I discussed the letter you
wrote who talked with Robbins again
on N. I thought we should only
send the first part which answers
Phillips letter. Robbins does not
agree. He positively wants us
to know the second question could
only be settled in court and
therefore we should not give up
our rights we might have. He now
evidently has changed his mind.

Gary's position is that if
we are agreed we have no claim
against Phillips and should not
accept any royalties from him.

W.J.

DMEA Docket copy
Surname: Portin Sampson Hatch

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

Mr. John Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3260 (Mica)
John Phillips et al.
McKinney Mine
Yancey County, North Carolina
Contract No. Idm-2692

Dear Mr. Phillips:

Thank you for your letter dated July 27, 1956, informing us of your position with respect to the payment of royalty under the subject contract, as requested in Mr. Lawrence's letter dated May 4 to you.

Apart from the specific question whether you owe any royalty to the Government under the subject contract, your letter expresses the opinion that in general the Government must pursue its remedy against a landlord, who has executed a Consent to Lien, rather than against the operator, and that, under the terms of a contract that are present in the subject case, the Government has no recourse against an operator who has relinquished possession of the property when it accepts a Consent to Lien. This position is entirely at odds with the view of the Government as to the requirements of the contract, as we shall indicate below:

The subject contract provides (Annex II, paragraph b.) that:

FROM SOLICITOR

AUG 7 1956

FOR SIGNATURE

"The Operator, as principal, if the Operator is the producer, or as surety, if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land . . . (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."

This language, in our judgment, clearly fastens upon an operator at the time he executes the contract the liability for payment of all royalty

due the Government under an exploration project contract. In addition, the Government requires the landowner "to secure the payment of the percentage royalty on production provided for under the terms of said exploration project contract . . ." by granting a lien upon the land and upon any production therefrom. (Paragraph 2, Owner's-Consent-to-Lien form, Revised July 1, 1954.) This undertaking by the landowner runs to the Government and is for the benefit of the Government, and does not benefit the operator. Accordingly, it is our judgment that the contention that the Government must pursue its remedy against the landowner is erroneous.

The foregoing discussion has general application. The subject case, however, has an exceptional circumstance which we shall discuss further. In the Termination Agreement dated November 24, 1954, the Government, although it intended to, failed to include therein a provision preserving its rights with respect to certification, royalty, and liens (the first sentence of your letter refers to a "particular clause in the consent to lien . . ." and probably meant to refer to the Termination Agreement). In view of this inadvertence, the Government probably lost the legal basis for demanding payment of royalty, although the project was certified on February 11, 1955. That the Government did not intend to give up any rights respecting royalty is evident from the fact that the value of production from the land in question totaled $9,292.16, on which the Government should have received royalty in the total sum of $464.60. In this regard, the landowner paid $191.84, has failed to make further payments, and has informed us that he is financially unable to make further payments.

To summarize, in all cases where the provisions of the subject contract exist, it is the Government's judgment, based upon what it feels are the clear terms of the contract, that it is entitled to payment of royalty by the operator even though the operator is not the producer, and that except for the wholly unintended mistake made in connection with the Termination Agreement in this case, the Government would demand payment from you for the balance of royalty owed it on the production made up to November 16, 1955. As the Government intended to receive royalties in this case, if you were to make payment in the sum of the balance due it would be accepted.

We trust that this letter will aid your understanding of the operator's obligations with respect to payment of royalty under the contract, and the separate responsibility of the landowner under the terms of the Consent to Lien.

HCRubin/emd 8/6/56
copy to: DMEA Docket
Adm. Reading File
Operating Committee
T. H. Kiilsgaard
W. F. Dietrich
J. L. Chambers
L. G. Houk
Field Team, Reg. V(2)

Sincerely yours,

Administrator

R.P. Dwyer H.C.Rubin

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

August 8, 1956

Memorandum

To: Chairman, Operating Committee

From: Jay L. Chambers, Chief
Contract Administration and Audit Division

Subject: Docket No. DMEA-3260 (Mica)
John Phillips, et al
McKinney Mine
Yancey County, North Carolina
Contract No. Idm-E692

Should the Government take the position of a beggar for this paltry sum? If we don't have a legal claim for this money we should not become indebted to the Operator who may use his payment as a favor to ask for future favors from us.

Attachment

RECEIVED
JUL 30 1956

Spruce Pine, North Carolina
July 27, 1956

Mr. C. O. Mittendorf, Administrator
U.S. Dept. of the Interior, D. M. E. A.
Washington 25, D. C.

Re: DMEA-3260 (Mica) Contract Idm-E 692
McKinney Mine, Yancey County, N. C.

Dear Mr. Mittendorf:

My brother Sam and I have discussed this matter at length with Mr. Laurence of the Knoxville office, and there seems to be some doubt as to whether or not a particular clause was in the consent to lien that would require us to pay the amount of royalty due the government. I am sure that we do not know whether we are legally responsible; however, as you know, we have the reputation of fulfilling our obligations with the government as well as with individuals, and we intend to maintain that reputation. It is our opinion that since the landlord signed the consent to lien, the purpose of his so signing was to guarantee the government their percentage royalty. That is the interpretation that we have of the landlord's consent to lien. We think that W. A. McKinney is the man that is responsible for paying the government's 5%, because it is our understanding that he collected an additional 5% that was to be turned over to the government. We take the position that if we voluntarily pay the amount the records show due, we are then without a cause of action against the landlord for the recovery of that amount. We also take the position that in paying the amount in question that we, as operators who lease many properties, would be setting a precedent that might involve us in greater amounts in the future.

If the government's position is that of starting a cause of action for recovering this money, it would be to our advantage that the government join the landlord and the lessee so that there would be a final disposition of the matter, and so that we would have a definite amount established that the landlord owed us in case we had to pay.

What we have said above, Mr. Mittendorf, is merely a suggestion on our part as to how this problem should be solved. Now, I would like to say

that we will do anything that you suggest we do, because we will not jeopardize ourselves with the government for any amount of money. If it is the wish of your department that we pay this money, we will do so; but then we are not sure legally that we have any cause of action against the landlord for recovery of the amount in question.

Sincerely,

John Phillips

John Phillips

P/b

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

140

Rufus Bunyan
Houk
Chambers
Selfridge
Fleming

[redacted] 13 1956

Mr. John Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3260 (Mica)
McKinney Mine
Yancey County, North Carolina
Contract [redacted]

Dear Mr. Phillips:

In a letter dated May 4, 1956, the Executive Officer informed you of the amount of royalty due the Government under the subject contract, and requested that you look into the matter and arrange to have payment made. Copies of this letter were sent to each of your partners.

The Executive Officer has informed us that no written response to his letter was received, although he has spoken to Mr. Sam Phillips over the phone about it.

Would you please address to me a response to the letter, to which I have referred, so that we can have some basis for giving further consideration to this matter and eventually disposing of it.

Very truly yours,

G. O. Mittendorf

Administrator

HCRubin/wog
July 12, 1956
Copy to: DMEA Docket
Admin. Reading File
Operating Com.
THKiilsgaard
WFDietrich/Rm 3061
LGHouk (2)
Field Team, Region V (2)
RPDwyer
HCRubin
Pending
Chron.

R.C.S.

Docket Copy
Surname:
Houk
Chambers
Johnson

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

June 26, 1956

Memorandum

To: Mr. Robert Dwyer, Associate Solicitor

From: C. O. Mittendorf

Subject: Docket No. DMEA-3260 - Mica
John Phillips, et al.
W. A. McKinney Mine
Yancey County, North Carolina
Contract No. Idm-#692

Pursuant to your telephone conversation of June 25th, with Mr. L. G. Houk, on the subject contract, the docket is being referred to you for review and determination if this is a suitable case for referral to the Attorney General, or if other action should be taken for collection of royalties on production.

C. O. Mittendorf (for)

C. O. Mittendorf
Administrator

LGHouk:gad 6/26/56
Copy to: Admr. R. File
Docket
Mr. Houk

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

RECEIVED
JUN 15 1956

June 13, 1956

Memorandum

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

From: Field Team, Region V, Knoxville, Tennessee

Subject: DMEA-3260, Idm E692 (Mica)
John Phillips, Sam Phillips, Lin Carpenter and Charlie Carpenter
W. A. McKinney Mine, Yancey County, North Carolina

Reference is made to your letter of June 11, 1956:

We wrote only one letter to John Phillips requesting payment. That was on May 4, and a copy of it is enclosed. We have received no answer to that letter, although Sam Phillips has talked to us about it. As we understand it, Mr. Phillips is probably willing to pay these royalties eventually, but is considering making a test case of this by doing nothing and thereby allowing the Government to seek payment from both the Operator and the land owner. Mr. Sam Phillips so stated in a phone conversation this week; therefore it seems useless to write him another letter at this time.

Robert A. Laurence
Robert A. Laurence
Executive Officer

V. J. Lynch
V. J. Lynch
Member, Bureau of Mines

Enclosure

C O P Y
mg 6/13/56

RECEIVED
JUN 15 1956

May 4, 1956

Mr. John Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3260, Idm-E692 - Mica
McKinney Mine, Yancey County, N. C.

Dear Mr. Phillips:

This letter is with reference to royalty payments on sale of mica from the W. A. McKinney Mine during the operation of the subject contract and after its completion.

A total of $9,292.16 worth of mica was sold up to November 16, 1955. Royalties due on these sales amounted to $464.60. Mr. W. A. McKinney, the landowner, paid a total of $191.84 in royalties, leaving a balance due of $272.76. Mr. McKinney has failed to make further payments.

We have recently been informed by our Washington office that the signers of this contract remain liable as surety even though they are not the producers. The signers of this contract are yourself, Sam L. Phillips, Lin Carpenter and Charlie Carpenter.

Please look into this matter and arrange to have the royalties paid up to date as soon as possible.

Copies of this letter are being sent to all signers of the contract.

Very truly yours,

Robert A. Laurence
Executive Officer, DMEA
Region V

VJL/zm
Sam Phillips
Lin Carpenter
Charlie Cappenter
Lynch
Shirley
Files

June 12, 1956

Mr. L. G. Houk calling Mr. R. A. Laurence in Knoxville, Tenn.

Re: Docket No. DMEA-3260 - Mica
John Phillips, et al.
W. A. McKinney Mine
Yancey County, North Carolina
Contract No. Idm-E692

Mr. Houk: I think Sam will pay the $272.76. I pointed out to him that it was not the intent of the termination agreement and that we cant go back to McKinney he is secondarily liable. It was one of those things that develop. I think he will be happy to pay that money.

Mr. Laurence: All right.

DEFENSE MINERALS ADMINISTRATION

97023

PRODUCTION EXPANSION DIVISION

PROCUREMENT APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Length of Contract (preproduction plus production) _____

Amount of Metals or Minerals in tons, units or pounds _____

Floor price or Guaranteed price and whether or not escalated _____

Maximum Government Commitment _____

Comments on Contract: _____

_____

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_____

_____

Date sent to Legal Division _____

Date of Recommendation to D.P.A. for Certification _____

Date Certification sent to G.S.A. by D.P.A. _____

Date signed into Contract by G.S.A. _____

Additional Remarks: _____

_____

_____

_____

_____

NOTE: If application is denied, or if it is recommended for change into exploration, etc., please state under additional remarks.

Interior—Duplicating Section, Washington, D. C.

Signed _____

June 12, 1956

Mr. Sam Phillips calling Mr. L. G. Houk from Spruce Pine, N. C.

Re: Docket No. DMEA-3260 - Mica
John Phillips, et al.
W. A. McKinney Mine
Yancey County, North Carolina
Contract No. Idm-E692

Mr. Phillips: .....

Mr. Houk: ..... Are you going to pay that royalty on the W. A. McKinney Mine?

Mr. Phillips: We will pay but we do not feel like it was our obligation.

Mr. Houk: The fact that the contract was terminated without reserving the right to certify was an oversight on our part. We probably could not hold you but it was our intent to certify.

Mr. Phillips: Laurence said to let him make one more chance to get the man to pay.

Mr. Houk: Article 7 of the contract states you are the surety. A consent to lien is just in case you do not pay he becomes secondarily liable. Contracts are subject to different interpretations by different people. How is the Sinkhole?

Mr. Phillips: Better than usual.

Mr. Houk: Fine. How is the R. B. Phillips?

Mr. Phillips: Doing fine. We are getting a little mica and we are going to pay it off shortly.

Mr. Houk: You are still getting mica?

Mr. Phillips : Yes.

Mr. Houk: Any new applications?

Mr. Phillips: Sent one in the other day and will send another today or tomorrow.

DEFENSE MINERALS ADMINISTRATION

97023

PRODUCTION EXPANSION DIVISION

PROCUREMENT APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Length of Contract (preproduction plus production) _____

Amount of Metals or Minerals in tons, units or pounds _____

Floor price or Guaranteed price and whether or not escalated _____

Maximum Government Commitment _____

Comments on Contract: _____

_____

_____

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_____

Date sent to Legal Division _____

Date of Recommendation to D.P.A. for Certification _____

Date Certification sent to G.S.A. by D.P.A. _____

Date signed into Contract by G.S.A. _____

Additional Remarks: _____

_____

_____

_____

_____

NOTE: If application is denied, or if it is recommended for change into exploration, etc., please state under additional remarks.

Interior--Duplicating Section, Washington, D. C.

Signed _____

Docket Copy
Surname:
Anderson
Houk
Martin
Lawyer
Chambers
Martin
Spencer
Rothendorf

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

JUN 11 1956

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

Subject: Docket No. DMEA-3260 - Mica
John Phillips, et al.
W. A. McKinney Mine
Yancey County, North Carolina
Contract No. Idm-E692

Dear Mr. Laurence:

Reference is made to your memorandum of May 29, 1956, to the Operating Committee, in which you stated that: "We have also written to John Phillips, et al., for payment..." It is not clear from this whether you are referring to correspondence prior to or subsequent to May 16, 1956, when we discussed this case in Washington. In either event, please forward copies of your letters and Mr. Phillips' replies to you. If the Phillips letters to you do not contain a refusal to pay the royalty, then you should write to him requesting payment of the royalty due. We understood from our discussion of this case when you were here that Mr. Phillips would pay the $272.76 due.

We will defer any action on Mr. McKinney's letter of May 23, 1956, to you pending a reply from Mr. Phillips.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee (WS)

Approved:

/s/ Robert W. Geehan (WS)
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey (WS)

LGHouk:gad 6/8/56
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

R.C.S.

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

WASHINGTON, D.C.

RECEIVED
MAY 31 1956

May 29, 1956

Memorandum

To: Operating Committee, DMEA - Washington

From: DMEA Field Team, Region V - Knoxville, Tenn.

Subject: DMEA-3260, Idm-E692 (mica) John Phillips, Sam Phillips, and Lin and Charlie Carpenter. W. A. McKinney Mine, Yancey County, N. C.

Enclosed are the original and 2 copies of Mr. McKinney's reply to our recent request for payment of royalty. Two previous letters had been unanswered. We have also written to John Phillips, et al, for payment, but it now appears that they were relieved of liability for royalties by the termination agreement. This was discussed by Mr. Houk, Mr Dwyer, Mr. Rubin and Mr. Laurence in a conference at Washington on May 16.

Robert A. Laurence
Robert A. Laurence
Executive Officer, Region V

V. J. Lynch
V. J. Lynch, Member
Bureau of Mines

RECEIVED
MAY 28 1956
Knoxville, Tenn.

RECEIVED
MAY 31 1956

Needale MC

5/23/56

Dear Sir I Refered to your letter about the Royalty as you know I am not trying to get out of Paying the debt But maby you dont know How I am Hooked up you see my wife died and the Property was in her name so the children will not sign a note or anything, so I cent Barrow the money and I am not working and dont Have the money I am willing to Pay Interest on it I are done anything I can about it But I cant Pay it at this time I am Very Sorry

Yours truly, W. L. McKinney

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

May 18, 1956

Registered Mail

Mr. W. A. McKinney

Newdale, North Carolina

Re: DMEA-3260, Idm-E692 - Mica
John Phillips, Sam Phillips,
Lin Carpenter and Charlie Carpenter
W. A. McKinney Mine
Yancey County, North Carolina

Dear Mr. McKinney:

On February 1 and again on March 27, I wrote you requesting payment of $272.76 in overdue royalties on mica produced from your land by the Superior Mica Company, Inc., and sold to the Government Depot at Spruce Pine.

We cannot indefinitely postpone collection of these long overdue royalties. Please send me your check for the above amount immediately.

Very truly yours,

Robert A. Laurence

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

RECEIVED
MAY 28 1956
Knoxville, Tenn.

RECEIVED
MAY 31 1956

Mendale MC
5/23/56

Dear Sir I'll Regard to you letter about the Royalty as you know I am not trying to get out of Paying the debt But maby you dont know How I am Hooked up you see my wife died and the Property was in her name so the children will not Sign a note are anything. so I cant Barrow the Money and I am not working and dont Have the money I am willing to Pay Interest on it are do anything I can about it ~~Bert~~ I cant Pay it at this time I am Very Sorry

KNOXVILLE S. LEMM
NOV 13 1956 ONCE BOX

May 24, 1956

Matt:

Mr. Rubin advises that in the meeting held recently with Laurence, the questions set forth in the proposed memo were answered. He feels we should not go on record of obtaining a written opinion that would void our rights to royalties. He agrees that we made a mistake in omitting a clause in the Termination Agreement for preserving our right to certify. However, our rights are not clear and is subject to litigation. But, without a court decision we should not give up any rights that it was our intent to retain.

Rubin suggests that we write to Laurence, referring to the discussion and inquiring as to what steps he has taken to collect royalties pursuant to the discussion, since he thought the small amount due would be paid by Phillips, if demanded.

Hook advises that his understanding of the discussion does not agree with the foregoing.

FJ

[illegible] Copy of letter [illegible] Have F.T. discussed matter exactly with Sam — [illegible]

[illegible] — he is off book

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

May 22, 1956

Memorandum

To: Mr. Robert Dwyer, Associate Solicitor

From: C. O. Mittendorf, Administrator

Subject: The Government's rights under terminated certified contract.

Docket No. DMEA-3260 - Mica
John Phillips, et al.
W. A. McKinney Mine
Yancey County, North Carolina
Contract No. Idm-E692

Reference is made to our recent discussion covering the termination agreement and the Government's rights under the contract. This office would be pleased to receive your comments and answers to the following questions:

1. Is the operator liable for any royalty on the reported production? ~~Should royalty payment be returned?~~

2. Is the lessor liable? ~~Should we return his payments?~~

3. Does the termination agreement of November 24, 1954, void the certification of February 11, 1955?

4. Please recommend a course of action to protect the Government's interest.

C. O. Mittendorf
Administrator

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

RECEIVED
MAY 21 1956

May 18, 1956

Registered Mail

Mr. W. A. McKinney

Newdale, North Carolina

Re: DMEA-3260, Idm-E692 - Mica
John Phillips, Sam Phillips,
Lin Carpenter and Charlie Carpenter
W. A. McKinney Mine
Yancey County, North Carolina

Dear Mr. McKinney:

On February 1 and again on March 27, I wrote you requesting payment of $272.76 in overdue royalties on mica produced from your land by the Superior Mica Company, Inc., and sold to the Government Depot at Spruce Pine.

We cannot indefinitely postpone collection of these long overdue royalties. Please send me your check for the above amount immediately.

Very truly yours,

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

RAL/mg
cc - Operating Committee (2)
Mr. V. J. Lynch
Mr. L. E. Shirley
Files

Spraling Corrections

RECEIVED
MAY 9 - 1956

May 4, 1956

Mr. John Phillips

Spruce Pine, North Carolina

Re: Docket No. DMA-3260, Idm-2692-mica
McKinney Mine, Yancey County, N. C.

Dear Mr. Phillips:

This letter is with reference to royalty payments on sale of mica from the W. A. McKinney Mine during the operation of the subject contract and after its completion.

A total of $9,292.16 worth of mica was sold up to November 16, 1955. Royalties due on these sales amounted to $464.60. Mr. W. A. McKinney, the landowner, paid a total of $191.84 in royalties, leaving a balance due of $272.76. Mr. McKinney has failed to make further payments.

We have recently been informed by our Washington office that the signers of this contract remain liable as surety even though they are not the producers. The signers of this contract are yourself, Sam L. Phillips, Lin Carpenter and Charlie Carpenter.

Please look into this matter and arrange to have the royalties paid up to date as soon as possible.

Copies of this letter are being sent to all signers of the contract.

Very truly yours,

Robert L. Laurence
Executive Officer, DMA
Region V

VJL/mm
Sam Phillips
Lin Carpenter
Charlie Carpenter
Lynch
Shirley
Files

Docket Copy
Surname:

Houk
Rubin
Dwyer
Chambers
Houk
Selfridge

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

MAY 1956

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

Subject: Docket No. DMEA-3260-Mica
John Phillips, Sam L. Phillips
Lin Carpenter, and Charlie
Carpenter
W. A. McKinney Mine
Yancey County, North Carolina
Contract No. Idm-2692

Dear Mr. Lawrence:

Reference is made to your letters of February 1 and March 27, 1956, to Mr. W. A. McKinney, requesting payment of royalties due on sales of mica to the Government Depot by the Superior Mica Company, Inc.

It is suggested that you make a demand upon the signers of the contract for payment of the royalties due, $272.76, since under this contract (Annex II) they remain liable as surety even though they are not the producers. In the usual case, where there is no expressed assumption of the Government's royalty by the transferee of the land, this is the procedure.

In connection with the amount of royalty due, it would be well to inform the Operator of receipt of certain royalty from Mr. W. A. McKinney, owner of the land. For your information the Government subsequently may look to Mr. McKinney for further payment if the Operator does not pay.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2-B)

Approved:

P. F. Jones (2-B)
Member, Bureau of Mines

N. E. Nelson (2-B)
Member, Geological Survey

LGHouk/HCRubin/gad 4/30/56
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Chambers
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Rubin
Mr. Houk

Surname copy:

Houk

140

Rewritten by: Rubin
Sharpe
Alexander
Houk
Selfridge

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

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

Re: Docket No. DMEA-3260 (Mica)
John Phillips, Sam L. Phillips,
Lin Carpenter and Charlie
Carpenter
W. A. McKinney Mine
Yancey County, North Carolina
Contract No. Idm-X692

FROM SOLICITOR
APR 24 1956
FOR SIGNATURE

Dear Mr. Laurence:

Reference is made to your letters of February 1 and March 27, 1956, to Mr. W. A. McKinney, requesting payment of royalties due on sales of mica to the Government Depot by the Superior Mica Company, Inc.

It is suggested that you make a demand upon the signers of the contract for payment of the royalties due, $272.76, since they have the prior liability. In the usual case, where there is no express assumption of the Government's royalty by a transferee of land, this is the appropriate procedure. The abandonment provision has been deleted from the contract, and Annex II provides that the Operator remains liable as surety. It would be well to inform the Operator of the receipt of certain royalty from Mr. W. A. McKinney, owner of the land, to whom the Government can look for further payment, in this case, if the Operator doesn't pay.

LGHouk/HCRubin/emd 4/24/56
Copy to: DMEA Docket
Operating Committee
Adm. R. File
J. L. Chambers
Mr. Kiilsgaard, GSA
Mr. Dietrich, B.M.
Mr. Houk

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Mr. Dwyer
Mr. Rubin
chron.
pending

Approved:

/s/ Robert W. Geehan (2/B)
Member, Bureau of Mines

Thor H. Kiilsgaard (2/B)
Member, Geological Survey

Return Hanz 4-30-56

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

DOCKET COPY
Surname: Houk
Boston

Rewritten H. Rubin/end 4/24/56

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

Re: Docket No. DMEA-3260-Mica
John Phillips, Sam L. Phillips,
Lin Carpenter and Charlie Carpenter
W. A. McKinney Mine
Yancey County, North Carolina
Contract No. Idm-B692

Dear Mr. Laurence:

Reference is made to your letters of February 1 and March 27, 1956, to Mr. W. A. McKinney, requesting payment of royalties due on sales of mica to the Government Depot by the Superior Mica Company, Inc.

It is suggested that you make a demand upon the signers of the contract for payment of the royalties due, $272.76, since they have the prior liability. The second sentence in Article 7 of the contract beginning with the word "Provided" is deleted and Annex II substituted for Article 6 states that the Operator if he is not the producer is the surety. Mr. W. A. McKinney, as owner of the land and signer of the Owner's Consent to Lien, is secondarily liable for the payment of the royalties due.

Sincerely yours,

Chairman, Operating Committee

Approved:

Member, Bureau of Mines

Member, Geological Survey

LGHouk:ms 4/17/56
Copy to: Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Chambers
Admr. R. File

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

April 19, 1956

Memorandum

To: Mr. Robert P. Dwyer, Associate Solicitor
Division of Mineral Resources

From: Jay L. Chambers, Chief (Signed) J. L. Chambers
Contract Administration and Audit Division

Subject: Docket No. DMEA-3260 (Mica
John Phillips, Sam L. Phillips, Lin Carpenter and
Charlie Carpenter, W. A. McKinney Mine
Yancey County, North Carolina, Contract No. Idm-2692

Please note Lawrence's previous letters to McKinney, McKinney's payment of one delinquency and his promise to pay this one.

Of course, we should have written to the original operators first, but since we did not, it appears to me that we should tell Phillip, et al., that they are surety under Annex III, but also give them the information regarding our demands on McKinney and his promises and actions.

Attachment

JIChambers/wb
April 19, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers

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

RECEIVED
MAR 29 1956

March 27, 1956

Mr. W. A. McKinney

Newdale, North Carolina

Re: Docket No. DMEA-3260 -Mica
John Phillips, Sam Phillips
Lim Carpenter and Charlie Carpenter
W. A. McKinney Mine, Yancey County, N. C.
Contract No. Idm-E692

Dear Mr. McKinney:

We have not received payment of royalties due the Government as requested in my letter of February 1, 1956.

This is long overdue. Please give it your immediate attention, and send payment of $272.76 as requested in that letter, as well as payment of royalty on any sales in addition to those for which the above royalty is due. Check should be made payable to Defense Minerals Exploration Administration.

If we do not receive payment, it will be necessary to refer this to our Washington office for further action.

Very truly yours,

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

RAL/am
cc:
Lynch
Shirley
Files
Opr. Com.-2

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

February 1, 1956

RECEIVED
FEB - 3 1956

Mr. W. A. McKinney

Mendale, North Carolina

Re: Docket No. DMEA-3260 (mica)
John Phillips, Sam Phillips,
Lin Carpenter and Charlie Carpenter
W. A. McKinney Mine, Yancey County, N. C.
Idn-2692

Dear Mr. McKinney:

On November 16 and 17, 1955, Mr. Wm. A. Beck, Mining Engineer, U. S. Bureau of Mines and C. E. Fisher, Auditor, Defense Minerals Exploration Administration, called upon you and advised that you were indebted to the Government in the amount of $272.[illegible] for its 5 percent royalty on 11 sales of mica to the Government Mica Buying Depot by the Superior Mica Company, Inc. The net proceeds from these sales amounted to $5,455.29. At that time you told the above men that you would make the above payment within 10 days.

Please send your check in the above amount made payable to the Defense Minerals Exploration to this office at once.

Very truly yours,

Robert A. Laurence
Executive Officer, DMEA
Region V

WAB/mm
cc:
Opr. Com.
Lynch
Shirley
Files

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

DEC - 1 1955

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

Re: Report of Royalty Review
Docket No. DMEA-1260
Phillips, Phillips,
Carpenter & Carpenter
W. A. McKinney Mine
Contract Ida-3692

Dear Mr. Lawrence:

Enclosed herewith are the original and one copy of Second Report of Royalty Review pertaining to the above-cited project.

If you concur with the facts stated therein the original of the report should be forwarded to the Regional Finance Officer and the copy retained in your file.

Sincerely yours,

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

CEFisher/wb
December 1, 1955

Copy to: Docket
Admr. Reading File
Mr. Chambers

R.S.S.

3260

Don't remove

[illegible]TION ON INTE[illegible]
[illegible]E FINAL FIELD TEAM REPORT

Date 11-25

Referred to:

~~1. Mr. Mittendorf~~
~~2. Mr. Hammes~~
~~3. Mr. Chandler~~
~~4. Docket Control Mails and Files~~
~~5. Non Utilities Division~~
7. Docket Control Mails and Files

Note comments in report regarding:

1. Royalty due - Division
2. Admin. keep check for possible follow up.
3.
Note
4. Rpt. of Royalty Review now being prepared by Mr. Fisher
Fisher 11/24/55

and take appropriate action.

- - - - - -

Action taken by Division:

ROBERT E. ADAMS

Initials

Anderson

INTERIM REPORT ON CERTIFIED PROJECT

DMEA-3260, Idm-E692 (mica) W. A. McKinney Mine

Operator: Not in operation: Original operators, John and Sam Phillips, and Lin and Charlie Carpenter, Spruce Pine, N. C.

Location: On the northwest side of the Ed Young Road, 1/8 mile northeast of Newdale, Yancey County, N. C.

Accompanied by C. E. Fisher, Auditor of the Contract Administration and Audit Division of DMEA, the writer visited the subject mine November 15, 1955. Mr. W. A. McKinney was contacted at this home on the property. He stated the Superior Mica Company, who were operating the mine when it was inspected in June, had ceased operations.

A check was made at the Spruce Pine Mica Depot and it was found that royalty had not been paid the Government on mica sales amounting to $5,455.29. A list of these sales was given to Mr. McKinney and he was told that the Government's royalty on these sales amounted to $272.76. He stated that he would try to send a check to Mr. Laurence within ten days.

Wm. A. Beck, Mining Engineer
U. S. Bureau of Mines

November 15, 1955

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

June 13, 1955

Memorandum

To: Helen Miller, Ass't Administrative Officer - Knoxville-Norris

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

Subject: Royalty payment - Idm-E692, DMEA-3260 (mica) John Phillips, et al
W. A. McKinney Mine, Yancey County, N. C.

Transmitted are copies of sale vouchers in the amount of $2,799.50, and a check for royalty in the amount of $139.98 due the Government on the subject sale.

Robert A. Laurence

RM.
cc:
Lynch
Shirley
Mittendorf
W. A. McKinney
Files

RECEIVED
JUN 15 1955

1785.55
1013.95
2799.50
139.98

Copy

GENERAL SERVICES ADMINISTRATION, REGION IV
MICA PURCHASE DEPOT, Spruce Pine, N. C.

Authorization No. EPS-4-1586A Acceptance No. A44-1461 Date: 5-20-55

Seller: Superior Mica Inc
c/o D.W. Burleson Minneapolis N C
Mine: McKinney Mine DMEA No. 3260 I6ME692

Non Ruby Mica

Quality of Mica	HALF TRIM			FULL TRIM		
	Pounds	Price/Lb.	Amount	Pounds	Price/Lb.	Amount
Good Stained & Better Grades No. 3 & larger				3.47	$70.00	242.90
No. 4 and 5				23.06	$40.00	922.40
No. 5½ and 6				23.06	$15.00	345.90
Stained No. 3 and larger		$12.00		1.84	~~$16.00~~ 14.40	26.50
No. 4 and 5		$ 5.00		14.13	~~$ 8.00~~ 6.40	90.43
No. 5½ and 6		$ 3.00		15.38	~~$ 5.00~~ 4.00	61.52
Heavy Stained No. 3 & larger		$ 8.00			~~$13.00~~ 10.40	
No. 4 and 5		$ 4.00			~~$ 6.00~~ 4.80	
No. 5½ and 6		$ 2.00			~~$ 3.00~~ 2.40	
LOT TOTALS		//////			//////	
TOTAL		/////		80.94	/////	1689.65

5-18-55 Sold to English Mica Co 1790 lbs. scrap @ $30/T $26.85
5-30-55 " " " " " 2470 lbs. " @ $30/T 37.05
5-30-55 " " R. Ledford 400 lbs. punch @ 8¢/lb 32.00
Total $1785.55

Copy

GENERAL SERVICES ADMINISTRATION, REGION IV
MICA PURCHASE DEPOT, Spruce Pine, N. C.

Authorization No. EPS-4-1586A Acceptance No. A04-1486 Date: 5-27-55

Seller: Superior Mica, Inc.
c/o D.W. Burleson, Minneapolis, N.C.

Mine: McKinney Mine No. 1 DMEA No. 3260

Non Ruby Mica

Quality of Mica	HALF TRIM			FULL TRIM		
	Pounds	Price/Lb.	Amount	Pounds	Price/Lb.	Amount
Good Stained & Better Grades No. 3 & larger				1.75	$70.00	122.50
No. 4 and 5				13.12	$40.00	524.80
No. 5½ and 6				17.84	$15.00	267.60
Stained No. 3 and larger		$12.00		.81	$~~18.00~~ 14.40	11.66
No. 4 and 5		$ 5.00		7.38	$ ~~8.00~~ 6.40	47.23
No. 5½ and 6		$ 3.00		10.04	$ ~~5.00~~ 4.00	40.16
Heavy Stained No. 3 & larger		$ 8.00			$13.00	
No. 4 and 5		$ 4.00			$ 6.00	
No. 5½ and 6		$ 2.00			$ 3.00	
LOT TOTALS		//////			//////	
TOTAL		/////		50.94	/////	1013.95

INTERIM REPORT ON CERTIFIED PROJECT

DMEA-3260, Idn-E692 (mica) W. A. McKinney Mine

Operator: Superior Mica Company, c/o D. W. Burleson, Agent, Minneapolis, N. C.

Location: On the northwest side of the Ed Young Road, 1/8 mile northeast of Newdale, Yancey County, N. C.

The above mine was visited on June 9 to verify a report that it was in operation. The Operators who had a DMEA Contract had given up their lease and the property is now being operated by the Superior Mica Company, D. W. Burleson is their agent. Mr. W. A. McKinney, the owner of the property was asked whether he had stipulated in his lease that the Government was entitled to a royalty on any production from the property. He stated that he had not and that he understands that he is obligated to make the royalty payments.

The present Company started operating on the property about May 1, 1955. They are paying Mr. McKinney 12½ percent royalty and have paid him $349.94 on sales to date. These sales amounted to $2,799.50. Mr. McKinney gave the writer a check in the amount of $139.98 for the Government's royalty on the above.

Wm. A. Beck, Mining Engineer
U. S. Bureau of Mines

Date Inspected: June 9, 1955

RECEIVED
JUN 1 5 1955

Docket Copy
Surname:
Anderson
Houk
Chambers
Hedges
Killgaard
Selfridge
H E Johnson

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

Messrs. John Phillips, Sam L. Phillips
Lin Carpenter and Charlie Carpenter
Spruce Pine, North Carolina

FEB 1 1 1955

Re: Docket No. DMEA-3260 - Mica
John Phillips, Sam L. Phillips
Lin Carpenter and Charlie Carpenter
W. A. McKinney Mine
Yancey County, North Carolina
Contract No. Idm-E692

Gentlemen:

Transmitted herewith is a certification of discovery or development on Contract No. Idm-E692 on the W. A. McKinney Mine, Yancey County, North Carolina.

By the terms of the Exploration Project Contract and of the certification, all production from the property from the date of the Exploration Project Contract, July 30, 1954, is subject to the Government's percentage royalty as set forth in the contract until the sum of $2,709.75 is paid or until July 30, 1964, whichever occurs first.

Payments should be made to Mr. Robert A. Laurence, Executive Officer, Defense Minerals Exploration Administration Field Team, Region V, Room 13, Post Office Building, Knoxville 2, Tennessee. Checks should be drawn payable to the Defense Minerals Exploration Administration. The purchaser should be advised to deduct the royalties from the amount due on each shipment and forward check to the Executive Officer.

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

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

Sincerely yours,

G. O. Mittendorf

Administrator

Enclosure

WCAnderson:gad 2/8/55

Copy to: Mr. and Mrs. W. A. McKinney (Attached to Field Team copy for mailing.)
Admr. R. File
Docket
Mr. Johnson
Mr. Chambers
Mr. Houk
Mr. Hedges, 4604
Mr. Killsgaard, 5222
Field Team, Region V
Operating Committee

R.C.L.

Docket Copy
Surname:
Anderson
Houk
Chambers
Hedges
Killsgaard
Selfridge
Johnson

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

600

Mr. Irving Gumbel, Acting Director
Materials Division
Emergency Procurement Service
General Services Administration
Washington 25, D. C.

FEB 1 1 1955

Re: Docket No. DMEA-3260 - Mica
John Phillips, Sam L. Phillips,
Lin Carpenter and Charlie Carpenter
W. A. McKinney Mine
Yancey County, North Carolina
Contract No. Idm-E692

Dear Mr. Gumbel:

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

The exploration contract was signed on July 30, 1954, with the Government participating to the extent of 75% of $3,613.00, or $2,709.75.

The project was started on August 17, 1954, and completed October 21, 1954, after the expenditure of $2,878.00 which is the total net accepted cost according to the Audit Review. The Government paid 75% of the total accepted cost or $2,158.50.

The work performed on this project consisted of driving 79 feet of drift on the 45-foot level from an existing incline. The drift was driven in the upper portion of a pipe-shaped zoned pegmatite in biotite gneiss, resulting in the discovery of concentration of strategic mica from which the following reserves were calculated:

Indicated	- 12.5 tons "mine run" mica @ $600.00/ton	$7,500.00
Inferred	- 20.0 tons "mine run" mica @ $600.00/ton	12,000.00

About 5,000 pounds of "mine run" mica was recovered during the operation from which $1,037.37 worth of trimmed sheet mica was sold.

The DMEA concurs with the field team's evaluation of the work performed and has certified that a discovery or development has resulted from the work under this contract.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

Enclosure

WCAnderson:gad 2/8/55

Copy to: Admr. R. File
Docket
Mr. Johnson
Mr. Chambers
Mr. Houk
Mr. Hedges, 4604
Mr. Killsgaard, 5222
Operating Committee
Field Team, Region V

R.C.H.

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

THE INTERIOR
Minerals Administration
RECEIVED
DEC 23 1954

December 23, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3260 (mica)

Applicant: John and Sam Phillips, and Lin and Charlie Carpenter

Name and Location of Property: W. A. McKinney Mine
Yancey County, North Carolina

Contract Number: Idm-E 692

Date of Field Team Final Report: December 8, 1954

Date Rec'd. by Ceramic & Fertilizer Mtls. Br.: December 14, 1954

Field Team Recommendation:

1. Certification.

Comments:

1. About 5,000 pounds of "mine-run" mica was recovered, from which some sheet and scrap mica have been sold.

2. Reserves are estimated at:
   indicated - 25,000 pounds
   inferred - 40,000 pounds

3. Expenditures:

Total approved	-	$3,613.00
Total cost	-	2,878.00
Gov't. share	-	2,158.50
Value of production during operation	-	1,037.37

Recommendation:

I concur in the field team's recommendation of certification of discovery or development.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

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

Defense Minerals Administration
RECEIVED
JAN 20 1955

January 19, 1955

Re: DMEA-3260
Phillips & Carpenter
(W. A. McKinney Mine)
Yancey Co., N. C.
$2,878 - Mica

Memorandum

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

From: E. L. Newcomb, U. S. Geological Survey

Subject: Review of Final Field Team report

The Field Team report has recommended a certificate of discovery be issued.

Exploration work consisted of driving 79 feet of laterals from the 45 level of an existing incline.

About 5,000 pounds of mine-run mica was produced by DMEA exploration work and 101.73 pounds of trimmed sheet was sold for $946.92.

Additional mica probably will be mined and sold from this property.

I recommend a certificate of discovery be issued.

E. L. Newcomb

E. L. Newcomb

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 1013 POST OFFICE BLDG.
WASHINGTON 25, D.C.
KNOXVILLE 2, TENN.

December 8, 1954

Memorandum

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

From: Field Team, D. M. E. A. - Region VII

Subject: Final Reports, DMEA-3260, Idm-E692(mica) W. A. McKinney Mine, Yancey County, N. C.

Enclosed are 4 copies each of the Field Team and Operator's final reports on the subject exploration contract.

The work has indicated a reserve of mica, and we recommend certification of discovery.

Robert A. Laurence /WAB

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION VII

Wm A. Beck /.z

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 10 1954

Operators Final Rpt.

Spruce Pine, North Carolina
October 22, 1954

Mr. Robert A. Laurence, Executive Officer
D.M.E.A., Region VII
Post Office Building
Knoxville, Tennessee

Re: DMEA-3260, Idm E-692
W. A. McKinney Mine
Final Report

Dear Mr. Laurence:

Work began on the above project on August 17, 1954. We constructed tool and hoist house, powder and exploder magazines, laid track and car line. We drove a drift in a Northwest direction for 9 feet. We were in pegmatite with a few very small pieces of mica showing most of the 9 feet; but at the 9 ft. point we hit a slate wall.

We then began a drift to the Southeast, which ran in pegmatite all the way, and we found some small, badly cut up mica in very thin blocks. After drifting 20 ft. in this direction we again hit a slate wall.

We changed direction and drove a drift to the Southwest a total of 50 feet. This drift was in pegmatite containing some flint, feldspar and some small mica. We recovered some mica of a poor quality, and it became smaller as we advanced. We again hit solid slate. The field team visited the mine on October 21 and as of that date cancelled the government contract.

We have sold mica in the sum of $ 576.84, and we have on hand approximately the same amount to be sold.

We appreciate the cooperation of the DMEA Field Team on this mining project. If further details are necessary, please contact us.

Very truly yours,

John Phillips

John Phillips

B/b

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

COPY

~~WASHINGTON 25, D.C.~~

ROOM 13, POST OFFICE BLDG.
KNOXVILLE 2, TENN.

December 8, 1954

Memorandum

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

From: Field Team, D. M. E. A. - Region VI

Subject: Final Reports, DMEA-3260, Idm-E692 (mica) W. A. McKinney Mine, Yancey County, N. C.

Enclosed are 4 copies each of the Field Team and Operator's final reports on the subject exploration contract.

The work has indicated a reserve of mica, and we recommend certification of discovery.

Robert A. Laurence

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

RAL/zm
cc:
Beck
Lynch
Files

Approved by
DMEA OPERATING COMMITTEE
12-13-54
(date)

RECEIVED
DEC 10 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FINAL REPORT BY FIELD TEAM, REGION VII

ON

DMEA-3260, W. A. MCKINNEY MINE
(mica)
Yancey County, North Carolina

Final Field Team Rpt.

BY

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

D. H. Amos, Geologist
U. S. Geological Survey
and

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

Reviewed by
DMEA OPERATING COMMITTEE
12-13-54
(date)

December 7, 1954

FINAL REPORT

DMEA-3260, Idm-E692 (mica)
W. A. McKINNEY MINE

Operator: John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter, Spruce Pine, North Carolina

Location: On the northeast side of Ed Young Road, 1/8 mile northeast of Newdale, Yancey County, North Carolina

Work completed under the contract consisted of constructing a toolhouse, two magazines and driving 79 feet of laterals from the 45-foot level of an existing incline. As this work adequately explored the pegmatite at this level, the contract was terminated by mutual agreement effective October 21, 1954. Some strategic mica was recovered from the laterals and the mine could possibly be operated economically; thus it is recommended that a certification of discovery be issued. No additional exploratory work is warranted.

Work began on August 17, 1954 and was completed on October 21, 1954. A total of 79 feet of laterals were driven from the 45-foot level of an existing 75-foot incline as follows: (1) a 9-foot lateral in a N. 55° W. direction, (2) a 20-foot lateral in a S. 60° E. direction, and (3) a 50-foot lateral the first 25 feet of which was driven in a S. 25° W. direction and the remainder due south. Country rock, biotite gneiss, was encountered in the head of all three laterals.

A pipe-shaped pegmatite which plunges to the southwest was explored by the laterals. It appears that the plunge of the body is gentle being less than the slope of the incline which is - 35°. The body is zoned but all the lateral work was confined to the mica-rich upper zone. The latter consists of coarse-grained perthite, plagioclase, quartz, muscovite, biotite and garnet. Muscovite tends to be scattered throughout the zone. Foliation of the biotite gneiss wall rock exposed in the heads of the laterals strikes N. 70°-85° E. and dips 55° - 80° to the southeast.

About 5000 pounds of "mine-run" mica was recovered from the laterals. A total of 101.73 pounds of trimmed sheet mica, worth $946.92 has been sold to date. A summary of the quality and sizes of these sales is as follows:

	4 & 5	5½ & 6
Good -stained & Better	3.33 lbs.	40.56 lbs.
Stained	1.64 "	36.68 "
Heavy Stained	0.52 "	19.00 "

A total of 2390 pounds of scrap worth $35.85 and 780 pounds of washer worth $54.60 have also been sold to date.

Most of the mica books are thin and frequently have interlayered

biotite. Much is considerably mineral-stained and some is cracked and somewhat curved.

An estimate of reserves revealed by the exploration is:

Indicated	25,000 pounds "mine-run" mica
Inferred	40,000 pounds " " "

Expenditures:

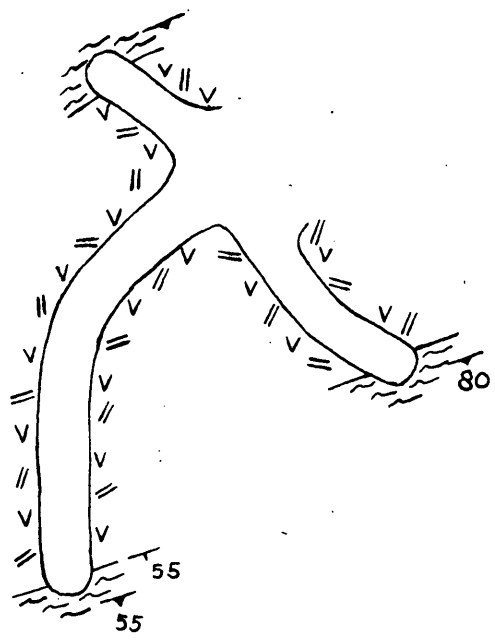
(a)	Total approved	$3,613.00
(b)	Total cost of project	2,878.00
(c)	Government's share of cost	2,158.50
(d)	Government's share unexpended	551.25
(e)	Value of production to date	1,037.37
(f)	Royalties paid to date	51.86

The work was performed in an efficient and satisfactory manner. No equipment was purchased under the contract.

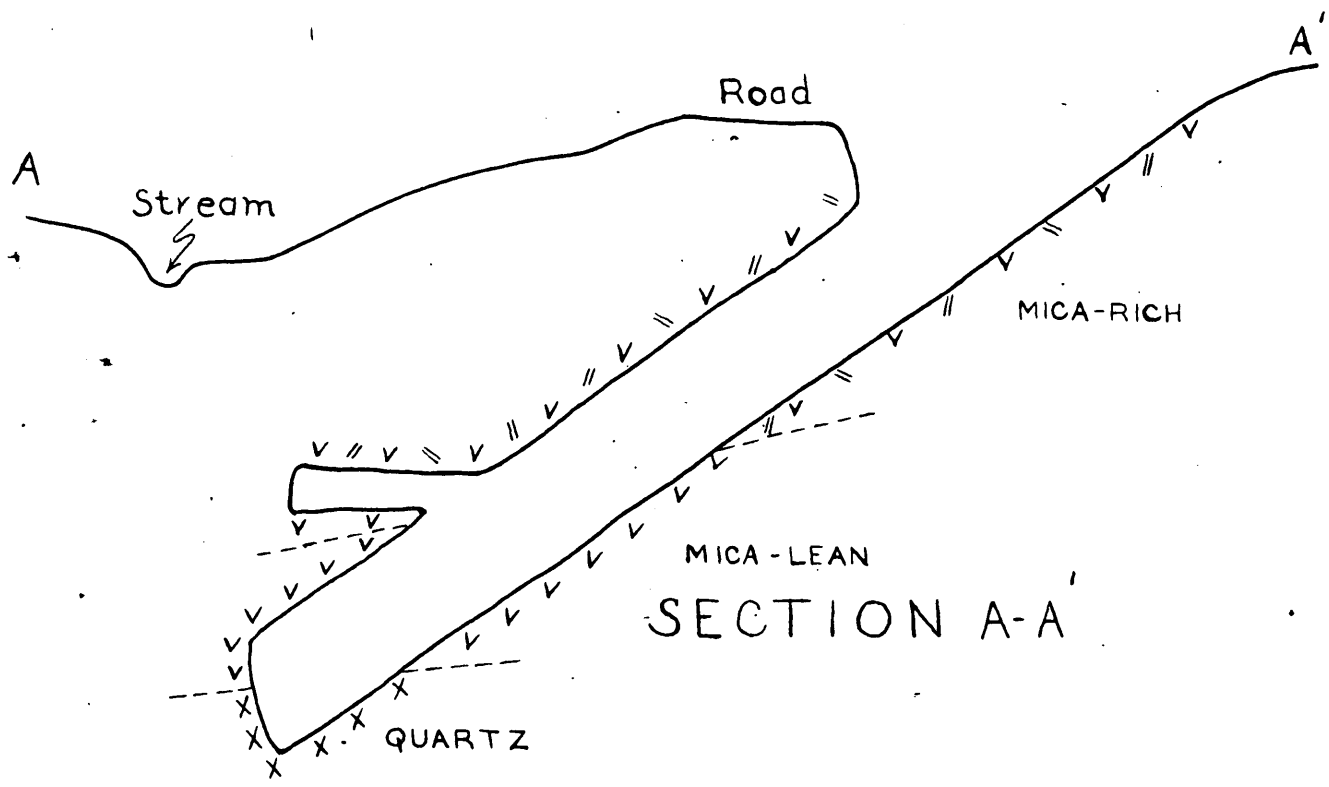
December 7, 1954.

K. H. Teague and D. H. Amos, Geologists
U. S. Geological Survey

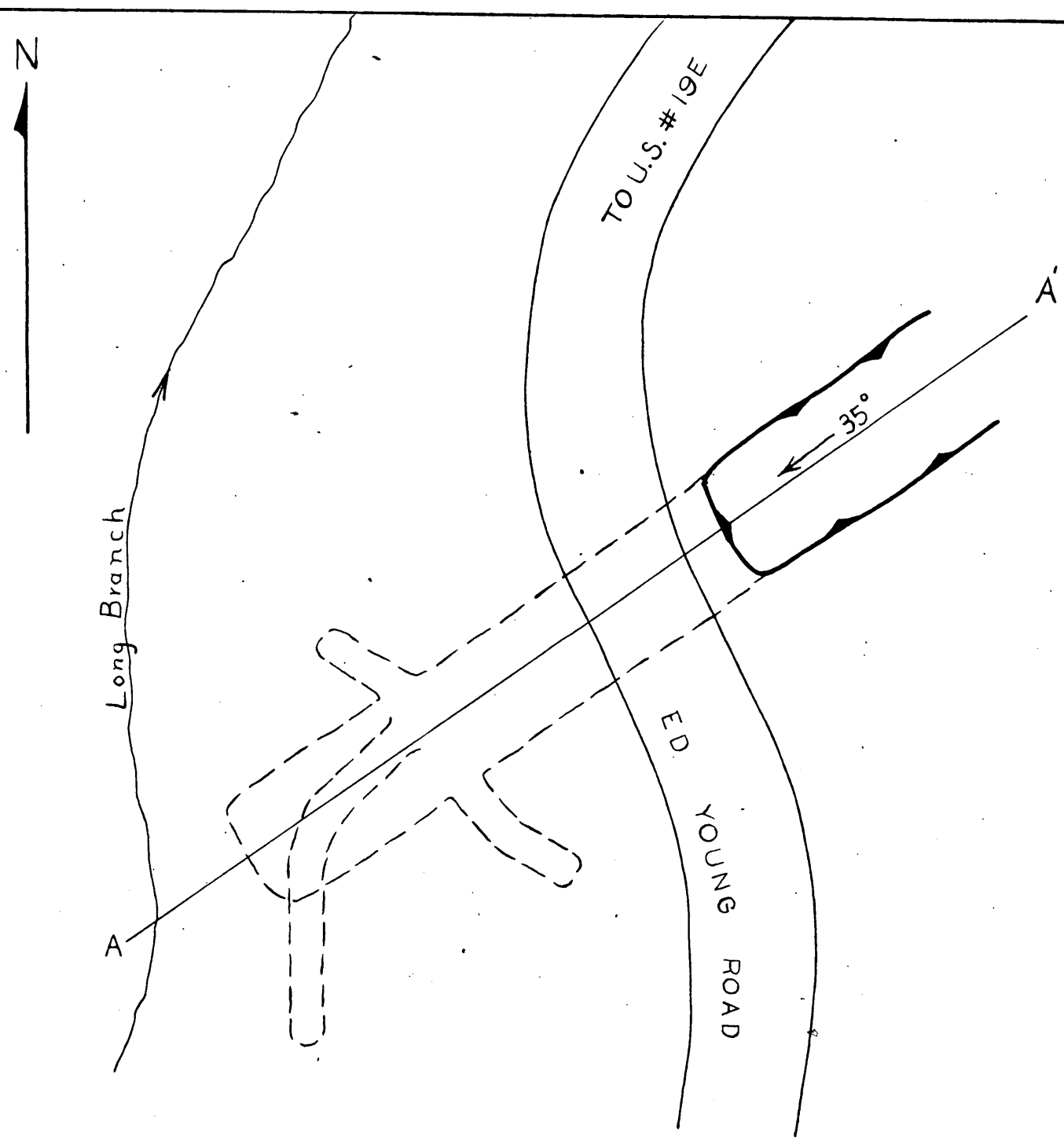
L. E. Shirley, Mining Engineer
U. S. Bureau of Mines



PLAN



SECTION A-A'



SKETCH OF

W.A. McKINNEY MINE

YANCEY CO., N.C.

DMEA-3260 (mica)

Mittendorf

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

December 3, 1954

Memorandum

To: Mrs. Helen Miller, Administrative Officer
Finance Division - Region VII

From: Executive Officer, DMEA - Region VII

Subject: Royalty checks

Transmitted herewith are royalty checks on the following:

DMEA-3260,	Idm-E 692	$4.52	W. A. McKinney Mining Co.
DMEA-3287,	Idm-E 674	$64.32	Mud Cut Mining Co.
DMEA-3410,	Idm-E 712	$17.62	Rock Mining Co.
DMEA-2466,	Idm-E 410	$34.21	Elk Mining Co.

Robert A. Laurence

Enclosures
mg
cc -
Beck
Lynch
Files
Mittendorf
Mrs. Miller
Sam L. Phillips

Copy

November 29, 1954

Sold to Carpenter & Phillips Mica Co.
Spruce Pine N. C.

780# Washer Mica @ 7¢/lb. $54.60

W. A. McKinney Mining Co.

Dmea-3260, Idm-E692.

cc:
Beck
Mittendorf

November 26, 1954

Sold to The English Mica Company,
Spruce Pine, N. C.

2390 lbs. Scrap Mica @ $30.00/ton $35.85

By: F. E. Buchanan

W. A. McKinney Mining Co.

cc:
Beck
Mittendorf

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D. C.~~
ROOM 13 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

Department of the Interior
Defense Minerals Administration
RECEIVED
DEC 3 1954

December 1, 1954

Memorandum

To: Operating Committee, DMEA, Washington 25, D. C.

From: Executive Officer, DMEA, Region VII

Subject: Docket No. DMEA-3260, Contract No. Idm-E692 (mica)
Termination Agreement - W. A. McKinney Mine
John Phillips, Sam L. Phillips, Lin Carpenter and
Charlie Carpenter

Transmitted are the Government's, Docket and Division copies of the subject Termination Agreement. We have retained our copy and have sent the Finance Office theirs.

Robert A. Laurence
Robert A. Laurence

Enclosures 3

Docket Copy
Surname:
Anderson
Houk
Talbot
Selfridge
Johnson

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

NOV 24 1954

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

Subject: Docket No. DMEA-3260 - Mica
John Phillips, Sam L. Phillips,
Lin Carpenter, and
Charlie Carpenter
W. A. McKinney Mine
Yancey County, North Carolina
Contract No. Idm-E692

Dear Mr. Laurence:

Reference is made to Field Team memorandum of October 27, 1954, requesting termination of the subject contract.

Please find herewith the original and five copies of the Termination Agreement which have been signed by the Government. If it meets with your approval present it to the Operators for approval and signatures.

After execution of the Termination Agreement the copies are to be distributed in the usual manner.

Sincerely yours,

George C. Selfridge by ESY
Chairman, Operating Committee

Approved:

J. H. Hedges by ESY
Member, Bureau of Mines

Thor H. Kiilsgaard by ESY
Member, Geological Survey

Enclosures 6

WCAnderson:gad 11/22/54

Copy to: Admr. R. File
Docket
Operating Committee
Mr. Dietrich, 3061
Mr. Kiilsgaard, 5222
Mr. Houk

R.G.S.

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

DEPARTMENT OF THE INTERIOR
Bureau of Mines
RECEIVED
NOV 10 1954

November 8, 1954

Memorandum

To: Cora Piper, Chief, Finance Division - Region VII

From: Executive Officer, DMEA - Region VII

Subject: Royalty check - DMEA-3260, Idm-E692 , John Phillips, et al

Transmitted is a bill of sale for mica in the amount of $370.08, and a check for $18.50, which is 5 percent royalty due the Government on the sale.

Robert A. Laurence

ZM.
Beck
Lynch
Kittendorf
Sam. Phillips

Mr. Mittendorf
Beck

C
O
P
Y

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 10 1954

GENERAL SERVICES ADMINISTRATION, REGION IV
MICA PURCHASE DEPOT, Spruce Pine, N. C.

Authorization No. 153 A Acceptance No. A04-578 Date: 10-29-54

Seller: Sam L. Phillips, Spruce Pine, N. C.

Mine: W. A. McKinney, Yancey County, N. C. DMEA No. 3260, Idm-E692

Quality of Mica	HALF TRIM			FULL TRIM		
	Pounds	Price/Lb.	Amount	Pounds	Price/Lb.	Amount
Good Stained & Better Grades No.3 & larger					$70.00	
No. 4 and 5				.39	$40.00	15.60
No. 5½ and 6				15.19	$15.00	227.85
Stained No.3 and larger		$12.00			$18.00	
No.4 and 5		$ 5.00		.90	$ 8.00	5.76
No.5½ and 6		$ 3.00		20.37	$ 5.00	81.48
Heavy Stained No.3 & larger		$ 8.00			$13.00	
No.4 and 5		$ 4.00		.52	$ 6.00	2.50
No.5½ and 6		$ 2.00		15.37	$ 3.00	36.89
LOT TOTALS		//////////			//////////	
TOTAL		//////////		52.74	//////////	370.08

Total $370.08

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
SOUTHEASTERN REGION
REGION VII
HAMILTON BANK BUILDING

OFFICE OF
REGIONAL DIRECTOR

POST OFFICE BOX 1909
KNOXVILLE, TENNESSEE

November 3, 1954

Memorandum

To: J. L. Chambers, Defense Minerals Exploration Administration, Interior Building, Washington 25, D. C.

From: Administrative Officer, Region VII, Knoxville, Tennessee

Subject: Monthly report and voucher

We are enclosing two copies of the following monthly report and voucher:

Idn-E-692 W. A. McKinney Mining Company
DMEA Docket No. 3260
3rd and final payment - month of October
Completion Date: 10/21/54
Amount $630.00

Helen R. Miller

Attachments 2

/hbm
Copies to Region Files
Day Files
W. A. Beck
R. A. Laurence

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

Budget Bureau No. 42-R1036.5

Final Report

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

Month of October 1954 Docket No. DMEA 3260 Contract No. Idm-2692
Operator's Name John Millice, et al. Minerals Mica
Address W.A. McKinney Mining Co., Spruce Pine, N. C.
Contract Amount, $ 3613.00 Government Participation: 75% Amount, $ 2709.75

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
24' Drifting 35.00	840.00	1925.00	2765.00			
					PAID ON SF 1081 K-22	
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Tool House		75.00	75.00			
Powder Magazine		25.00	25.00			
(8) Contingencies (specify): Exploder Magazine		13.00	13.00			
TOTALS	840.00	2038.00	2878.00	840.00	2038.00	2878.00

RECEIVED
OCT 26 1954
U. S. BUREAU OF MINES
Reg. VII Administrative Office
Knoxville, Tennessee

I certify that the above bill is correct and just and that payment therefor has not been received.
Date 10-22-54 *Payee W. A. McKinney Mining Co.
Per [signature] Title Partner

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

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

(Instructions on reverse)

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

$ 630.00

Signature [signature]
(Authorized Certifying Officer)

Date OCT 26 1954 Vou. No. 76
(See other side)

317 c 10/21 210.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Fm-E692 in accordance with the terms of the contract.

Signature Lawrence E. Shurley Title Mining Engr. USBM Date Oct. 25, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION VII Date OCT 26 1954

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Oct. 195 4 Docket No. DMEA 9200 Contract No. 100-7602

Operator's Name John Hellings et al Minerals Mica

Address W. A. McGinnis Mining Co., Spruce Pine, N. C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
24 Drifting 055.00	Ft.	840.00	24	2765.00	79	35.00	100	35.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		840.00		2765.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				113.00				
Total Costs		840.00		2878.00				

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

Date 10-22-54 Operator W. A. McGinnis Mining Co.

Per John Hellings Title Partner

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

Remarks:

(Instructions on reverse)

(For Government use only)

RECEIVED
OCT 26 1954
U. S. BUREAU OF MINES
Reg. VII Administrative Office
Knoxville, Tennessee

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

GRO ANER'S

MONTHLY REPORT OF PROGRESS

DMA-3060

Idn- 0592

Work Accomplished:

We completed 24 feet of drifting during October, (until date of cancellation, October 21). All of this distance was in vein of feldspar, flint and mica. We recovered about 600 lbs. of mica. Solid slate was hit at the 50' point in the drift and the Field Team advised us that the contract would be cancelled.

Daily Notes:

October 4 - 8	Drilled, did some shooting. In vein material with some mica in small pieces. Mucked.
October 11- 15	Pumped water, continued in same direction with the drift. Recovering some mica of poor quality as we progress. Drilled and shot.
October 18 - 21	Pumped water, mucked, recovered mica. Mica became much smaller, and at the 50' point in the drift we hit hard slate. Field Team visited mine on Oct. 21 and advised cancellation of the contract.

RECEIVED
OCT 26 1951
U. S. BUREAU OF MINES
Regional Administrative Office
Knoxville, Tenn.

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

Defense Minerals Administration
RECEIVED
OCT 29 1954

October 27, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Field Team, DMEA - Region VII

Subject: DMEA-3260, Idn-E 692. W. A. McKinney Mine, Yancey Co., N. C. (mica) Request for Termination.

Attached are four copies of the latest interim report on the subject contract.

We agree with the field examiners that the pegmatite was adequately explored on the level from which the work was conducted. It is requested that permission be granted to terminate the contract by agreement with the Operator, effective October 21, 1954, the date on which the Operator was advised to suspend work.

Wm. A. Beck, Acting
Executive Officer, DMEA
Region VII

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

INTERIM REPORT

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 29 1954

DMEA-3260 Idm-E692 (mica) W. A. MCKINNEY MINE

OPERATOR: John Phillips, Sam Phillips, Lin Carpenter and Charlie Carpenter, Spruce Pine, N. C.

LOCATION: On the northeast side of the Ed Young Road, 1/8 mile northeast of Newdale, Yancey County, N. C.

Drifting has continued to the south on this contract and all drift work to date totals 79 feet. The operator was advised to discontinue work after examination disclosed that wall rock had been encountered in the head of the present drift.

Work performed under contract consisted of driving three laterals from the same level in an existing incline. No. 1 was driven to the northwest for 9 feet and wall rock was encounted at about 7 feet; No. 2 was driven to the southeast for 20 ft. and wall also encountered at this point; No. 3 was driven to the southwest for 25' and south for 25' before encountering wall. In the head of drift No. 3 at the contact the trend of the country rock, a biotite gneiss, is N 85° E and dips 55° SW. Material encountered in all laterals consisted of feldspar, quartz, scattered garnet, thin film biotite, and thin medium sized blocks of muscovite mica.

The work was conducted satisfactorily and all suggestions made by the examiners were followed closely. 21 feet of drift under contract remains uncompleted.

L. E. Shirley (M.R.)
L. E. Shirley, Mining Engineer
U. S. Bureau of Mines

K. H. Teague D. H. Amos
K. H. Teague & D. H. Amos, Geologists
U. S. Geological Survey

October 21, 1954

DEPARTMENT OF THE INTERIOR
Bureau of Mines Minerals Administration
RECEIVED
OCT 27 1954

xxxxxxxxxxxxxxxxxx

October 25, 1954

Memorandum

To: Cora Piper, Chief, Finance Division - Region VII

From: Executive Officer, DMEA - Region VII - Knoxville, Tenn.

Subject: Royalty checks

Attached is a bill of sales and a check on the following:

Idm-E 674, DMEA-3287, Sam L. Phillips, et al, Mud Cut Mine, sales $418.46, 5% royalty check $20.92.

Idm-E 692, DMEA-3260, Phillips & Carpenter, W. A. McKinney Mine, sales $576.84, 5% royalty check $28.84.

Robert A. Laurence

ZM.
cas
Beck
Lynch
Mittendorf
Files

C
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P
Y

DEPARTMENT OF THE INTERIOR
Defense Minerals
REC'D
OCT 27 1954

GENERAL SERVICES ADMINISTRATION, REGION IV
MICA PURCHASE DEPOT, Spruce Pine, N. C.

Authorization No. 153A Acceptance No. 510 Date: 10-15-54

Seller: Sam L. Phillips, Spruce Pine, North Carolina

Mine: W. A. McKinney Mine DMEA No. DMEA-3260, Idm-E 692

Quality of Mica	HALF TRIM			FULL TRIM		
	Pounds	Price/Lb.	Amount	Pounds	Price/Lb.	Amount
Good Stained & Better Grades No.3 & larger					$70.00	
No. 4 and 5				2.94	$40.00	117.60
No. 5½ and 6				25.37	$15.00	380.55
Stained No.3 and larger		$12.00			$18.00	
No.4 and 5		$ 5.00		.74	$ 8.00	4.74
No.5½ and 6		$ 3.00		16.31	$ 5.00	65.24
Heavy Stained No.3 & larger		$ 8.00			$13.00	
No.4 and 5		$ 4.00			$ 6.00	
No.5½ and 6		$ 2.00		3.63	$ 3.00	8.71
LOT TOTALS		//////////			//////////	
TOTAL		//////////		48.99	//////////	576.84

COPY

October 11, 1954

Mr. Sam Phillips telephoning Mr. Houk - Re: Docket No. DMEA-3260 - Mica
McKinney Mining Co.
W. A. McKinney Mine
Yancey County, North Carolina
Contract No. Idm-E692

Mr. Phillips: On the W. A. McKinney Mine, DMEA-3260 - I have had a little difficulty the property owner tells me on the original lease that he was to have a job at the mine as well as royalty. Do you have such a notation on the bottom of the lease. Do you have a copy of the lease?

Mr. Houk: Yes. It is a regular form lease.

Mr. Phillips: Do you see anything on the bottom.

Mr. Houk: Not on May 7, 1954. Here is one dated February 8, 1954 calls for 1/8 royalty. I sent you a copy of the lease on the 22nd of September that was the May 7, 1954 lease.

Mr. Phillips: Yes but that was not the original.

Mr. Houk: We have one here made out February 8, 1954 to John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter. You have typed on the bottom: "It is agreed that W. A. McKinney the lessor is to have a job at the mines."

Mr. Phillips: Is that all.

Mr. Houk: Just a minute. Yes - that is all. That is on the February 8 lease.

Mr. Phillips: And on May 7th lease there is nothing at the bottom? Those are the original leases that is his signature?

Mr. Houk: Yes. The lease is signed by W. A. McKinney, Mrs. W. A. McKinney and witnessed by Dennis Watson, Notary Public. Let me look again at the February 8th lease. We had trouble with the legal description there you know.

Mr. Phillips: Yes, I remember.

Mr. Houk: On the February 8th lease - it is signed by W. A. Mckinney, Mrs. W. A. McKinney and it is witnessed by Kenneth R. McKinney, Notary Public with a notation "My commission expires 8/11/55" It is a standard form, State of North Carolina, just a mining lease. I see nothing except in the description "This includes both mines with the exception of the jig mica"

Mr. Phillips: That is the one with the bottom notation:

Mr. HouK: Yes. It reads "It is agreed that W. A. McKinney the lessor is to have a job at the mine." They have about 50 feet of drifting I see by the reports.

Mr. Phillips: About 35 feet, I believe. About 35 lbs of mica a day.

Mr. HouK 35 lbs of good mica every day? Anything new down there.

Mr. Phillips: Fairly good. I have about three applications on the way. Look like pretty good prospects.

Mr. Houk: We can handle them - ok.

DEFENSE MINERALS ADMINISTRATION

97022

PRODUCTION EXPANSION DIVISION

EXPLORATION LOANS

Name of Company and Address: _____

Name of Mine and Location _____

Docket No. D.M.A. _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Amount of Total Project: _____

Government participation, percent and amount _____

Number of subprojects in total application _____

Type of Exploration	Feet	Cost per foot	Total cost
Preparatory & Rehabilitation			
Equipment			
Shaft sinking & winzes			
Drifts and crosscuts			
Raises			
Diamond or churn drilling			
Other			

Comments on Contract _____

_____

_____

_____

Date sent to Applicant for signature _____

Date returned to P.E.D. _____

Date sent to Legal _____

Date signed by Administrator _____

Additional remarks: _____

_____

_____

Interior—Duplicating Section, Washington, D. C.

Signed _____

... of the Interior
... Minerals Administration
RECEIVED
OCT 18 1954

INTERIM REPORT

DMEA-3260 Idm-E692 (mica) W. A. MCKINNEY MINE

OPERATOR: John Phillips, Sam Phillips, Lin Carpenter and Charlie Carpenter, Spruce Pine, N. C.

LOCATION: On the northeast side of the Ed Young Road, 1/8 mile northeast of Newdale, Yancey County, N. C.

Drifting continues to the southwest and is now at 38 feet. All drift work to date totals 63 feet. The operator was advised to continue drifting to the southwest until the next regular visit can be made.

Material encountered in recent work consists of pegmatite composed of feldspar, quartz, biotite and muscovite mica. Mica recovery has not increased appreciably and not much change was noted in quality. Some of the mica on hand in the sheeting house was examined and some of it contained considerable stain. Progress on this contract is satisfactory.

Mr. W. A. Beck, member of the Field Team, Region VII, accompanied the examiners on this visit to the mine.

L. E. Shirley

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

K. H. Teague D. H. Amos

K. H. Teague & D. H. Amos, Geologists
U. S. Geological Survey

October 7, 1954

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

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

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

Month of September, 1954 Docket No. DMEA 3260 Contract No. Icm-1692
Operator's Name John Phillips, et al. Minerals Mica
Address W. A. McKinney Mining Co., Spruce Pine, N. C.
Contract Amount, $ 3613.00 Government Participation: 75 % Amount, $ 2709.75

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
55' Drifting @ 35.00	1925.00	None	1925.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Tool House		75.00	75.00			
Powder Magazine		25.00	25.00			
(8) Contingencies (specify): Exploder Magazine		13.00	13.00			
TOTALS	1925.00	113.00	2038.00	1925.00	113.00	2038.00

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

Date 10-1-54 *Payee W. A. McKinney Mining Co.

Per John Phillips Title Partner

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

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

(Instructions on reverse)

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

$ 1443.75

Signature Conan A. Pipes
(Authorized Certifying Officer)

Date OCT 8 1954 Vou. No. 67

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Idm-E692 in accordance with the terms of the contract.

Signature Lawrence E. Shirley Title Mining Engr. U.S.B.M. Date Oct. 5, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION VII Date OCT 7 1954

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of September 1954 Docket No. DMEA 3260 Contract No. IC-E692
Operator's Name John Phillips, et al. Minerals Mica
Address W. A. McKinney Mining Co., Spruce Pine, N. C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
55 Drifting @ 35.00	Ft.	1925.00	55	1925.00	55	35.00	100	35.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1925.00	55	1925.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				113.00				
Total Costs		1925.00		2033.00				

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

Date 10-1-54 Operator W. A. McKinney Mining Co.

Per John Phillips Title Partner

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

Remarks:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 872894

OPERATOR'S
Monthly Report of Progress

Month of Sept., 1954

DTEA-3260

Idm-E-692 (Mica)

Work Accomplished:

We completed 55 feet of drifting; part of which was done in August but was not reported in that month because the footage had not been measured. Most of the 55 feet was in vein, and about one ton of mica was recovered. The mica is cut up and not of a very high quality. The drifting has been done in three directions; the field team stopped the drift in two and advised a Northwest direction which we are now following.

Daily Notes:

Sept. 1 - 3 - We drove a drift about 16' to the Northeast, in vein material until we hit slate. We found scattered mica and recovered about 100 lbs. Field team stopped this direction.

Sept. 6 - 10 - Pumped water, drilled and shot. Began heading in Southwest direction, in vein material. Recovered some mica, but again field team suggested we stop.

Sept. 13 -17 - Pumped water, began a drift in a Northwest direction. Drilled, shot and mucked. In vein material, and finding more mica than in previous directions. Recovered about 300-400 lbs. Mica poor quality but improving.

Sept. 20 - 24 - Pumped water, shot and mucked. Continued in N. W. direction in vein material. Still recovering mica of about same quality.

Sept. 27 - 30 - Drilled, mucked; pumped water. Recovered more mica, total for the month now about one ton.

OCT - 4 1954

INTERIM REPORT

DMEA-3260 Idm-E692 (mica) W. A. MCKINNEY MINE

OPERATOR: John Phillips, Sam Phillips, Lin Carpenter, and Charlie Carpenter, Spruce Pine, N. C.

LOCATION: On the northeast side of the Ed Young Road, 1/8 mile northeast of Newdale, Yancey County, N. C.

Drifting continues at two locations on this contract and now totals 45 feet. The operators were instructed to discontinue work in the southeast drift and to continue driving to the southwest. Two crosscutting laterals have been driven from the main drift to the northwest and southeast for a total distance of 25 feet. Both laterals encountered country rock, a biotite gneiss, and work was discontinued. A drift was started to the southwest which is following the general direction of the original work and is now at 16 feet. Material encountered consists of pegmatite composed of feldspar, quartz, large blocks of biotite mica and muscovite mica. About 2 standard powder boxes of good quality muscovite is recovered each shift. Considerable "mine-run" block is on hand and processing of this mica will begin in the near future. Drift work will continue in the same general direction until another examination can be made.

The foreman was advised to barr down all loose material in the working area after shooting. Progress on this contract is satisfactory.

L. E. Shirley

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

K. H. Teague D. H. Amos

K. H. Teague & D. H. Amos, Geologists
U. S. Geological Survey

September 24, 1954

Bureau of Mines
RECEIVED
SEP 20 1954

Spruce Pine, North Carolina
September 16, 1954

Mr. Lawrence G. Houk, Chief
Nonmetallic Minerals Division
Department of the Interior, DMEA
Washington 25, D. C.

Re: DMEA-3260, W. A. McKinney Mine

Dear Mr. Houk:

We would appreciate your sending us from your files a copy of the original lease on the property for the W. A. McKinney Mine.

Very truly yours,

Sam L. Phillips

Sam L. Phillips

B
P/b

Sent 1-cc lease dated May 7, 1954 to Sam L. Phillips Spruce Pine N.C. on 9-22-54. gab

INTERIM REPORT

DMEA-3260 Idm-E692 (mica) W. A. McKINNEY MINE

SEP 20 1954

OPERATOR: John Phillips, Sam Phillips, Lin Carpenter and Charlie Carpenter, Spruce Pine, N. C.

LOCATION: On the northeast side of the Ed Young Road, 1/8 mile northeast of Newdale, Yancey County, N. C.

Drifting is underway on this contract and now totals 19 feet. Drifting to the northwest has been halted and a new drift to the southwest will begin in the near future.

Recent work has been concerned with laying track, construction of a tool house and powder and cap magazines, installation of a hoist, etc. Drifts have been driven to the northwest and southeast from the incline. Work was stopped on the northwest drift because wall rock, a biotite gneiss, was encountered. All drifts have been driven from the same level to date in pegmatite composed of quartz, feldspar, biotite mica, accessory garnet and muscovite mica. About 500 pounds of mine run block has been recovered to date from the drifts.

Progress on this contract is satisfactory.

L. E. Shirley

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

D. H. Amos

D. H. Amos, Geologist
U. S. Geological Survey

September 8, 1954

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

SEP 17 1954

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of August, 1954 Docket No. DMEA 200 Contract No. 200
Operator's Name John Phillips et al, d.b.a. Phillips Mining Co. Minerals Mica
Address Ruco Mine, North Carolina
Contract Amount, $ 300.00 Government Participation: 75 % Amount, $ 225.75

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Soil Bank	75.00	Zero	75.00			
Part of Exploration Report	30.00		30.00			
(8) Contingencies (specify):						
TOTALS	339.00		339.00	113.00		113.00

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-V 4

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

Date 9-2-54 *Payee John Phillips et al. d.b.a. Phillips Mining Co.

Per John Phillips Title Partner

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

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

(Instructions on reverse)

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

$ 84.75

Signature Cora A. Piper
(Authorized Certifying Officer)

Date SEP 10 1954 Vou. No. 51

(See other side)

1st 8/17 28.25

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. Dm-E692 in accordance with the terms of the contract.

Signature Lawrence E. Shirley Title Mining Engr. U.S.B.M. Date Sept. 2, 1954

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION VII Date SEP 8 1954

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GPO 83-38476

Form MF-104A
(April 1952)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

RECEIVED
SEP 17 1954

Month of August 195 4 Docket No. DMEA 3260 Contract No. Idn-3692
Operator's Name John Phillips et al, W.A.McKinney Mining Co. Minerals Mica
Address Spruce Pine, N. C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs								Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Technical, Other and Exploder Materials		113.00		113.00				113.00
Total Costs		113.00		113.00				113.00

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

Date 9-1-54 Operator John Phillips et al. W.A.McKinney Mining Co.
Per John Phillips Title Partner

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

Remarks:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

GPO 83-38475

OPERATOR'S

MONTHLY REPORT OF PROGRESS

Month of August, 1954

DTEA-3260, Idm-D692

W. A. McKinney Mine

Work Began: Aug. 17,1954

Work Accomplished:

Moved in machinery, constructed tool and hoist house, powder and exploder magazines. Completed laying track, car and car line in. Began a loft at point where heading shows.

Daily Notes:

August 17 - 20 - Moved machinery, etc. up to mine site. Began the construction of tool and hoist house and magazines.

August 23 - 27 - Finished magazines, worked on laying track. Put in car line.

August 30 - 31 - Prepared to begin with the drift at point where heading shows. Moved materials and supplies to site, etc.

Two men working during the month, on one shift.

INTERIM REPORT

DMEA-3260, Idm-E 692, W. A. McKinney Mine (mica)

Operator: John Phillips, et al. Spruce Pine, N. C.

Location: On the northeast side of Ed Young Road, 1/8 mile northeast of Newdale, Yancey County, N.C.

Work began on this contract August 16, 1954. A toolhouse has been constructed and a steel track laid in the incline.

The field examiners located positions in the incline from which to begin driving laterals. Simultaneous drifts will be driven to the northwest and to the southeast.

Examined: Aug. 25, 1954

K. H. Teague D. H. Amos

K. H. Teague & D. H. Amos, Geologists
U. S. Geological Survey

Examined: Aug. 25, 1954

z

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 1025, CE BLDG.
WASHINGTON 25, D. C.
KNOXVILLE 2, TENN.

August 12, 1954

Memorandum

To: Operating Committee - Washington

From: Acting Executive Officer, DMEA - Region VII

Subject: Signed Contract, Idm-E 692, DMEA-3260 (mica) Sam Phillips, et al.

Transmitted herewith are three signed copies of the subject contract with owner's consent to lien forms attached. The usual distribution of the other copies has been made.

Wm. A. Beck

Wm. A. Beck

DOCKET FILE
Surname:
Anderson
Houk
Clemmer
Selfridge
Hedges

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

600

JUL 30 1954

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

Subject: Docket No. DMEA-3260 - Mica
John Phillips, Sam E. Phillips,
Lin Carpenter and
Charlie Carpenter
W. A. McKinney Mine
Yancey 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. It is subject to the attachment of an Owner's Consent to Lien on the form revised July 1, 1954.

If the contract meets with your approval present it to the Operators for approval and signature. Please explain to the Operators that the contract, when executed, is a firm commitment under the terms of which they are 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 Operators 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.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JHB)

WCAnderson:gad 7/26/54
Copy to: Admr. R. File
Docket File
Operating Committee
Mr. Dietrich, 3061
Mr. Larrabee, 5216
Mr. Houk

Approved:

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

D. M. Larrabee (JHB)
Member, Geological Survey

Enclosures 6

R.C.G.

7/28/54

We have been making
mica contracts for some time
without specifications for tool boxes
powder boxes or exploder magazines,
relying on field terms. I say
that they are adequate & meet
local laws. I agree with
Chambers, however, that some
minimum specifications are desirable

7/28/54

Mr. M:
Mr. Chambers declined to
surname the contract because
of lack of specification.
(See his note on routing slip.)
(He surnamed letter before
reading the contract.)
He cites another case where
applicant claims to have
constructed $300 house in one
day. Not reasonable that he
could, Mr. C. says.

fw

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

July 20, 1954

Memorandum

To: The Administrator, DMEA
Through: Mr. L. G. Houk

From: Acting Assistant Solicitor, Defense Minerals

Subject: John Phillips et al., Docket No. DMEA-3260 (Mica)

Attached is a contract covering the above-described project in satisfactory legal form for execution, subject to the attachment of an Owner's Consent to Lien on the form revised July 1, 1954.

J. L. Hoffland
J. L. Hoffland
Acting Assistant Solicitor
Defense Minerals

Attachments

MINING LEASE

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
RECEIVED
MAY 13 1954

State of North Carolina Yancey County:

This indenture made this 7 day of May, 1954

between Mr. W. A. McKinney and wife

of Yancey County and State of North Carolina as party of the first part, and known as lessor s, and John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter

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

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

Beginning at a corner in J. D. McKinney line N. E. to a dogwood about 15 poles thence N. about 40 poles to Mills Edge's line. Thence with Mills Edge line to the Edd Young road thence along Edd Young road to beginning corner. This includes both mines with the exception of the jig mica.

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

AND IT IS FURTHER AGREED That the party of the second part, the lessee hereby agrees to pay to the said part___ of the first part, or his or their heirs or assigns, a rental royalty of 1/8

on the minerals taken and sold from said mines which shall be for the use of the said lands for the aforesaid period of five years. The said amounts shall be payable on the computation of selling bills on the tenth day of each month covering sales made during the previous month. Any minerals other than those set forth above which may be taken and sold shall be paid for and at the usual royalty rate of the minerals taken.

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

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

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

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

Witness:

Dennis Watson

W. A. McKinney (Seal)

Mrs W. A. McKinney (Seal)

(Seal)

My Com. Expires 8/11/55

Kenneth R McKinney
Notary Public

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Bureau of Mines
RECEIVED
MAY 13 1954

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

Beginning at a corner in J. D. McKinney line N. E. to a dogwood about 15 poles thence N. about 40 poles to Mills Edge's line, thence with Mills Edge line to Edd Young road thence along Edd Young road to beginning corner.

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/ John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter doing business as the McKinney Mining Co.

hereinafter called the "Operator"; and

WHEREAS, under the provisions of said contract the Government is entitled to a percentage royalty on production (as set forth on the reverse side hereof) and to other rights and equities which do or may conflict with or be adverse to the rights of the undersigned:

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, there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom, until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

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.

4. Changes and added provisions

Dated this 7th day of May, 1954.

W. A. McKinney [Seal]
Mrs. W. A. McKinney [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.

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--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,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years (or other period fixed by the contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, as follows:

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

(b) 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.)

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

d. Lien for Payment.--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.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--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.

Interior—Duplicating Section, Washington, D. C. 47318

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 7 - 1954

Spruce Pine, North Carolina
July 5, 1954

Mr. Lawrence G. Houk, Chief
Nonmetallic Minerals Division
Department of the Interior, DMEA
Washington 25, D. C.

Re: Docket No. DMEA-3260 - Mica
W. A. McKinney Mines
Yancey County, N. C.

Dear Mr. Houk:

In reply to your letter of June 24, we are enclosing two maps, showing leased property for the W. A. McKinney Mine and the W. A. McKinney Prospect. The following is a legal description to be added as an amendment to the lease dated May 7 for the W. A. McKinney Mines

Beginning at a poplar in the Mills Edge line and running S 3 W 152', thence S 66 W. 298', thence S 78 W 242' to a birch, thence S 72°30' W 269' to a stake in Estel Peak's line, thence N 20 E 125', thence N 15 W 197' to an iron pipe, thence N. 47° 30' E 347', thence S 47 E 190' to a large stone, thence S 89 E 395 ' to the beginning.

The following is a legal description to be used for the W. A. McKinney Prospect:

Beginning at a small Spanish Oak at the corner of John D. McKinney's line and running N 76 E 300', thence N 85 E. 238 feet to a Spanish Oak, thence S 22 E 259' to a small white oak, thence S 63 W. 400', thence N 63 W 62', thence N 82° 30' W 85' to a small white oak, thence S 66 W 96' to the old road; thence N 35 W 194' with old road, thence N 7 E 95', thence N 37° 30' E 95' to the beginning.

These descriptions are plotted and can be followed by the enclosed maps. Please notify us if there is further information necessary.

Very truly yours,

John Phillips

John Phillips

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 33, POST OFFICE BLDG.
KNOXVILLE 2, TENN.

June 23, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer - DMEA - Region VII

Subject: DMEA-3260 (mica) W. A. McKinney Mine
DMEA-3365 (mica) W. A. McKinney Prospect

Reference is made to your letter of June 21, concerning these two applications.

Our field examiners are now preparing a report recommending denial of DMEA-3365, and we have previously submitted a report recommending approval of DMEA-3260. The examiners saw the W. A. McKinney Prospect recently and they do not think a contract would be justified there.

Therefore, it would be simpler to deny DMEA-3365, and go ahead with DMEA-3260, instead of getting a new application, and we believe that would be preferable.

Mr. Sam Phillips recently told Mr. Teague that he would send you an adequate description of the land involved in this tract. Mr. Teague will see him next week and remind him to send in this information.

Robert A. Laurence
Robert A. Laurence

DOCKET FILE
Surname:
Anderson
~~Lawrence G. Houk~~
Northenway

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

Mr. John Phillips
The McKinney Mining Co.
Spruce Pine, North Carolina

Re: Docket No. DMEA-3260 - Mica
W. A. McKinney Mines
~~Mitchell~~ Yancey County, North Carolina

Dear Mr. Phillips:

Receipt is acknowledged of your letter of May 28, 1954, enclosing four copies of the legal description of the subject property.

This description is inadequate, since it does not describe a closed traverse. In some instances distances are omitted and in some the bearings are either not given or are inadequate. To accept this description, we must have a map showing the boundary lines of the property covered by the lease and their relationship to the mine. If a map is not available, then we must have a legal description that gives bounding bearings and distances that will describe a closed traverse.

Meanwhile, your application is being processed as expeditiously as possible.

Sincerely yours,

Signed 6-23

Lawrence G. Houk, Chief
Nonmetallic Minerals Division

WCAnderson:gad 6/22/54
Copy to: Admr. R. File
Docket File
Field Team, Region VII
Mr. Dietrich, 3061
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

DOCKET FILE COPY
Surname:
Anderson
Hedges
Selfridge
Matthews

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

JUN 21 1954

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

Subject: Docket No. DMEA-3260 - Mica
John Phillips, et al.
W. A. McKinney Mine
Yancey County, North Carolina

Docket No. DMEA-3365 - Mica
Sam L. Phillips, et al.
W. A. McKinney Prospect
Yancey County, North Carolina

Dear Mr. Laurence:

Reference is made to the two subject applications for exploration assistance.

These two applications are covered by the same lease and Owner's Consent to Lien for a tract of land inadequately described and of unknown acreage. To avoid confusion, we think it advisable to integrate these two applications. If you agree, kindly have applicants submit an application that will cover both projects.

Copies of memoranda from the Geological Survey, dated May 13 and May 26, 1954, and from the Bureau of Mines, dated June 4 and June 14, 1954, are enclosed for your information.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JHB)

Approved:

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

Philip W. Guild (JHB)
Member, Geological Survey

Copies to: Admr. R. File
Docket Files (2)
Operating Committee (2)
Mr. Dietrich, 3061
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk (2)

Enclosures: 8

WCAnderson:gad 6/16/54

A.C.G.

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

June 14, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Acting Executive Officer, DMEA - Region VII

Subject: Docket No. DMEA-3260 (mica) John Phillips, et al.
W. A. McKinney Mine, Yancey County, N. C.

Reference is made to your letter of June 7, regarding the breakdown of costs on the subject examination report.

Labor and Supervision:

1. We are in agreement that one laborer can be eliminated, thus reducing this item to $1,440.

2. Operating Materials and Supplies:

"Two Dollars per foot should be sufficient for explosives."

We do not agree with this statement, and feel that $300 is not excessive for this item. Drifting and crosscutting costs for explosives at Verde, Central Arizona in 1927 for a 5' x 7' drift or crosscut in greenstone and quartz porphyry was $2.71 per foot. The costs at Central Patricia Ontario in 1930 in quartz vein and green stone for 5' x 7' section were $3.50 and $3.54 respectively. At Page, Idaho in 1936 the costs were $2.39. As everyone knows that present day costs are higher than pre World War II days. We do not see how one can arrive at a cost of $2.00 per foot. It must also be borne in mind that the above costs were obtained by well organized mining companies where a close check on costs is maintained. That is something that you cannot expect from the small mica miners. The figures were obtained from U. S. Bureau of Mines Bulletin 419, Metal-Mining Practice by Chas. F. Jackson and J. H. Hedges, 1939, Table 17, page 143.

The figure of $1.15/ft. for gas and oil is much too low. See our letter of June 11, 1954 on DMEA-3244, Alex Teague (Old Denson Mine) Pickens County, Georgia. A figure of $2.80 or $3.00 would be a closer estimate.

3. Operating Equipment: Our estimates are based on a one shift basis while the estimate in your letter was for two shifts. Very few of the mica miners will work double shift and for that reason our estimates are made on a single shift basis. This item should not be reduced.

4. Contingencies: Nothing was allowed under this category in the Field Examiners' report. The cost of putting in skids in the incline, track in the drift, mine car, stiff leg and boom, if this method of hoisting is used, both for erection and purchase or rental was not considered. This would offset the elimination of 1 laborer.

The Field Team is still in agreement with the examiners and do not feel that $35.00 per foot is excessive.

W. A. Beck

Wm. A. Beck

FILE COPY
Surname:
Anderson
Houk
Selfridge
Dietrich
Larrabee

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

JUN - 7 1954

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

Subject: Docket No. DMEA-3260 - Mica
John Phillips, et al.
W. A. McKinney Mine
Yancey County, North Carolina

Dear Mr. Laurence:

Reference is made to Field Team Report dated May 12, 1954, on the subject W. A. McKinney Mine concerning the breakdown of costs, some of which we think are too high, as follows:

Drive 100 feet of 5 feet by 7 feet drift and/or crosscut (40 shifts)

1. Labor and Supervision: Two laborers should be sufficient, reducing cost to - $1,440.00

2. Operating Materials and Supplies: $2.00/ft.

should be sufficient for explosives -	200.00
Gas and oil - @ $1.15/ft.	115.00
Drill steel - o.k.	150.00
Small tools and supplies - o.k.	60.00

3. Operating Equipment - Working 2 shifts

Rental - Compressor, pump and hammer @ $2.40/ft.	240.00
Hoist - @ $50/Mo. or: 50/ft.	50.00

4. Miscellaneous:

Insurance, Soc. Security, repairs, etc. - o.k.	350.00
Total estimated cost of drifting and/or crosscutting at $26.00/ft.	2,600.00
Add one-half cost of building	113.00
Total estimated cost of project	$2,713.00

Kindly have the Field Team give further study to the estimated cost of the project and submit their comments on above estimated cost. We will appreciate having a further breakdown of costs in those instances where there is disagreement.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (24B)

Approved:

J. H. Hedges (24B)
Member, Bureau of Mines

D. M. Larrabee (24B)
Member, Geological Survey

WCAnderson:ag 6/2/54
Copy to: Admr. R. File
Docket File
Operating Committee
Mr. Dietrich, 3061
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

R.C.S.

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

Defense Minerals Administration
RECEIVED
JUN 7 1954

June 4, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3260 (mica)

Applicant: John Phillips

Name and Location of Property: W. A. McKinney Mine
Yancey County, North Carolina

Date of Field Team Report: May 12, 1954

Date Rec'd. by Ceramic & Fertilizer Mtls. Br.: May 24, 1954

Field Team Recommendation:

1. Exploration project in the amount of $3,725.

Comments:

1. A mica-rich zoned pegmatite is revealed.
2. The mica is non-ruby.
3. Proposed exploration by drifting 100 feet is consistent with good engineering practices.

Recommendation:

I concur in the field team's recommendation for exploration project in the amount of $3,725.

W. F. Dietrich

W. F. Dietrich

Spruce Pine, North Carolina
May 28, 1954

Mr. Lawrence G. Houk, Chief
Nonmetallic Minerals Division
Department of the Interior, DMEA
Washington 25, D. C.

Re: Docket No. DMEA-3260 - Mica
W. A. McKinney Mines
Yancey County, N. C.

Dear Mr. Houk:

We are enclosing four copies of the legal description copied from the original deed to the land leased from Mr. W. A. McKinney. This description is added as an amendment to the lease dated May 7, and has been signed by Mr. McKinney.

Please let us know if further information is needed.

Very truly yours,

John Phillips

John Phillips

P/b

Legal Description: W. A. McKinney Mine Property, Yancey County, N. C.
DMEA-3260

Beginning on a black oak H. W. Young's corner and runs N. 4° E. 20½ Poles to a stake, then N. 25° E. 7½ Poles to a stake, then N. 18° W. 24 Poles to a stake in the old line, then with L. L. Young line W. 15½ poles to a Chestnut at a branch. Then down the branch to a stake at the mouth of the branch, then N. 28° W. 26 Poles to a Poplar, then N. 16° E. 11½ Poles to a Birch, then N. 75° E. 16 Poles to a stake at the road, then a South course with the old road 28 Poles to a Chestnut, then N. 81° E. 27 Poles to a red oak, then S. 70° E. 8½ Poles to a white oak. Then N. 87° E. 16½ Poles to a dogwood, then with the height of the ridge 21½ Poles to a double chestnut on top of the ridge, then N. 25° E. 57 Poles to a stake in the Halls line, then S. 83° W. to a white oak then with Mills Edge's line to the Harris Clay Co. line, then with said line to Clyde Young's line, then with Clyde Young's line to a stake on B. W. Young's line, then with B. W. Young's line to a white oak, then with L. P. Young's line to a Maple and Birch, corners then S.3° W. 27½ Poles to a stake, then N. 76° E. to the beginning, containing 50 acres more or less.

This is to certify that the legal description above is to be an amendment to the lease dated May 7, 1954 from W. A. McKinney and wife to John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter and will replace the original legal description as shown on said lease.

(Seal) W A McKinney

FILE COPY
Surname:
McKinney

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

MAY 20 1954

Mr. John Phillips
The McKinney Mining Co.
Spruce Pine, North Carolina

Re: Docket No. DMEA-3260 - Mica
W. A. McKinney Mines
Mitchell County, North Carolina

Dear Mr. Phillips:

Receipt is acknowledged of copies of a recently executed lease and Owner's Consent to Lien on the subject property.

These documents do not contain an adequate legal description of the property. Please note Article 3 (a) of the enclosed MF-103. The legal description should state the bounding bearings and distances, and the total acreage. A property map, if available, would be helpful.

As soon as we receive the above land description we will resume processing your application.

Sincerely yours,

S/ LGHouk
Lawrence G. Houk, Chief
Nonmetallic Minerals Division

Enclosure

LGHouk:gad 5/20/54
Copy to: Admr. R. File
Docket File
Field Team, Region VII
Mr. Dietrich, 3061
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

IN REPLY REFER TO:

G-MD-CNM

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

May 18, 1954

Memorandum

REVIEW OF FIELD TEAM REPORT ON APPLICATION DMEA-3260 (mica)

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. M. Larrabee, U. S. Geological Survey
Applicant: John Phillips, et al., Spruce Pine, North Carolina.
Name of property: W. A. McKinney Mine.
Location of property: Yancey County, North Carolina.
Date of field team report: May 10, 1954.
Authorship of field team report: K. H. Teague, L. E. Shirley, and D. H. Amos.
Field team's recommendation: Drift and/or crosscut 100' in pegmatite from inclined shaft.
$3,725
Comments: None. See George Selfridge, who was present at time of examination.
ACTION RECOMMENDED: Follow field team's recommendation.

D. M. Larrabee

D. M. Larrabee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 313, POST OFFICE BLDG.
KNOXVILLE 2, TENN.

May 12, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Field Team, DMEA- Field Team, Region VII

Subject: Field Examination Report, DMEA-3260 (mica), John Phillips, et al Appli.
W. A. McKinney Mine, Yancey County, N. C.

Enclosed are four copies of the subject report, and six copies of the sketch plan and section showing the proposed work.

We agree with the examiners' recommendations, and suggest approval of a contract providing the following unit-cost items:

		Rec.
Tool house	$150.00	75.00
Powder Magazine	50.00	25.00
Exploder Magazine	35.00	13.00
Drift and/or crosscut, 100ft. @ $35/ft.	$3,500.00	2600.00
Total	$3,725.00	2713.00

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

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

Reviewed by
DMEA OPERATING COMMITTEE
5-21-54
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR

6/3/54

On-site Exam. Rpt.

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM, REGION VII

On

DMEA-3260, W. A. MCKINNEY MINE (mica)
Yancey County, N. C.

By

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

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

D. H. Amos, Geologist
U. S. Geological Survey

May 10, 1954

Reviewed by
DMEA OPERATING COMMITTEE
5-21-54
(date)

FIELD EXAMINATION REPORT
ON
DMEA-3260, W. A. McKinney Mine (mica)

Applicants: John Phillips, et al. c/o John Phillips, Spruce Pine, N. C.

A 75-foot, 12'x15' incline, on a - 35° slope, is present at this deposit. The upper 35-40 feet of the incline is in mica-rich pegmatite, whereas the lower portion of the incline is in mica-lean pegmatite. The examiners believe that possibilities exist in the upper mica-rich pegmatite for the discovery of a worthwhile deposit of strategic mica. Exploration assistance is recommended.

The deposit was visited on March 24, April 23, and April 29, 1954. Messrs. John Phillips, Sam L. Phillips, Charlie Carpenter and W. A. McKinney accompanied the examiners on the inspection which required a total of five hours. On the visit of April 29, 1954, George C. Selfridge, Chairman of the Operating Committee, D M E A Washington, D. C. was present. The applicants dewatered the incline twice for the inspections.

The W. A. McKinney Mine is on the northeast side of Edd Young Road, 1/8 miles northeast of Newdale, Yancey County, N. C. The mine is along an all-weather gravel road, thus access is excellent at all times.

All applicants have considerable mica mining and processing experience and appear competent to conduct the proposed exploration.

The applicants hold the property under a 5 year lease. However, the lease contains an error, as the mine location on the original lease is given as Mitchell County. Actually the mine is in Yancey County. This error has been called to the attention of the applicants. They are in the process of securing a new lease.

Workings consist of a 75-foot incline which is on a -35° slope in an S. 55° W. direction. All rock exposed is pegmatite. In the sides and roof of the upper portion of the incline, mica-rich pegmatite is exposed (see section). In the lower portion, mica-lean pegmatite, and massive white glassy quartz is present. It appears that the incline has been made about normal to the trend of the pegmatite, but on a slope steeper than its dip. Apparently the incline exposes three zones of a zoned pegmatite, quartz core, intermediate mica-lean zone, and a thick mica-rich wall zone. Neither contact is exposed.

The mica-rich zone is coarse-textured, composed of perthite, plagioclase, quartz, muscovite and red garnet (listed in order of abundance), and appears to be at least 20 feet thick. The mica-lean zone contains more

pegmatite and less mica, otherwise the composition and texture are similar.

Mica from this deposit is non-ruby in color. It is greenish brown, flat and flat-A, hard, clear, splits well, and impressions of mica books up to 15 inches across are present in the walls of the incline. Mr. W. S. McKinney reports that about $10,000 worth of mica was produced and sold from this deposit during World War II. This statement cannot be verified by the Colonial Mica Corporation's records. If this statement is correct, the value of rock broken at that time was approximately $.75 per cubic foot. If this figure were converted to the present average price paid at the Spruce Pine Mica Depot, it would be increased to approximately $1.50 per cubic foot of rock. Approximately one-third of the rock broken contained only a small amount of mica; therefore, it would appear that the upper mica-rich portion contains mica ore which should produce between $1.75 and $2.00 worth of mica per cubic foot.

Labor, supplies, and equipment are available locally. An electric line crosses the property.

The applicant's proposal is more elaborate than needed. The examiners recommend that track be installed in the incline and that 100 feet of levels be driven from the incline roof, at the point where the mica-rich zone leaves the incline. This level work should be normal to the trend of the incline.

Estimated Cost:

Exploder Magazine		$25.00	
Explosives "		50.00	
Tool House			
Lumber - 1000 b.f. @ $80/1000 b.f.	$80.00		
Labor:			
1 carpenter 16 hrs. @ $1.75/hr	28.00		
1 " helper, 16 Hrs. @ $1/hr.	16.00		
Nails, roofing, hardware	26.00	150.00	
Drive 100 ft. of 5' x 7' drift and or/crosscut (40 shifts)		2.5' shaft	
Labor & Supervision:			
3 laborers @ $1.00/hr.	960.00	9.60	17.60
1 Hoist Oper. @ $1.25/hr	400.00	4.00	
1 Driller-foreman @ $1.25/hr.	400.00	4.00	
Operating Materials & Supplies:			
Explosives	300.00	3.00	8.10
Gas & Oil	300.00	3.00	
Drill Steel	150.00	1.50	
Small tools, & Supplies	60.00	.60	

Operating Equipment

Rental-Compressor, pump and hammer @ $240.00/Mo	$480.00	4.80	5.80
Hoist @ $50/Mo.	100.00	1.00	

Miscellaneous

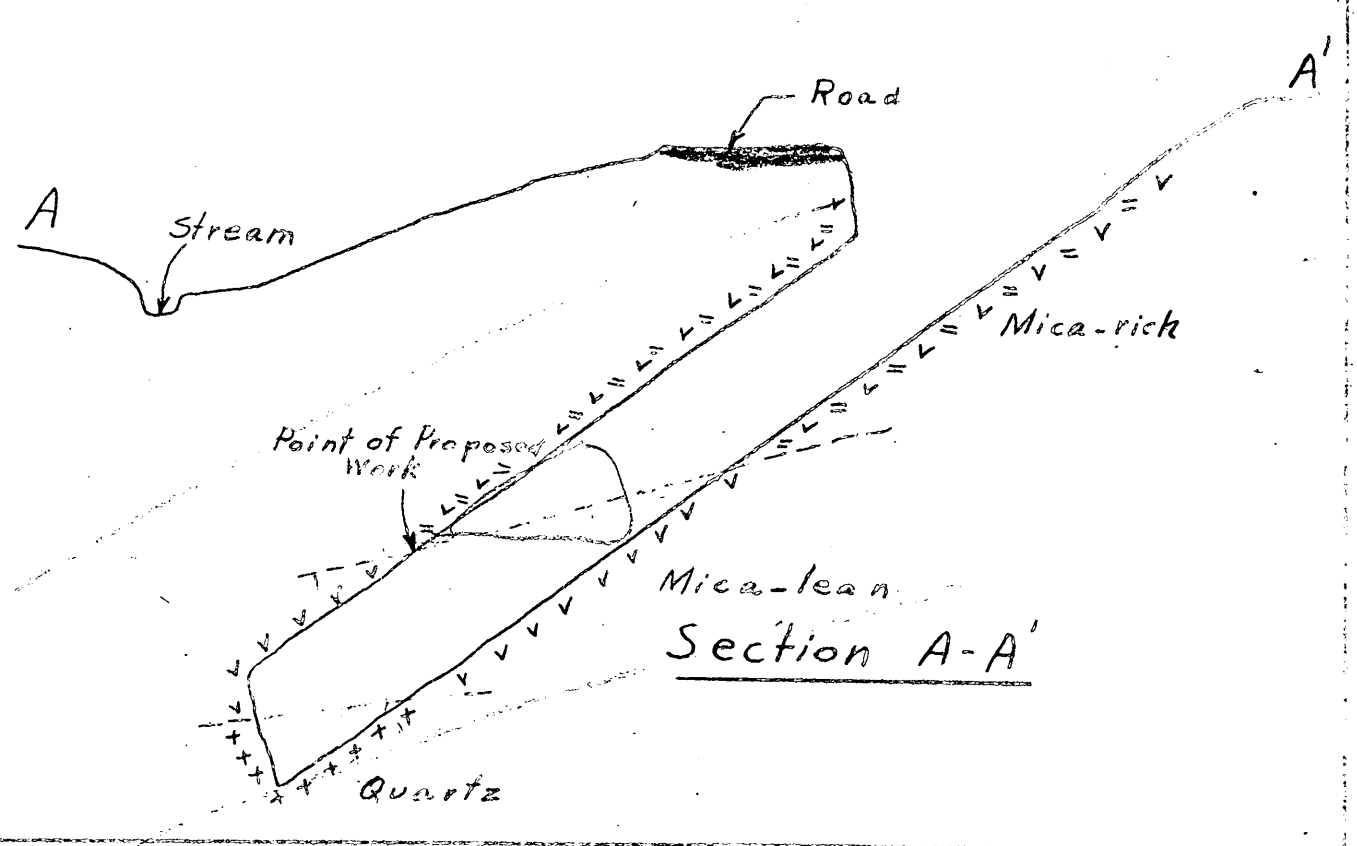
Insurance, Soc. Security, repairs, etc.	350.00	3,500.00	3.50 $3.50

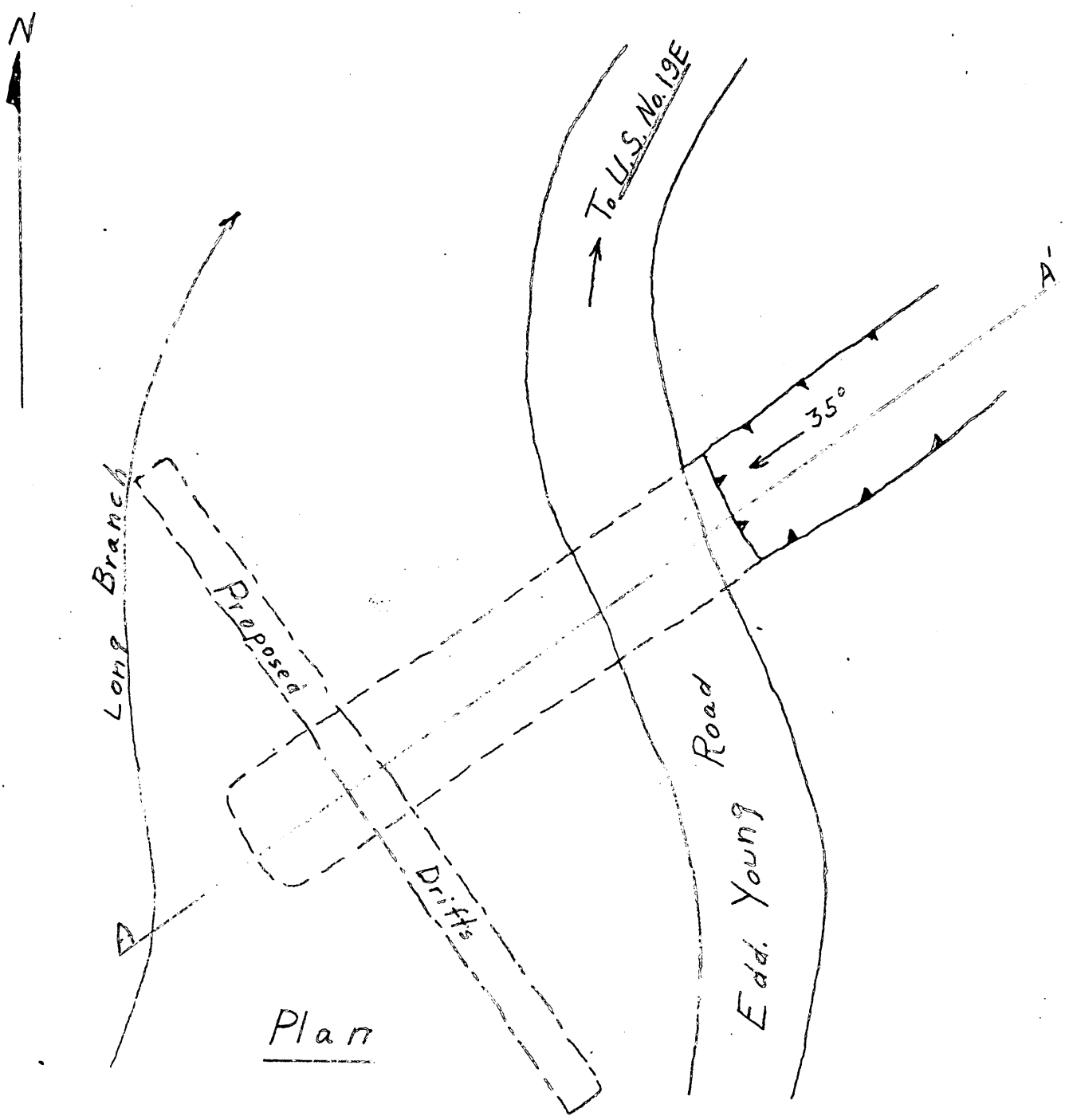
Total estimated cost..... $3,725.00

May 10, 1954.

K. H. Teague, and D. H. Amos, Geologists
U. S Geological Survey

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





Sketch of
W. A. McKinney Mine
Yancey Co., N.C.

0 20' 40'
Scale

DMEA-3260 (mica)

File Copy
Surname:

Houk
Hedges
Bell
Stillwagon
Bjornson

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

MAR 1 1954

Mr. John Phillips, et al.

Spruce Pine, North Carolina

Re: Docket No. DMEA-3260 - Mica
John Phillips, Sam L. Phillips,
Lin Carpenter and Charlie Carpenter
W. A. McKinney Mines
Mitchell County, North Carolina

Dear Mr. Phillips:

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 (for)

Administrator

LGHouk:gad 2/25/54
Copy to: Admr. R. File
Docket File
Operating Committee
Field Team, Region VII
Mr. Dietrich, 3526
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

R.C.B. 3-1-54

File Copy
Surname:

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

MAR 1 1954

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

Subject: Docket No. DMEA-3260 - ~~Mica~~
John Phillips, Sam L. ~~Phillips~~,
Lin Carpenter and ~~Charlie Carpenter~~
W. A. McKinney Mines
Mitchell County, North Carolina

Dear Mr. Laurence:

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

Copies of memoranda from the Geological Survey, dated February 19, 1954, and from the Bureau of Mines, dated February 23, 1954, are enclosed for your information.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (NB)

Approved:

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

Philip W. Guild (NB)
Member, Geological Survey

Enclosures 4
LGHouk:gad 2/25/54
Copies to: Admr. R. File
Docket File
Operating Committee
Mr. Dietrich, 3526
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

R.C.S. 3-1-54

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 24 1954

February 23, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3260

Applicant: John and Sam Phillips, and Lin and Charlie Carpenter

Name and Location of Property: W. A. McKinney Mine
Mitchell County, North Carolina

Comments:

1. Geological Survey (Professional Paper, No. 225, page 77) tested 257 pieces of mica from this mine and found them to be E-1 quality mica. Color was classed as yellowish to brownish olive, a transition from green to rum mica.

2. It appears that this application should be considered as two separate projects -- No. 1 mine and No. 2 mine -- with two stages in each project. Work probably should be completed on one project and the results evaluated before starting the second project.

3. Estimated costs are in line with those of other projects in that area and total $5,125 for Mine No. 1 and $5,375 for Mine No. 2.

4. All four men interested in this property have been connected with other mica mining projects.

Application Rec'd by Ceramic & Fert. Mats. Branch: February 19, 1954

Recommendation:

It is recommended the field team visit the property to ascertain if an exploration program is justified. It is further suggested that the work be considered as two separate projects, each in two stages, and that the field team consider the advisability of completing one project before starting the second.

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.

Defense Minerals Administration
RECEIVED
FEB 23 1954

Memorandum

February 19, 1954

REVIEW OF APPLICATION DMEA-3260 (MICA)

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. A. Brobst, U. S. Geological Survey
Applicant's name and address: John Phillips, Sam L. Phillips, Lin Carpenter and Charlie Carpenter, Spruce Pine, N. C.
Name of property: W. A. McKinney Mines.
Location of property: On the W. A. McKinney property on the Edd Young Road, Crabtree Township (Yancey County?)
Summary of applicant's proposal:
At the No. 1 mine - 50' shaft, then drift 75' on the most promising peg met in the shaft. At the No. 2 mine, it is proposed to sink an inclined shaft 50 feet deep and then drift 75' on the most promising peg discovered in the incline.
Estimated cost at:

The #1 mine:	5' x 7' shaft-50' at $50/ft.	$2500.00
	75' of drift at $35/ft.	2625.00
		$5125.00
The #2 mine:	5' x 7' incline for 50' at $55/ft.	2750.00
	drift 75' at $35/ft.	2625.00
		$5375.00
	Both mines total	$10,500.00

Sources of information on applicant's property: None
Comments:

1. The proposal appears reasonable. The sketch map accompanying the application is useless and the supplemental sheet says nothing about the geology of the mines.

2. The landowner claims that $10,000 worth of mica was taken from the mine during the "Colonial" days of World War II. This could not be verified in our office.

3. Why does an incline cost $5 more per foot than a shaft?

RECOMMENDATION:

Field team examination.

D. A. Brobst
D. A. Brobst

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

February 19, 1954
Subject: DMEA-3260
Re: Exploration Assistance
W. A. McKinney Mines

Mr. John Phillips, et al.
Spruce Pine
North Carolina

Dear Sirs:

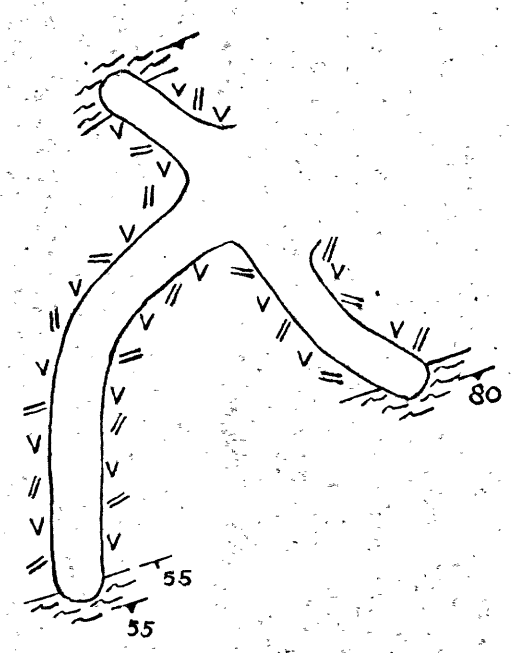
The receipt of your application dated February 18, 1954 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3260 and referred to the Non-Metallic Minerals Division.

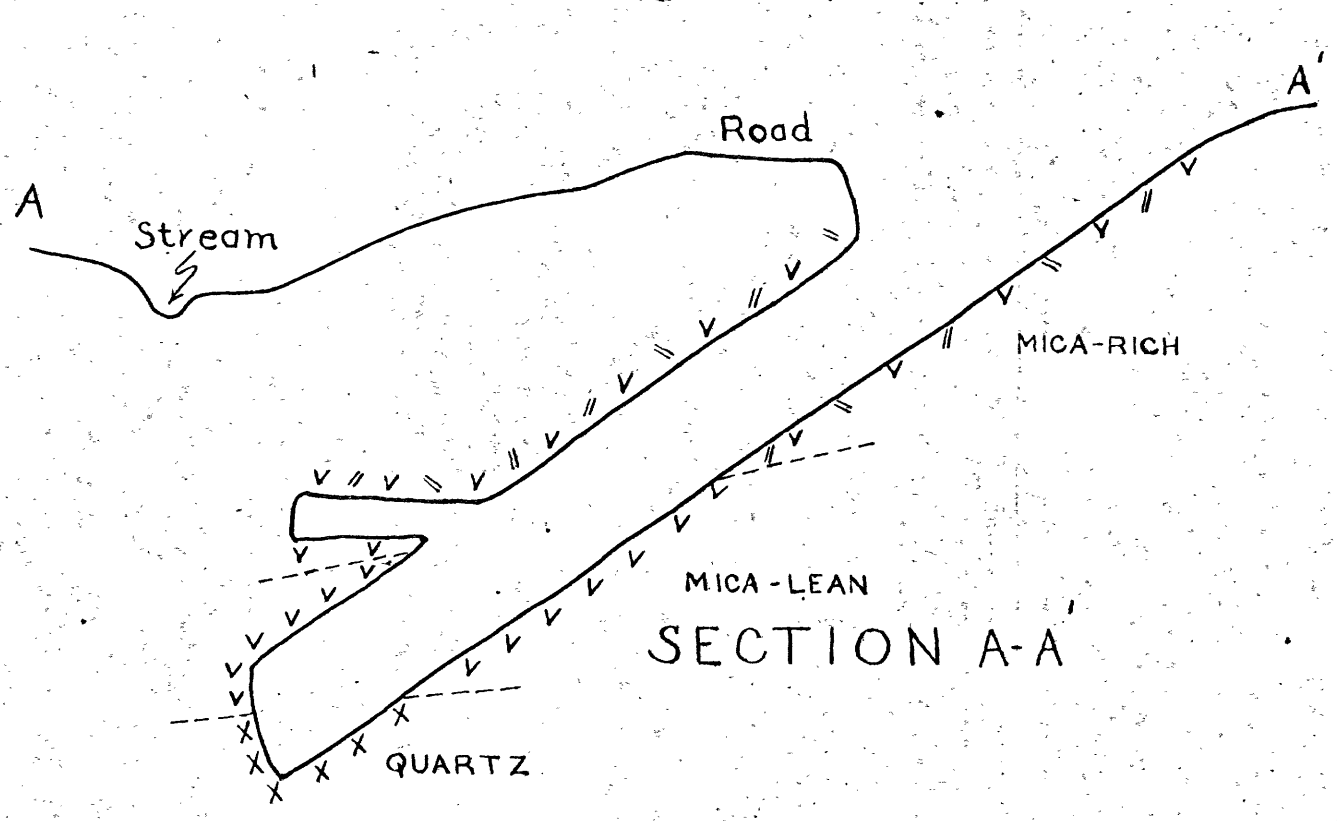
Kindly refer to DMEA-3260 in any future correspondence relating to your application.

Sincerely yours,

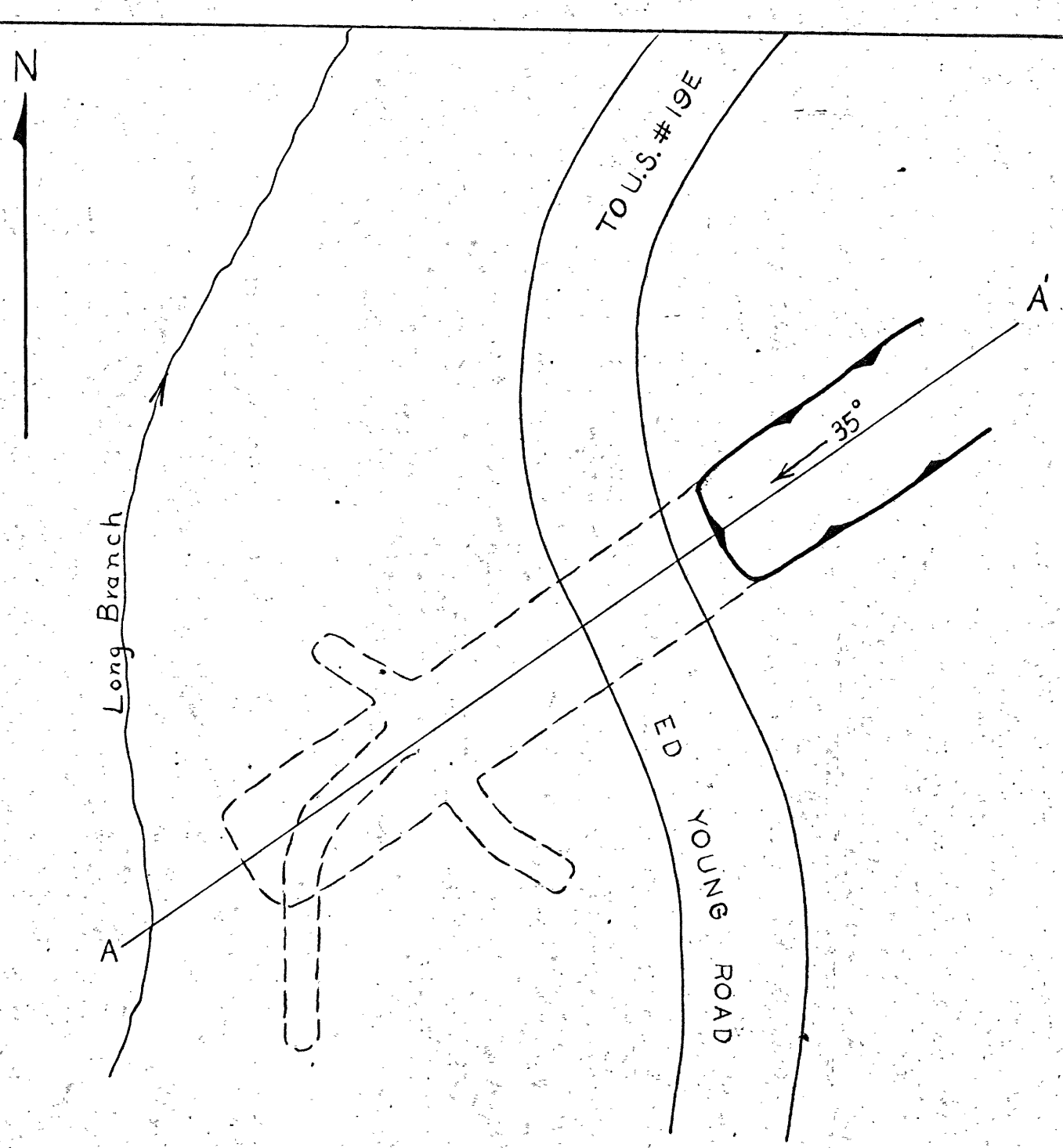
Robert E. Adams
Chief, Operation's Control
and Statistics Division



PLAN



SECTION A-A'

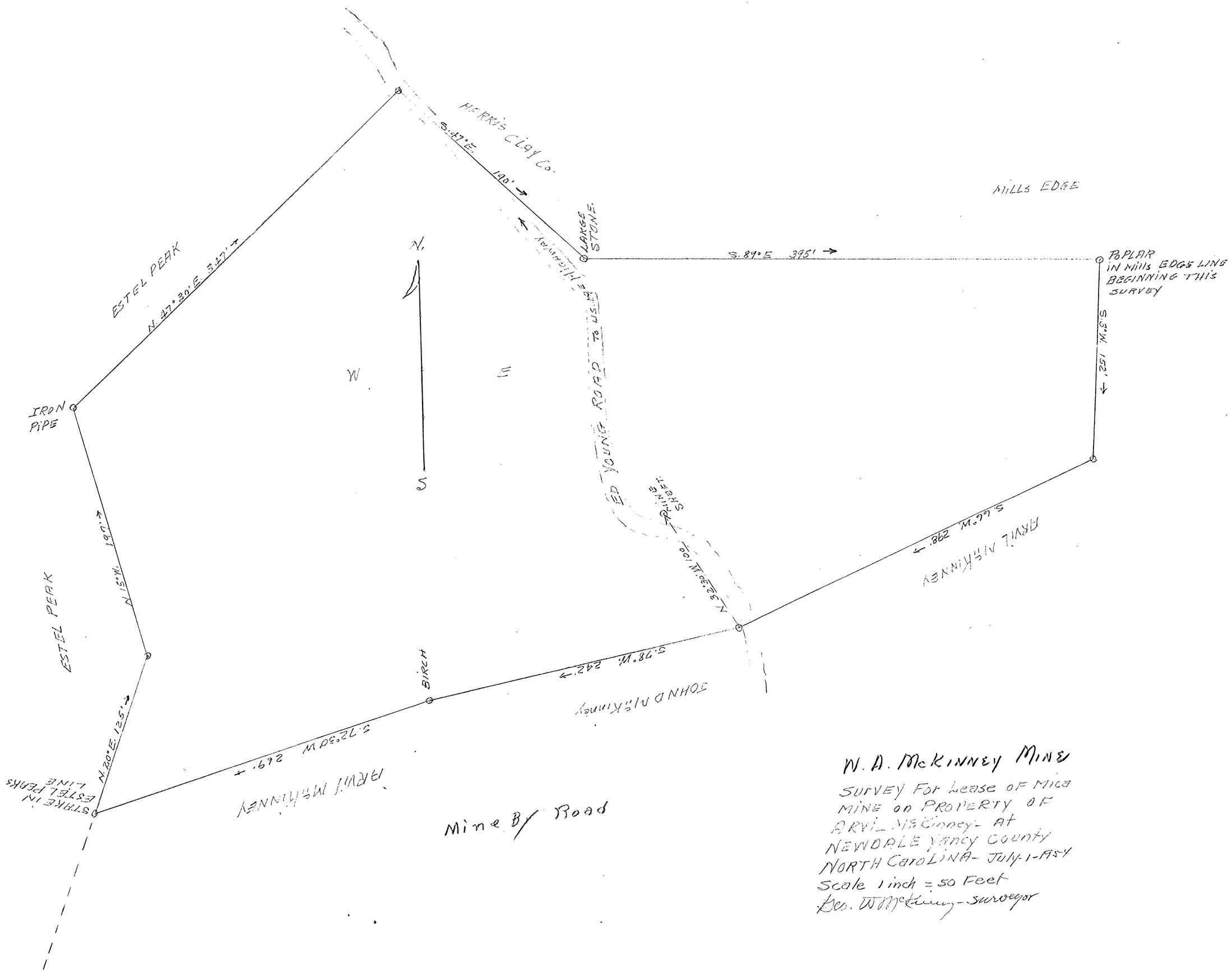


SKETCH OF

W.A. McKINNEY MINE

YANCEY CO., N.C.

DMEA-3260 (mica)

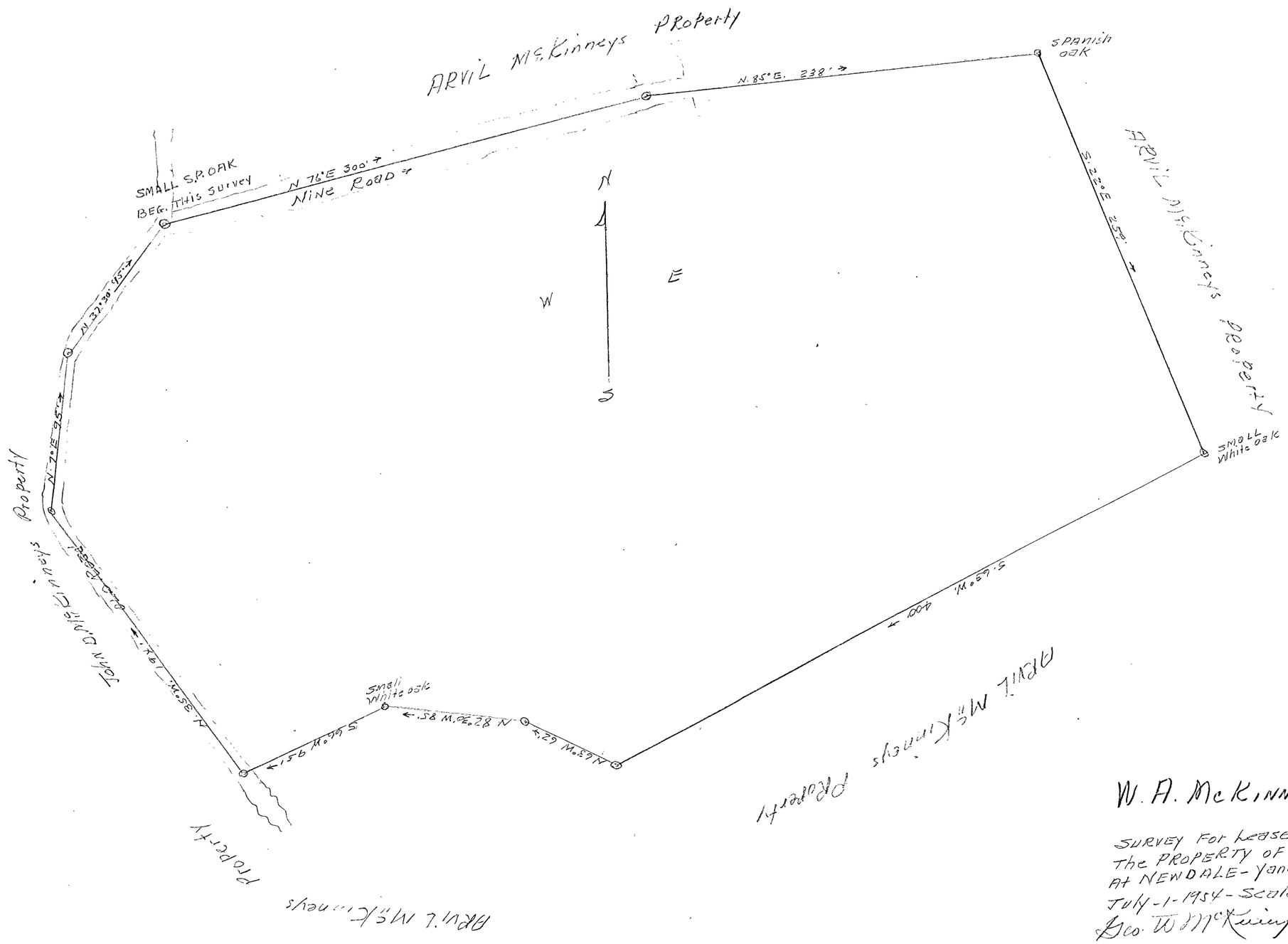


W. A. McKINNEY MINE

SURVEY For Lease OF MICA MINE on PROPERTY OF ARVIL McKinney- At NEWDALE Yancy County NORTH CaroLINA- JULY-1-1954

Scale 1 inch = 50 Feet

Geo. W McKinney - surveyor



W. A. McKINNEY PROSPECT

SURVEY For Lease OF MICA MINE on
The PROPERTY OF ARVIL McKinney
At NEWDALE - Yancy County - N.C.
July - 1 - 1954 - Scale 1 inch = 50 Feet
Geo. W. McKinney - surveyor