DMA Form 1

DEFENSE MINERALS ADMINISTRATION
Control Slip

CONTROLLED DOCUMENT

DMA Docket No. 3283

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This document has been recorded as

Exploration Assistance

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

1 cy to USBM & USGS

Routing Slip

To:	600	Date	3/19/54
To:	Open Com	Date	6-4-54
To:	Open Com	Date	6-18-54
To:	600	Date	6-21-54
To:	Open Com	Date	7-30-54
To:	220	Date	8-27-54
To:		Date	
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DMEA 3283

DOCKET INDEX

ACTION DOCUMENTS

1	APPLICATION	DATE RECEIVED	3/19/54
2	CONTRACT	DATE	8/2/54
3	TERMINATION AGREEMENT	DATE	
4	CERTIFICATION	DATE	
5	AUDIT REPORT	DATE	
6	AMENDMENTS - NUMBERS	DATE	

MF-200 (A)
(February 1952)

DOCKET NO. DMEA - 3283

COMMODITY Mica

IDM - E 693

Docket copy

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

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 2nd day of August, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Sam L. Phillips, Bascom Henline, Dock Henline, and M. C. Shank, partners, doing business as Hefner Mining Company. Spruce Pine, North Carolina

hereinafter called the "Operator," as follows: and as set forth in Annex 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 Catawba, described ~~as follows:~~ as set forth in Annex I.

the Operator represents and undertakes:[4]

(*a*) ~~That the Operator is the owner, in possession and entitled to possession, and that the Owner's Consent to Lien is attached, or claimants as to each of which the subordination agreement of the holder is attached:~~

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

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

ARTICLE 3. *Exploration project.*—The Operator, within 60 days from the date of this contract shall commence work on a project of exploration for[5] Mica in or upon the described land; and shall bring the project to completion within a period of Five(5)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 $3,519.00, which is 75 percent of $4,692.00, 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 his 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 C. D. Mitchell
Administrator, Defense Minerals Exploration Administration

Rutan
Hoffman
Anderson
Selfridge
Johnson

HEFNER MINING COMPANY

(SEAL)

Sam L. Phillips — Partner

By Beacon Henline — Partner

Dock Henline — Partner

M. L. Simmons — Partner

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

[CORPORATE SEAL]

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

EXPLORATION PROJECT CONTRACT
SAM L. PHILLIPS, BASCOM HENLINE,
DOCK HENLINE, AND M. L. SWANN,
DOING BUSINESS AS HEFNER MINING COMPANY
DOCKET NO. DMEA-3283

ANNEX I

The land referred to in Article 2 of the contract form and in Annex II, attached to the Contract, is known as the Hefner Mine. The mine is located on land covered by separate leases on two adjoining tracts of land as follows:

1. Land leased for mining purposes for a period of five years to Sam L. Phillips, Bascom Henline, Dock Henline, and M. L. Swann, doing business as Hefner Mining Company, by Bascom Henline, Dock Henline, and M. L. Swann, by an instrument dated March 2, 1954, described as follows:

> Beginning at a stone Charles Hedrick's Corner, and runs South 10 rods and 6 feet and corners on Will Lail's line; thence East 11 rods to a stone, T. L. Hefner's corner; thence North 12 poles to a stone on John Lail's line; thence South 81 degrees West 184 feet to the beginning, containing 3/4 of an acre, more or less.

2. Land leased for mining purposes for a period of five years to Sam L. Phillips, Bascom Henline, Dock Henline, and M. L. Swann by C. E. Hedrick, by an instrument dated May 21, 1954:

> Beginning at a stone at Charles Hedrick's Corner and running West 100 feet to a stake, thence South 10 rods 6 feet to a stake, thence East 100 feet to corner of Will Lail's line, thence North with Bascom Henline, Dock Henline, M. L. Swann, and Charles Hedrick's line 10 rods 6 feet to the point of beginning, containing 0.4 acres, more or less.

The aforesaid tracts of land are located about 6 airline miles northwest of Conover, Catawba County, North Carolina.

EXPLORATION PROJECT CONTRACT
SAM L. PHILLIPS, BASCOM HENLINE,
DOCK HENLINE, and M. L. SWANN,
DOING BUSINESS AS HEFNER MINING COMPANY
DOCKET NO. DMEA-3283

AUG 26 1983

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.

EXPLORATION PROJECT CONTRACT
SAM L. PHILLIPS, BASCOM HEMLINE,
DOCK HEMLINE, and M. L. SWANN,
DOING BUSINESS AS HEFNER MINING COMPANY
DOCKET NO. DMEA-3283

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 Hefner Mine, Catawba Co., N. C. DMEA-3283 (mica)," as follows:

1. Construct a powder magazine and an exploder magazine.

2. Prepare shaft site by bulldozing.

3. Sink a 2-compartment shaft to a depth of not more than 50 feet.

4. From the bottom of the shaft, drive not more than an aggregate of 75 feet of drift and crosscut.

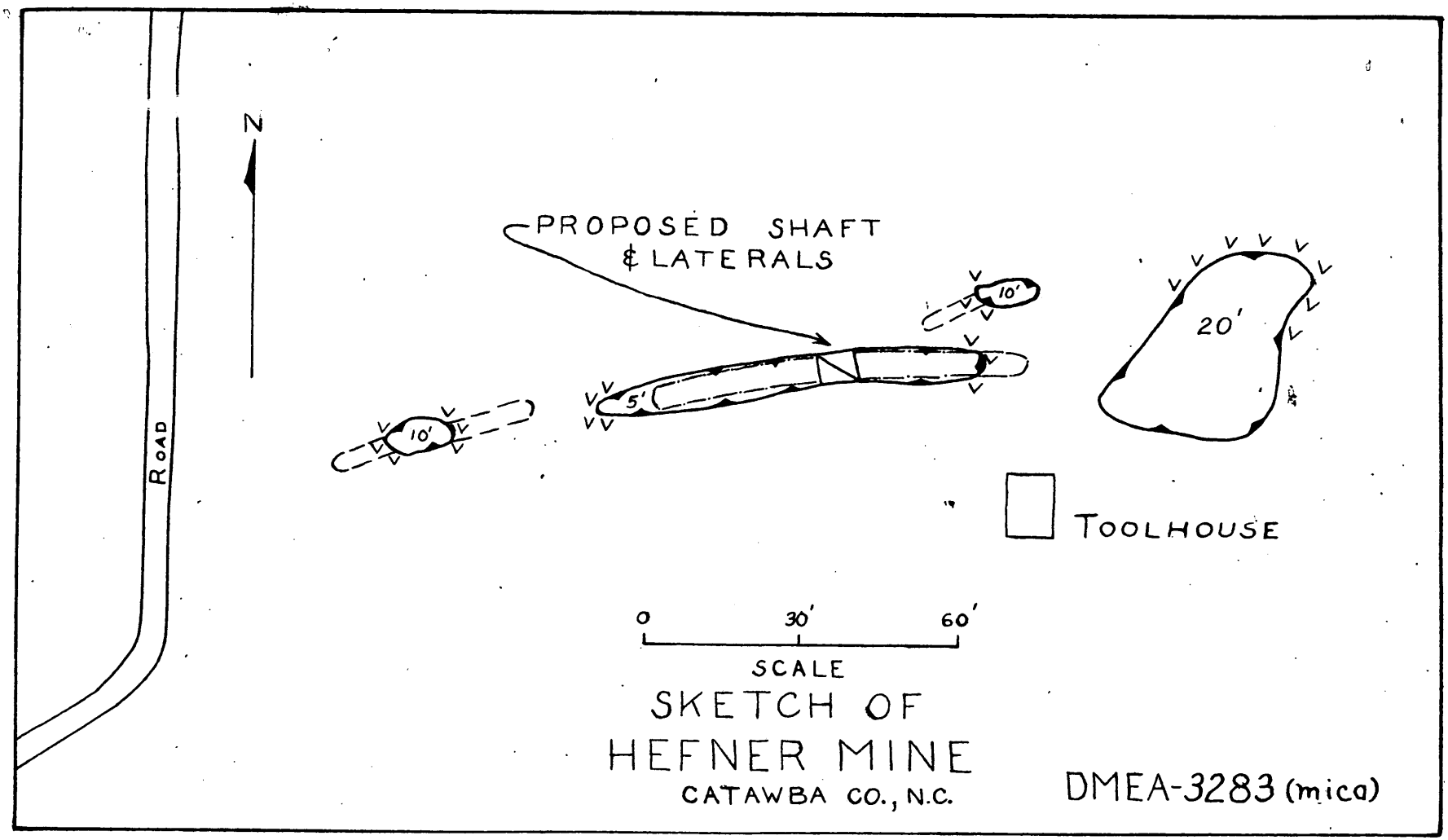
The shaft and the drifts and crosscuts shall be timbered as necessary, and shall be not less than 5 feet by 7 feet in cross section in the clear of timber.

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

Agreed Unit Costs

Construction of:	Powder magazine 1/	$25.00	
	Exploder magazine 1/	13.00	
Preparation of shaft site 4 hours of bulldozing @ $13.50/hr.		54.00	
Sinking 50 feet of shaft @ $40.00/ft.		2,000.00	
Shaft timbering - 50 feet @ $4.00/ft.		200.00	
Driving 75 feet of drift and crosscut @ $28.00/ft		2,100.00	
Drift timbering - 75 feet @ $4.00/ft.		300.00	
Agreed estimated total cost of project			$4,698.00
Government Participation at 75%			$3,519.00

1/ The completed work constitutes the unit.



SKETCH OF
HEFNER MINE
CATAWBA CO., N.C.

DMEA-3283 (mica)

DEPARTMENT OF THE INTERIOR
Bureau of Mines Administration
RECEIVED
AUG 26 1954

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 Catawba, described as follows:1/

Beginning at a stone in Charles Hoffner's corner, and runs South 10 rods and 6 feet and corners on Will Lail's line; thence East 11 rods to a stone, F. L. Hofner's corner; thence North 12 poles to a stone on John Lail's line; thence South 61 degrees West 164 feet to the Beginning. Containing 3/4 an acre, more or less.

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/ Sam L. Phillips, Bascom Hoffner, Dock Hoffner and M. L. Swann, d/b/a Hofner Mining Co.

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 13th day of August, 1956.

Roscoe Hendline [Seal] Spruce Pine, N. C.

Doch Hendline [Seal] Spruce Pine, N. C.

M L Swann [Seal] Spruce Pine, N. C.

COPY

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

RECEIVED
AUG 26 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 Catawba, described as follows:1/

Beginning at a stone at Charles Hedricks corner and running 100 feet to a stake, thence South 10 rods 6 feet to a stake, thence East 100 feet to corner of Will Lail's line, thence North with Bascom Heline, Dock Henline, M. L. Swan and Charles Hedrick's line 10 rods 6 feet to the point of BEGINNING, and containing 0.4 acres more or less.

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/ Sam L. Phillips, Bascom Henline, Dock Henline and M. L. Swan
d/b/a Hoffner Mining Co.

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:

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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.

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(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 13th day of August, 1954.

B E Hedrick [Seal] Conover, Ch. x, N.C.

_____ [Seal]

_____ [Seal]

DOCKET FILE
Surname:
Anderson
Houk
Chambers
Selfridge
Jefferson

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

600

MAR 1 0 1955

Mr. Sam L. Phillips
Hafner Mining Company
Spruce Pine, North Carolina

Re: Docket No. DMEA-3283 - Mica
Sam L. Phillips, Bascom Henline,
Dock Henline and M. L. Swann d/b/a
Hafner Mining Company
Hafner Mine
Catawba County, North Carolina
Contract No. Idm-E693

Dear Mr. Phillips:

This is with reference to the subject Exploration Contract between you and the Government.

It is not our intention to make a certification of discovery or development which would create a lien against the subject property. We are, therefore, closing our books and records with respect to this project. Your attention is called, however, to the provisions of the Contract which require the Operator to keep and preserve certain records for the period indicated.

We regret that the exploration work performed did not result in a certification of discovery or development. Your participation in the exploration program, however, is sincerely appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

WCAnderson:ad 3/8/55
Copy to: Admr. R. File
Docket
Operating Committee
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Chambers
Mr. Houk
Mr. C. E. Hedrick, Route 2, Conover, North Carolina

R.S.

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

Project Summary Report

By: Walter C. Anderson WCA March 7, 1955 JJA

1. Docket No. DMEA-3283 - Mica
Contract No. Idm-E693
Hefner Mine
Catawba County, North Carolina

Operator: Sam L. Phillips, Bascom Henline,
Dock Henline and M. L. Swann, d/b/a
Hefner Mining Company
Spruce Pine, North Carolina

Application: Form MF-103 (April, 1952) received March 19, 1954.
Work proposed: 50 feet of shaft and 100 feet of drift.
Amount requested: $6,000.00

Operator's property rights:
Mining lease for 5 years, dated March 2, 1954.
Owner's Consent to Lien, dated August 13, 1954.

2. Contract: Form MF-200 (A) (February, 1952) dated August 2, 1954.

Work authorized:

Construction-powder and exploder magazines	$38.00
Preparation shaft site	54.00
Sinking and timbering 50 feet of shaft @ $44.00/ft.	2,200.00
Driving and timbering 75 feet of drift @ $32.00/ft.	2,400.00
Total estimated cost of project	$4,692.00
Government participation @ 75%	$3,519.00

Amendments: none

Work completed:

Prepared shaft site	$54.00
39½ feet of shaft @ $40.00/ft.	1,580.00
75 feet of drift @ $28.00/ft.	2,100.00
111½ feet of timbering @ $4.00/ft.	446.00
Total accepted cost	$4,180.00
Government participation @ 75%	$3,135.00

Work began on September 2, 1954, and was completed November 12, 1954. An estimated 1000 pounds of inferior quality mica produced during operation. $25.00 worth of mica sold during operation for which a royalty of $1.25 was received.
Field Team Final report received November 26, 1954.
Operator's Final Engineering Report received November 26, 1954.

3. Audit: Report of Review issued December 3, 1954.

Accepted cost	$4,180.00
Government participation	$3,135.00

4. Certification of discovery - none issued since mica reserves discovered are negligible.

5. Comments:

How conducted: Efficiently and in a workmanlike manner. Good cooperation with the Government as shown by confining the work to the pegmatite all the way.

Operation: Good.

Engineering: Reports by Operator, especially the first report, were above average.

Geological premise: The premise that the pegmatite would continue was correct, but the mica discovered was of very poor quality.

Geological criteria upon which work was based:
1. Partly zoned, weathered pegmatite 10 feet thick.
2. Mica concentration along walls.
3. Past production.

Geological criteria developed during project:
1. Pegmatite continued.
2. Mica - green colored, badly cracked, ruled and warped.
3. Reserves of strategic mica - negligible.

Future possibilities: none

Recommendations: The Nonmetallic Minerals Division concurs in Field Team's recommendation not to issue a certification of discovery or development. The Bureau of Mines and Geological Survey agree.

IN REPLY REFER TO:

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 21 1955

January 20, 1955

Re: DMEA-3283
Hefner Mine
Catawba Co., N. C.
$4,180
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 has recommended a certificate of discovery not be issued.

All of the work under the contract was completed, except that the shaft was bottomed at 39.5 feet instead of 50 feet as pegmatite thinned rapidly at 35 foot depth.

The explored pegmatite was 15 feet thick at the surface, but within 35 feet it thinned to 3.5 feet. It is poorly zoned and the mica is mainly of poor quality. Out of 1,000 pounds recovered during exploration work only a very small amount is considered to be of strategic quality.

On basis of Field Team's estimates of "mine-run" mica, a certificate of discovery is not justified.

E. L. Newcomb

E. L. Newcomb

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 28 1954

December 27, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Donald R. Irving, Acting for
Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3283 (mica)

Applicant: Sam L. Phillips

Name and Location of Property: Hefner Mining Company
Catawba County, North Carolina

Contract Number: Idm-E 693

Date of Field Team Final Report: November 24, 1954

Date Rec'd. by Ceram. & Fert. Mat. Br.: December 11, 1954

Field Team Recommendation:

1. No certification.

Comments:

1. An estimated 1,000 pounds of "mine-run" mica was obtained during DMEA exploration. Most was green and badly cracked. Yield of strategic mica is reported to be small.

2. Expenditures -

Total approved	-	$4,692
Total cost	-	4,180
Gov't. share	-	3,135
Value of prod. during operation	-	?

3. Reserves of strategic mica are reported to be negligible.

Recommendation:

I concur in the field team's recommendation to deny certification.

Donald R. Irving

Donald R. Irving

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

November 24, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Field Team, DMEA - Region VII

Subject: Final Report - DMEA-3283, Idm-E693 (mica) Hefner Mining Co. Spruce Pine, N. C.

Enclosed are four copies of the Field Team final report on the subject exploration contract.

We recommend that certificate of discovery should not be issued.

Robert A. Laurence
Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION VII

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

Reviewed by
DMEA OPERATING COMMITTEE
12-1-54
(date)

RECEIVED
DEC 6 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FINAL REPORT

On

DMEA-3283, HEFNER MINE (mica)
Catawba County, N. C.

BY

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

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

November 23, 1954

Reviewed by
DMEA OPERATING COMMITTEE
12-1-54
(date)

FINAL REPORT
ON
DMEA-3283, HEFNER MINE (mica)

Operator: Hefner Mining Company, c/o Sam L. Phillips, Spruce Pine, N. C.

Location: About 6 airline miles northwest of Conover, Catawba County, N. C.

Work completed under the contract consisted of bulldozing a shaft site, sinking a 39.5 foot timbered shaft and driving 75 feet of drift, 72-feet of which was timbered. Most of the mica discovered was not of strategic quality; therefore, a certification of discovery should not be issued. No additional exploratory work is warranted.

Work began on September 2, 1954 and ended November 12, 1954. A shaft site was prepared by bulldozing an 50' x 12' x 5' deep trench which trends east-west. A total of about 7 hours of dozer work was required to make this cut. From the bottom of this cut a 39.5-foot vertical 5' x 7' shaft (two-compartment) was sunk and timbered. A total of 75 feet of laterals were driven from the 32-foot level of the shaft; a 26-foot drift in a S. 60° W. direction and a 49-foot drift in a N. 80° E. direction. Timbering was completed in 72 feet of the laterals. The shaft was not sunk to the planned depth of 50 feet because the pegmatite begins to thin rapidly at about 35 feet below the collar and because of heavy ground water conditions.

A poorly-zoned pegmatite is exposed in the shaft and drifts. It is about 15 feet thick at the surface but thins to about 3.5 feet in the bottom of the shaft. The body strikes N. 60-80° E, and is vertical. Poorly defined zoning is present, consisting of a central zone up to 3 feet thick of coarse-grained perthite, quartz, and muscovite enclosed by a zone of medium-grained kaolinized feldspar, quartz, and minor scrap mica. Country rock, weathered mica schist, is exposed in the head of the southwest drift and along the southeast wall of the northeast drift. Numerous zones of closely-spaced post-pegmatite displacements are present in the drifts. These movements have badly damaged the mica with resulting cracks, ruling and warps.

An estimated 1000 pounds of "mine-run" mica were recovered during the project, chiefly from the northeast drift. Most is green-colored and is badly cracked, ruled and warped. Some is "flat-A" and "wedge-A". A small quantity of ruby mica was recovered from the shaft but all was small in size and badly cracked. Only a small proportion of the mica discovered will yield sheet of strategic quality.

Expenditures:

(a)	Total approved	$4,692.00
(b)	Total cost of project	4,180.00
(c)	Government's share of cost	3,135.00
(d)	" " unexpended	384.00
(e)	Value of production during opr. (?)	

Reserves of strategic mica revealed by the work done under the contract are negligible.

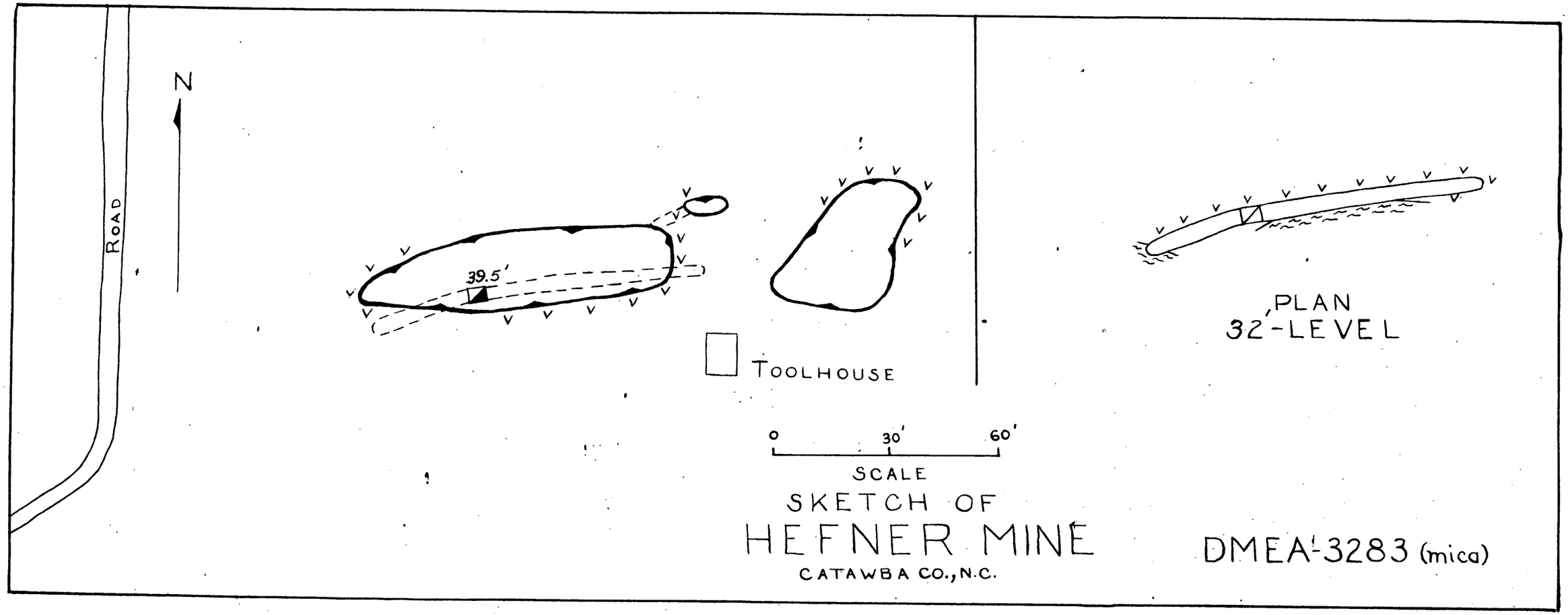
The work completed under the contract was conducted in an efficient and satisfactory manner. No equipment was purchased under the contract.

November 23, 1954

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

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

Z


N
ROAD
39.5'
TOOLHOUSE
0
30'
60'
SCALE
PLAN
32'-LEVEL
SKETCH OF
HEFNER MINE
CATAWBA CO., N.C.
DMEA-3283 (mica)

DEPARTMENT OF THE INTERIOR
Bureau Mines Minerals
RECEIVED
NOV 26 1954

Spruce Pine, North Carolina
November 18, 1954

Mr. Robert A. Laurence, Executive Officer
DMEA, Region VII
Post Office Building
Knoxville, Tennessee

Re: DMEA-3283, Idm-E693
Hefner Mine, Catawba County, N. C.
Final Engineering Report

Dear Mr. Laurence:

Work began on September 2 on the above project, and was completed on November 12. About seven hours bulldozing was done on the surface in an effort to find the mica bearing vein. We uncovered one green streak of mica that was A-shaped, very small, and of no commercial value. We also located a streak of red flat mica, and sank a shaft 39½', in vein all the way. No mica was found in the shaft, other than small ruby blocks which were broken and very badly clay stained. We recovered about 300 lbs. of this mica in the 39½' of shaft.

We contacted water at the 28' depth. The shaft was in digging material and was timbered all the way down.

From the 30' level of the shaft, we drove a drift to the East about 25'. At approximately 10' in the drift to the East we picked up some mica which was very small, broken and badly clay-stained.

At the request of the Field Team, we drifted from the 30' level to the West a distance of 50'. In the drift to the West we picked up some mica after going about 25'. This mica was slightly better than we had contacted before, but the quantity and quality were not sufficient to make it a commercial deposit. In the drift to the West at approximately 35' we found a small amount of green Wedge A mica, again of no commercial value.

We wish to express our appreciation to the DMEA Field Team for their assistance on this project.

If further details are necessary, please contact us.

Very truly yours,

HEFNER MINING COMPANY

Sam L. Phillips

Sam L. Phillips

P/b

DEPT. OF THE INTERIOR
Defense Materials Administration
RECEIVED
DEC 2 1954

INTERIM REPORT

DMEA-3283 Idm-E693 (mica) HEFNER MINE

OPERATOR: Sam L. Phillips, Bascomb Henline, Dock Henline, M. L. Swann d/b/a Hefner Mining Company, Spruce Pine, N. C.

LOCATION: About 6 airline miles northwest of Conover, Catawba County, North Carolina.

This contract has been completed without making a sizeable discovery of strategic mica. The operator states that no additional drift work at his own expense will be attempted due to the poor quality of the mica.

Drifts totaling 77 feet were driven from the 28 ft. shaft level. The S 50° W drift was driven 26 feet and the N 70° E drift was driven 51 feet. Both drifts were driven in pegmatite composed of kaolinized feldspar, manganese and iron stained quartz zones, both ruby and green muscovite mica and containing occasional stringers of biotite schist. Mica recovered was of an inferior grade, most of which was cracked, broken and contained stain. Considerable movement was indicated along the pegmatite contacts and is indicative of large amounts of crushed and broken mica in the body.

This operation was conducted satisfactorily and all suggestions made by the Examiners were followed closely.

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, Geologist
U. S. Geological Survey

November 16, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 12 1954

INTERIM REPORT

DMEA-3283 Idm-E693 (mica) HEFNER MINE

OPERATOR: Sam L. Phillips, Bascomb Henline, Dock Henline, M. L. Swann d/b/a Hefner Mining Company, Spruce Pine, N. C.

LOCATION: About 6 airline miles northwest of Conover, Catawba County, North Carolina.

Drifting continues from the 32-foot shaft level and is now at 47 feet. The operator was advised to discontinue the southwest drift, whose present face shows weathered country rock.

Drifts have been driven from the above shaft level along the strike of the body in both directions. The S 50° W drift was driven for 26 feet in kaolinized pegmatite containing mica which was badly crushed; work was stopped when country rock was encountered. Considerable movement along the drift is evident. Upon completion of this work turnoff was made from this same level and 21 feet of drift was driven N 70° E. Similar conditions exist in this drift, but larger mica, though badly cracked, has been recovered. The examiners believe that additional work is warranted to the northeast and work will continue until another examination can be made.

The shaft at the 32-foot level has not been floored to date. Both drifts have required solid top and side lagging and all uprights are placed on sills. 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

November 2, 1954

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
OCT 29 1954

INTERIM REPORT

DMEA-3233 Idm-E693 (mica) HEFNER MINE

OPERATOR: Sam L. Phillips, Bascomb Henline, Dock Henline, M. L. Swann d/b/a Hefner Mining Company, Spruce Pine, North Carolina

LOCATION: About 6 airline miles northwest of Conover, Catawba County, North Carolina

Shaft sinking has been completed on this contract to a total depth of 39 feet. The shaft has been floored at 32 feet and turnoff to the west is underway. Permission was given for this action because of excessive water and heavy ground conditions. Material encountered in the short drift advance is kaolinized feldspar, thin quartz ribs and muscovite mica, much of which is badly ruled, bent and crushed. Considerable movement was noted along the north wall and roof of the drift.

Timber requirements for drift work were discussed with the foreman.

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 19, 1954

INTERIM REPORT

DMEA-3283 Idm-E693 (mica) HEFNER MINE

OCT - 4 1954

OPERATOR: Sam L. Phillips, Bascomb Henline, Dock Henline, M. L. Swann, d/b/a Hefner Mining Company, Spruce Pine, N. C.

LOCATION: About 6 airline miles northwest of Conover, Catawba County, N. C.

Starting date on this contract is September 9, 1954. A shaft site was prepared in the vicinity of an east-west trending open cut by bulldozer. The site was spotted and sinking is underway. A two-compartment shaft, 5' x 8' in cross section has been sunk to a depth of 21 feet in pegmatite. Country rock, a mica schist, is just beginning to make its appearance in the south side of the shaft. Material encountered is kaolinized feldspar, scattered quartz and small blocks of ruby mica. A few blocks of "A" mica of poor quality was recovered from the bulldozing west of the shaft site.

Equipment at the site consists of a gasoline powered hoist and necessary digging tools. Other equipment will be supplied as needed. 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 22, 1954

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

August 24, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Field Team, DMEA - Region VII

Subject: Signed Contracts: DMEA-3283, Idm-E 693 (mica) Catawba Co.
Hefner Mining Company, Spruce Pine, N. C.

Transmitted are three signed copies of the subject contract, with forms MF-203 for two different tracts of land attached to each copy.

Robert A. Laurence
Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION VII

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

DOCKET COPY
Surname:
Anderson
Houk
Chronologer
Selfridge
K Johnson

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

AUG 2 - 1954

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

Subject: Docket No. DMEA-3283 - Mica
Sam L. Phillips, et al.
Hefner Mining Company
Hefner Mine
Catawba 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 Operator for approval and signature. Please explain to the Operator that the contract, when executed, is a firm commitment under the terms of which it is obligated to complete the work outlined at the agreed unit cost. If any part of this contract does not have either your approval or that of the Operator and cannot be amended within your delegated authority, then the original and all copies of the contract are to be returned to this office, together with the proposed changes for consideration.

After execution of the contract, the copies are to be distributed in the usual manner. Copies of memoranda from the Geological Survey, dated July 1, 1954, and from the Bureau of Mines, dated July 13, 1954, are enclosed.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2/6)

Approved:

J. H. Hedges

Member, Bureau of Mines (1/5)

D. M. Larrabee

Member, Geological Survey (2/6)

Enclosures 10

WCAnderson:gad 7/28/54
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Dietrich, 3061
Mr. Larrabee, 5216
Mr. Houk

R.C.G.

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

July 22, 1954

Memorandum

To: The Administrator, DMEA
Through: Mr. L. G. Houk

From: Acting Assistant Solicitor, Defense Minerals

Subject: Sam L. Phillips, Bascom Henline, Dock Henline, and M. L. Swann, partners, doing business as Hefner Mining Company, Docket No. DMEA-3283 (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. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachments

DMEA
File Copy
Surname
Rubin

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

July 22, 1954

Memorandum

To: The Administrator, DMEA
Through: Mr. L. G. Houk

From: Acting Assistant Solicitor, Defense Minerals

Subject: Sam L. Phillips, Bascom Henline, Dock Henline, and M. L. Swann, partners, doing business as Hefner Mining Company, Docket No. DMEA-3283 (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. Hofflund

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachments

HCRubin: lm

Copies to: Solicitor Docket
DMEA docket
Mr. Houk (2)
Mr. Hofflund
Mr. Rubin
Chron.

R.G.G.

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

July 13, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3283 (mica)

Applicant: S. L. Phillips, Bascomb Henline, Dock Henline and M. L. Swann

Name and Location of Property: Hefner Mine
Catawaba County, North Carolina

Date of Field Team Report: June 28, 1954

Date Rec'd. by Ceramic & Fertilizer Materials Br.: July 8, 1954

Field Team Recommendation:

1. Approval of an exploration project on a unit-cost basis.

Comments:

1. Ruby mica of stockpile grade occurs in the pegmatite exposed on this property.

2. Proposed exploration project consists of a 50-foot shaft and 75-foot drift.

3. Proposed exploration program is consistent with good engineering practice, but the Field Team is of the opinion that the examiners' cost estimate of $4,700.50 is a little low and recommends that the contract be written on a unit-cost basis.

Recommendation:

I concur in the field team's recommendation that the proposed exploration program be written on a unit-cost basis.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:
G-MD-CNM

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

July 1, 1954

Memorandum

REVIEW OF FIELD TEAM REPORT ON APPLICATION DMEA-3283 (mica)

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. M. Larrabee, U. S. Geological Survey
Applicant: S. L. Phillips, Bascomb Henline, Dock Henline and M. L. Swann, Spruce Pine, N. C.
Name of property: Hefner Mine.
Location of property: Catawba County, N. C.
Date of Field Team Report: June 25, 1954.
Authorship of Field Team Report: K. H. Teague, D. H. Amos, and L. E. Shirley.
Field Team's recommendation:

50' shaft
75' drift
$4700.50

Comments: Estimated mica content of peg 5-10%; 3% of which is strategic. This is better than average.

ACTION RECOMMENDED:

Follow Field Team's recommendation.

D. M. Larrabee

D. M. Larrabee

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
ROOM 18, POST OFFICE BLDG.
KNOXVILLE 2, TENN.

June 28, 1954

Memorandum

To: Operating Committee, D M E A Washington

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

Subject: Field Examination Reports on:

DMEA-3283, Hefner Mine (mica)
DMEA-3366, Phillips Mine (mica)

Enclosed are 4 copies each of the subject examination reports, and four extra copies of the maps for each.

We are in agreement with the examiners' proposals, and recommend approval of contracts, using the short form and unit costs. We feel that the examiners' cost estimates may be a little low, as such items as stiff-leg, bucket, track, pipe, etc., have not been included.

Robert A. Laurence
Robert A. Laurence MG
EXECUTIVE OFFICER
DMEA REGION VII

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

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM, REGION VII

ON

DMEA-3283, HEFNER MINE
(mica)
Catawba County, N. C.

By

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

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

June 25, 1954

Reviewed by
DMEA OPERATING COMMITTEE

7-7-54
(date)

FIELD EXAMINATION REPORT
ON
DMEA-3283, HEFNER MINE(Mica).

Applicants: S. L. Phillips, Bascomb Heline, Dock Henline and M. L. Swann, all of Spruce Pine, North Carolina

A pegmatite containing mica of stockpile grade is present on this property. The possibility for discovery of a worthwhile deposit at this mine appears favorable; therefore, the field examiners recommend that limited exploration be granted.

The Hefner Mine is located about 6 airline miles northwest of Conover, Catawba County, N. C.

This deposit was examined on April 21, 1954. Messrs. Sam L. Phillips, C. J. Keller and W. S. Flynt accompanied the examiners on the inspection which required 1½ hours.

Access to the property is via an all-weather gravel road. Area covered by the lease appears to be adequate for the proposed project. In this connection, it should be noted the ownership of the land is held by three of the applicants;-Henline, Henline and Swann. All of the applicants have had varying amount of mica mining experience and are competent to conduct the proposed work.

The only present surface facility is a conbination toolhouse-bunkhouse in poor repair. Workings consist of several pits and partially caved shallow shafts. Short drifts have been driven from two of the shafts and are accessible, (see attached map). The maximum depth of the old workings are reported to be about 30 feet.

A weathered pegmatite about ten feet thick is exposed in the pits and the underground workings. Distribution of the workings and the contacts indicates it strikes N.70-80°E. and probably dips steeply to the northwest. Massive quartz on the dumps suggests that the body is at least in part zoned. The pegmatite is composed of kaolinized feldspar, quartz, muscovite, and biotite. The mica tends to be concentrated along the walls.

Ruby mica occurs in the west end of the pegmatite and greenish brown mica in the east end. The mica is flat and flat-A, hard, and free-splitting. Some is ruled, wavy, and slightly mineral-stained. It is estimated that mica constitutes 5 - 10 percent of the pegmatite, 3 percent of which would yield sheet mica of strategic quality.

The mine was first opened in 1940 and was worked until the summer of 1944, chiefly by two of the present applicants, M. L. Swann and Dock Henline. Records of the Colonial Mica Corporation indicates that 378.05 pounds

of sheet mica were sold during this period for $2,013.11, 50 percent of which was stained or better.

The program of exploration proposed by the applicants is in the opinion of the field examiners the most practical and efficient approach. Limiting of drifting to 75 feet should be sufficient to adequately explore the pegmatite, rather than 100 feet as proposed by the applicants.

The major portion of the proposed work would probably be in weathered and semi-weathered material and will require timbering. Heavy ground water conditions can probably be expected.

The applicants have available the necessary equipment for the proposed project. Experienced miners would have to be obtained from the Spruce Pine district.

An estimate of costs is as follows:

Powder Magazine		$50.00
Cap Magazine		25.00
Shaft site preparation (4 hours of dozing with D-7 dozer at $13.50/hr.		54.00
Shaft (50 foot timbered 5' x 7') (25 shifts)		
Labor and Supervision:		
2 - Laborers @ $1.00/hr	$400.00	
1 - Hoist Oper. @ $1.25/hr	250.00	
1 - Foreman- miner @ $1.50/hr.	300.00	
Material and Supplies:		
Timber 4000 B. F. @ $70/M	280.00	5.60
Explosives	100.00	2.00
Gas and Oil	200.00	4.00
Small tools and supplies	40.00	
Equipment rental:		
Compressor, pump and hammer @ $240/Mo.	300.00	6.00
Hoist @ $50/Mo.	62.50	
Misc. (Insurance, Soc. Sec. and repairs)	200.00	$2,164.50

43.30

Drift 75 feet 5' x 7' (30 shifts)

Labor and Supervision:

2- Laborers @ $1.00/hr	$480.00	15.20
1 - Hoist Opr. @ $1.25/hr	300.00	
1 - Foreman -miner @ $1.50/hr	360.00	

Material and Supplies:

Timber 5000 B. F. @ $70/M	350.00	4.60
GAs and Oil	150.00	2.00
Drill Steel	32.00	
Small tools and supplies	50.00	

Operating Equipment rental:

Compressor, pump, & Hammer rental @ $240/Mo.	360.00		
Hoist @ $50/Mo.	75.00		
Miscellaneous (Ins. Soc. Sec., repairs, etc.)	200.00	$2,357.00	31.43
Contingencies		50.00	32.00
Total Estimated Cost		$4,700.50	

June 25, 1954

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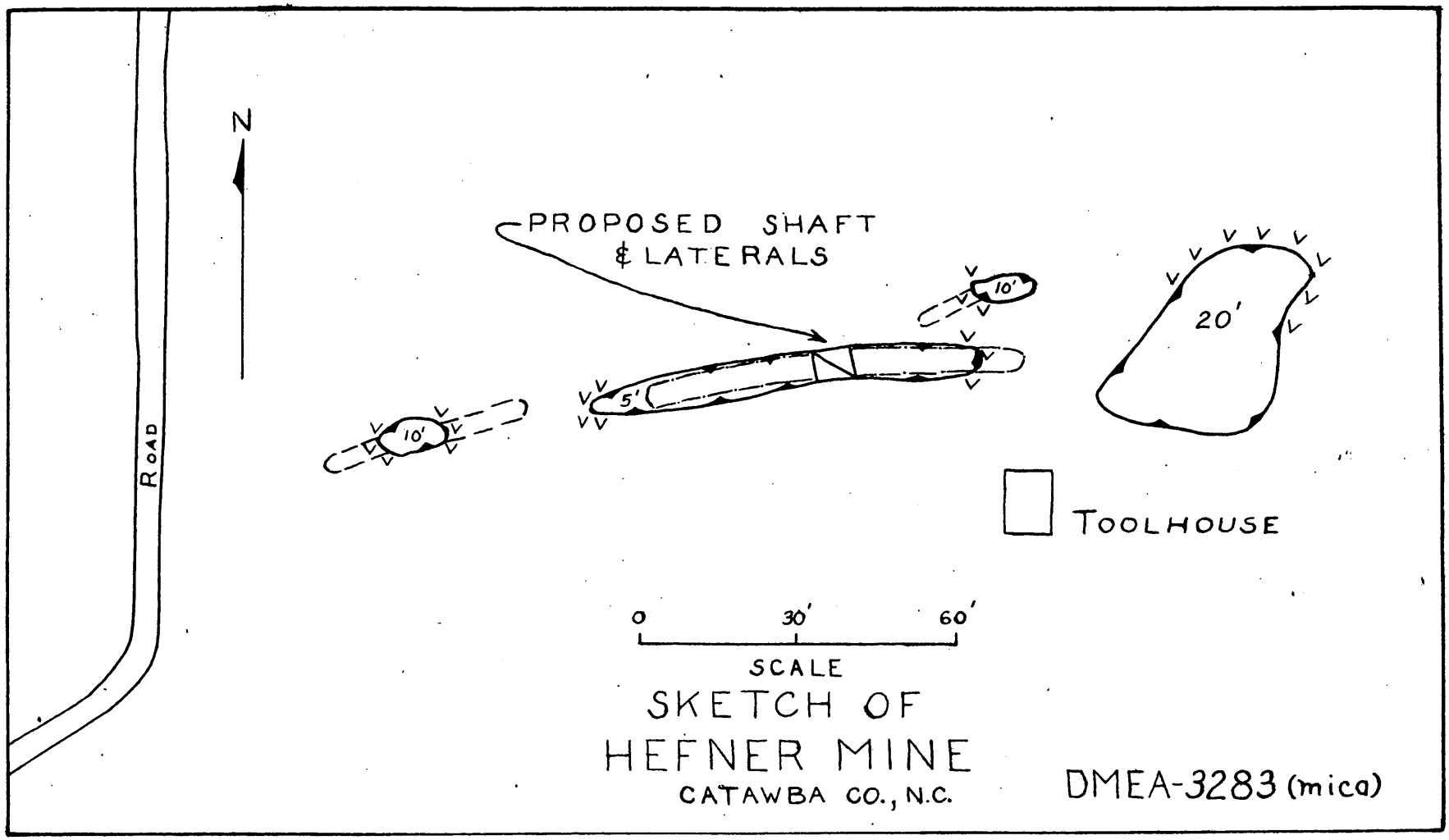

SKETCH OF
HEFNER MINE
CATAWBA CO., N.C.

DMEA-3283 (mica)

File Copy
Surname:

Anderson
Houk
Selfridge
Hedges

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

JUN 18 1954

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

Subject: Docket No. DMEA-3283 - Mica
Sam L. Phillips, Bascomb Henline,
Doak Henline and M. L. Swann
Hefner Mine
Catawba 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 March 22, 1954, and from the Bureau of Mines, dated March 30, 1954, are enclosed for your information.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Approved:

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

Philip W. Guild (GCS)
Member, Geological Survey

Enclosures: 4

WCAnderson:gad 4/27/54
Copy to: Admr. R. File
Docket File
Operating Committee
Mr. Dietrich, 3061
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

R.C.G.

File Copy
Surname:

Anderson
Houk
Hodges
Stoddard
Gilbert
Jensen

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

JUN 1 5 1954

Mr. Sam L. Phillips
The Hefner Mining Co.
Spruce Pine, North Carolina

Re: Docket No. DMEA-3283 - Mica
Sam L. Phillips, Bascomb Henline,
Doak Henline and M. L. Swann
Hefner Mine
Catawba 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

Administrator

WCAnderson:gad 4/27/54

Copy to: Admr. R. File
Docket File
Operating Committee
Field Team, Region VII
Mr. Dietrich, 3061
Mr. Larrabee, C-232 GSA Bldg.
Mr. Houk

R.C.H.

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

June 10, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Field Team, DMEA, Region VII

Subject: DMEA-3283 (mica) Hefner Mine. Sam L. Phillips, et al, d/b/a Hefner Mining Company

Reference is made to your letter of June 7.

Mr. Teague reports that the present acreage under lease, totalling 1.15 acres, is sufficient for the proposed exploration contract. Mr. Teague is familiar with the boundaries of the enlarged lease.

Robert A. Laurence

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION VII

Wm. A. Beck

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

FILE COPY
SURNAME:
Anderson
Selfridge

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-3283 - Mica
Sam L. Phillips, et al. d/b/a
Hefner Mining Company
Catawba County, North Carolina
Hefner Mine

Dear Mr. Laurence:

Reference is made to our letter of May 14, 1954, to the applicants advising that the property was insufficient to support an exploration project.

They have secured a lease on an additional adjoining tract of land increasing the total acreage to 1.15 acres. If the Field Team has not already done so, kindly have them determine if this acreage is sufficient for an exploration project contract.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (248)

Approved:

J. H. Hedges (248)
Member, Bureau of Mines

D. M. Larrabee (248)
Member, Geological Survey

WCAnderson:gad 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.G.

Bureau Mines Information
RECEIVED
MAY 28 1954

Spruce Pine, North Carolina
May 24, 1954

Mr. Lawrence G. Houk, Chief
Nonmetallic Minerals Division
U. S. Dept. of the Interior, DMEA
Washington 25, D. C.

Re: DMEA-3283 (Mica)
Hefner Mine

Dear Mr. Houk:

We are enclosing Mining Lease and Owner's Consent to Lien for an additional tract of property for the Hefner Mine in Catawba County, North Carolina.

Your letter of May 14 stated that property described on the previous lease was of too small an acreage to support an exploration project. We trust that this additional tract will take care of this requirement. If further information is required, please let us know.

Very truly yours,

Sam L. Phillips

Sam L. Phillips
Hefner Mining Company

P/mb

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 Catawba, described as follows:1/

Beginning at a stone at Charlie Hedrick's corner and running West 100 ft. to a stake, thence South 10 rods 6 ft. to a stake, thence East 100 gt. to corner of Will Lail's line, thence North with Bascom Henline-Dock Henline-M. L. Swann and Charlie Hedrick's line 10 rods 6 ft. to the point of 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/ Sam L. Phillips, Bascom Henline, Dock Henline and M. L. Swann

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 21st day of May, 1954.

x C E Hedrick [Seal]

[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 (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts, plus one-half ($\frac{1}{2}$) per cent 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) per cent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) per cent.)

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.

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 Catawba, described as follows:1/

Beginning at a stone at Charlie Hedrick's corner and running West 100 ft. to a stake, thence South 10 rods 6 ft. to a stake, thence East 100 gt. to corner of Will Lail's line, thence North with Bascom Henline-Dock Henline-M. L. Swann and Charlie Hedrick's line 10 rods 6 ft. to the point of 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/ Sam L. Phillips, Bascom Henline, Dock Henline and M. L. Swann

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 21st day of May, 1954.

L E Hedrick [Seal]

[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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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 (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

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

(b) One and one-half (1½) per cent of any such net amounts, plus one-half (½) per cent 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) per cent of such net amounts.

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

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.

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 Catawba, described as follows:1/

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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/ Gen L. Phillips, Bascom Henline, Dock Henline and M. L. Swann

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:

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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 21st day of May, 1954.

B E Hedrick [Seal]

[Seal]

[Seal]

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

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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 Granville, described as follows:1/

Beginning at a stone at Charlie Hendrick's corner and running thence 100 ft. to a stake, thence North 10 rods 6 ft. to a stake, thence East 100 ft. to corner of Will Hendrick line, thence North with Bruce Hendrick's line, E. Crum and Charlie Hendrick's line 10 rods 6 ft. to the p lace of 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/ Geo E. Hendrick, Bruce Hendrick, Jack Hendrick and E. E. Crum

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:

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4. Changes and added provisions_____

Dated this 21st day of May, 1954.

L E Hendrick [Seal]

_____ [Seal]

_____ [Seal]

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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.

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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.

MINING LEASE

State of North Carolina Catawba County:

This indenture made this 21st day of May, 1953~~4~~

between Charlie Hedricks

of Catawba County and State of North Carolina as party of the first part, and known as lessor, and Sam L. Phillips, Bascom Henline, Dock Henline and M. L. Swann

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

WITNESSETH, That the party of the first part in consideration of One Dollar in hand received and hereby acknowledged by the lessor, 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 stone at Charlie Hedrick's corner and running West 100 ft. to a stake, thence South 10 rods 6 ft. to a stake, thence East 100 ft. to corner of Will Lail's line, thence North with Bascom Henline-Dock Henline-M.L. Swann and Charlie Hedrick's line 10 rods 6 ft. to the point of beginning.

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:

+ C E Hedrick (Seal)

(Seal)

(Seal)

Kenneth R McKinney
Notary Public
My commission Expires 8/11/55

MINING LEASE

State of North Carolina Catawba County:

This indenture made this 21st day of May, 1954

between Charlie Hedricks

of Catawba County and State of North Carolina as party of the first part, and known as lessor, and Sam L. Phillips, Bascom Henline, Dock Henline and M. L. Swann

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

WITNESSETH, That the party of the first part in consideration of One Dollar in hand received and hereby acknowledged by the lessor, 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 stone at Charlie Hedrick's corner and running West 100 ft. to a stake, thence South 10 rods 6 ft. to a stake, thence East 100 ft. to corner of Will Lail's line, thence North with Bascom Henline-Dock Henline-M.L. Swann and Charlie Hedrick's line 10 rods 6 ft. to the point of beginning.

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: C E Hedrick (Seal)

_____ _____ (Seal)

(Signed) Kenneth R. McKinney, Notary Public _____ (Seal)

My commission expires 8-11-55

MINING LEASE

State of North Carolina Catawba County:

This indenture made this 21st day of May, 1954, between Charlie Hedricks of Catawba County and State of North Carolina as party of the first part, and known as lessor, and Sam L. Phillips, Roscoe Henline, Dock Henline and M. L. Swann of Mitchell County and State of North Carolina, party of the second part and known as lessee.

WITNESSETH, That the party of the first part in consideration of One Dollar in hand received and hereby acknowledged by the lessor, 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 stone at Charlie Hedrick's corner and running West 100 ft. to a stake, thence South 10 rods 6 ft. to a stake, thence East 100 ft. to corner of Bill Lail's line, thence North with Roscoe Henline-Dock Henline-M.L. Swann and Charlie Hedrick's line 10 rods 6 ft. to the point of beginning.

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: _____

C E Hedrick (Seal)

_____ (Seal)

(Signed) Kenneth R. McKinney, Notary Public
My commission expires 8-11-55

_____ (Seal)

MINING LEASE

State of North Carolina Catawba County:

This indenture made this 21st day of May, 1954

between Charlie Patrick

of Catawba County and State of North Carolina as party of the first part, and known as lessor, and Chas L. Phillips, Deccon Hoilins, Jack Hoilins and R. E. Dunn

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

WITNESSETH, That the party of the first part in consideration of One Dollar in hand received and hereby acknowledged by the lessor, 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 stone at Charlie Patrick's corner and running East 100 ft. to a stake, thence South 18 rods 6 ft. to a stake, thence East 100 ft. to corner of Will Hall's line, thence North with Deccon Hoilins-Jack Hoilins-R.E. Dunn and Charlie Patrick's line 18 rods 6 ft. to the point of Beginning.

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 1/3

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: _____ C E Hedrick (Seal)

_____ _____ (Seal)

(Signed) Kenneth R. McKinney, Notary Public
My commission expires 6-11-55

_____ (Seal)

FILE COPY
Surname:

Anderson
Whitenton

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

MAY 14 1954

Mr. Sam L. Phillips
The Hefner Mining Co.,
Spruce Pine, North Carolina

Re: Docket No. DMEA-3283 - Mica
Sam L. Phillips, Bascomb Henline,
Dock Henline, and M. L. Swann
Hefner Mine
Catawba County, North Carolina

Dear Mr. Phillips:

Reference is made to your application for assistance in exploring the subject property.

It is noted that the property described in the lease comprises only 3/4 acres. After careful consideration, it has been decided that this area is insufficient to support an exploration project. Unless arrangements can be made for a larger area, the Defense Minerals Exploration Administration will not consider exploration assistance on this property.

Sincerely yours,

SIGNED

Lawrence G. Houk, Chief
Nonmetallic Minerals Division

WCAnderson:ag 5/11/54

Copy to: Admr. R. File
Docket File
Field Team, Region VII
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 Exploration
RECEIVED
MAR 30 1954

March 30, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3283

Applicant: Sam Phillips, Bascomb and Dock Henline, and M. Swann

Name and Location of Property: Hefner Mine
Catawba County, North Carolina

Application Rec'd. by Ceramic & Fert. Mats. Branch: March 19, 1954

Comments:

1. Bureau of Mines records show an average monthly purchase from May to September 1944 of $280.06 worth of mica by Colonial Mica from subject mine.

2. The following is from the Geological Survey Professional Paper 248-D, pp. 230-31: "Three 30-ft. shafts were sunk, and the intervening pegmatite was mined to depths of 8 to 20 ft. The deposit is at least 5 ft. thick and probably strikes N 65° E."

3. The proposed program would explore ground adjacent to an area which previously produced mica.

Recommendation:

It is suggested that the field team visit this property to determine if an exploration program is justified.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

G-MD-CNM

Defense Minerals Administration
RECEIVED
MAR 22 1954

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

March 22, 1954

Memorandum

REVIEW OF APPLICATION DMEA-3283 (mica)

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. M. Larrabee, U. S. Geological Survey
Applicant's name and address: Sam L. Phillips, Bascomb Henline, Dock Henline, and M. L. Swann, Spruce Pine, N. C.
Name of property: Hefner Mine.
Location of property: 7 miles from Hickory, N. C.
Summary of applicant's proposal: 5' x 7' shaft 50' deep
100' drift "on most promising pegmatite."
Sources of information on applicant's property: Colonial mica records; U. S. G. S. Prof. Paper 248-D, p. 230.
"Three 30' shafts sunk and pegmatite worked to depths of from 8-20'. Deposit at least 5' thick and probably strikes N. 65 E. Mica books reddish brown and of rather small size."
Comments:

1. How many pegmatites are anticipated, and why?
2. 378 lbs. ruby mica sold to Colonial Mica Corporation for $2,013. Green also produced.

RECOMMENDATION:

Refer to Field Team for their examination, if necessary.

D. M. Larrabee

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

March 19, 1954

Memorandum

To: Executive Officer, DMEA Field Team, Region VII

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

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

DMEA - 3283 Sam L. Phillips, et al.

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

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

March 19, 1954
Subject: DMEA-3283
Re: Exploration Assistance
Hefner Mine

Mr. Sam L. Phillips, et al.
Spruce Pine
North Carolina

Dear Sirs:

The receipt of your application dated March 10, 1954 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3283 and referred to the Non-Metallic Minerals Division.

Kindly refer to DMEA-3283 in any future correspondence relating to your application.

Sincerely yours,

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 15, POST OFFICE BLDG.
KNOXVILLE 2, TENN.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 19 1954

March 17, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Acting Executive Officer, DMEA - Region VII

Subject: Application of Sam L. Phillips, Bascomb Henline, Dock Henline and M. L. Swann on Hefner Mine (mica)

Transmitted herewith are three copies of the subject application with three copies of a lease on the property and four copies of Owner's Consent to Lien. We have retained one copy of the application for our files.

Please note that the boundaries of the property do not close and only four copies of the Owner's Consent to Lien were sent. We have written Mr. Phillips pointing this out and requesting that a new lease be sent in together with six copies of a new Owners Consent to Lien with a corrected description.

Wm. A. Beck

Wm. A. Beck

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

March 17, 1954

Mr. Sam L. Phillips

Spruce Pine, North Carolina

Re: Application: Sam L. Phillips, B. Henline, Dock Henline and M. L. Swann. Hefmor Mine (mica)

Dear Mr. Phillips:

Your application on the subject mine was received in this office today and is being sent to Washington. It is noted that the boundaries of the property which is described in the lease and "Owner's Consent to Lien" do not close. It will be necessary for you to present a new lease and six copies of a new "Owner's Consent to Lien" with a proper description of the land on each.

With your application you sent only four copies of the "Owners Consent to Lien". Six copies are required and all must be signed by the property owners.

Please send these to this office and we will forward them to Washington.

Very truly yours,

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

WAB/sp
cc:
Opr.
Beck
Lynch
Files

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 19 1954

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. 3283
Metal or Mineral Mica
Date Received
Estimated Cost $6,000
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: Sam L. Phillips, Bascomb Henline, Dock Henline, and M. L. Swann 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. Hefner Mine

(*c*) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise Bascomb Henline, Dock Henline, and M. L. Swann are owners.

(*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 None

(*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 March 10, 1954

Sam L. Phillips
(Applicant)

By .....

.....

.....

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) Sam L. Phillips, Bascomb Henline, Dosk Henline, and M. L. Swann of Spruce Pine, N. C.

   (b) Partnership

2. No Answer.

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

   (b) Hefner Mine

   (c) Bascomb Henline, Dock Henline and M. L. Swann are owners.

   (d) Lease is attached as Exhibit A.

   (e) None.

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

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

   (b) This mine was worked during Colonial Days. They got large quantities of ruby mica from this mine during those days.

   (c) The last operators were Bascomb Henline, Dock Henline and M. L. Swann. They ceased operation when Colonial stopped buying mica.

   (d) This mine is located 7 miles below Hickory on Spring Road.

   (e) There is ample manpower available. Electricty is within 100 feet of the mine.

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

   (b) It is proposed to sink a 5 x 7 shaft to a depth of 50 feet deep. Then it is proposed to drift a total distance of 100 feet in the most promising pegmatite that is discovered by the shaft.

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

   (d) Attached as Exhibit C.

6. Estimate of Costs
   (a) Independent Contracts-None.
   (b through H)

(1)	Shafting - 5 x 7 - 50 feet @ $50.00 per ft.	$2500.00
(2)	Drifting - 100 ft. @$35.00 per ft.	3500.00
	Total	$6000.00

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

DEPARTMENT OF THE INTERIOR
Bureau Mines Administration
RECEIVED
MAR 19 1954

MINING LEASE

State of North Carolina ~~Mitchell~~ Catawba County:

This indenture made this 2 day of March, 1953, 4

between Bascomb Henline, Dock Henline and M. L. Swann

of Mitchell County and State of North Carolina as party of the first part, and known as lessor s, and Sam L. Phillips, Bascomb Henline, Dock Henline and M. L. Swann

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 stone Charles Hedrick's corner, and runs South 10 rods and 6 feet and corners on Will Lail's line; thence East 11 rods to a stone, T. L. Hefner's corner; thence North 12 poles to a stone on John Lail's line; thence West 11 rods to the Beginning. Containing 3/4 of an acre, more or less.

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 No royalty to be paid

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.

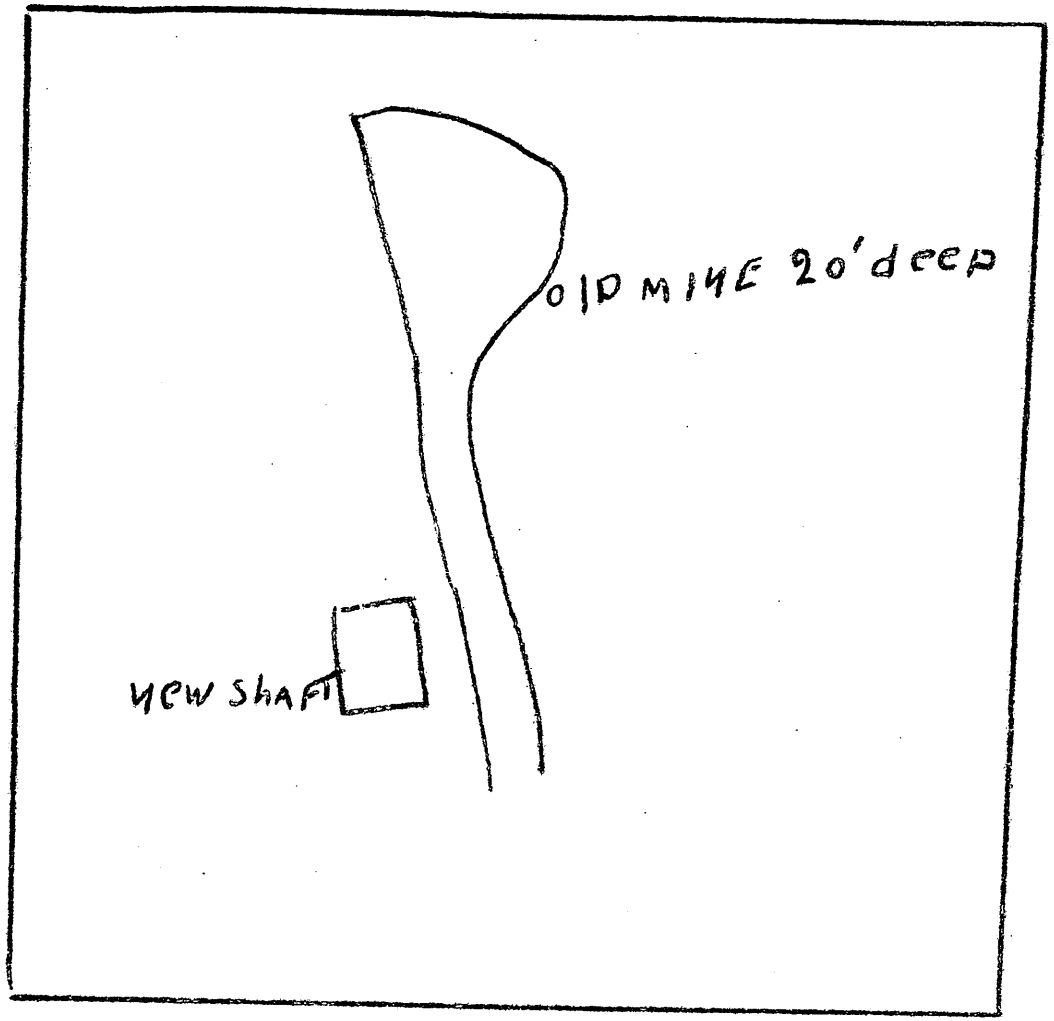
Witness:

Kenneth R. McKinney
My com. Exp. 8-11-57

Bascom Henline (Seal)

Dock Henline (Seal)

M. L. Swann (Seal)



Hefner Mine

RECEIVED
1954

BASCOMB HENLINE

Mr. Henline was borned in Spruce Pine, North Carolina in 1916. He attended high school at Spruce Pine. He has mined all his life some of the mines he has worked are as follows: Mill Race Mine, Self Mine in Cherryville and several others. He has mined for himself and been in partnership in several different mines.

For references write:

Mr. Tom Grant
Spruce Pine
N. C.

Mr. Bill Lee
Spruce Pine
N. C.

Mr. Jack Pendley
Spruce Pine
N. C.

19 1934

DOCK HENLINE

Mr. Henline was bonned in Mitchell County, North Carolina. He has lived in this section most all of his life. He has been a miner all his life. Mr. Henline is well known and has a fine reputation in this community. He has worked the Beaver Mine in Georgia and worked for many years for Carolina Mineral Company. He has mined several mines for himself and has been in partnership in several mines with Bascomb his son and M. L. Swann.

For references write:

Mr. Jack Pendley
Spruce Pine
N. C.

Mr. Scott Hickey
Spruce Pine
N. C.

Mr. Lin Carpenter
Spruce Pine
N. C.

M. L. Swann

Mr. Swann was borned in Mitchell County, North Carolina and he has lived here in Spruce Pine, North Carolina most all of his life. He has a fine reputation in this section of the country. He has mined all his life along with a little farming. He worked for many years for Carolina Mineral Company and has done lots of min ing for himself and with Dock Henline and Bascomb Henline.

For reference write:

Mr. Jack Pendley
Spruce Pine
N. C.

Mr. Scott Hickey
Spruce Pine
N. C.

Mr. Frank Phillips
Spruce Pine
N. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 29 1954

New legal description for DMEA - 3283 Hefner Mine

BEGINNING at a stone Charles Hedrick's corner, and runs South 10 rods and 6 feet and corners on Will Lail's line; thence East 11 rods to a stone, T. L. Hefner's corner; thence North 12 poles to a stone on John Lail's line; thence South 81 degrees West 184 feet to the BEGINNING. Containing 3/4 of an acre, more of less.

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 Catawba, described as follows:1/

Beginning at a stone Charles Hedrick's corner, and runs South 10 rods and 6 feet and corners on Will Lail's line; thence East 11 rods to a stone, T. L. Hefner's corner; thence North 12 poles to a stone on John Lail's line; thence West 11 rods to the Beginning. Containing 3/4 of an acre, more or less.

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/ Sam L. Phillips, Bascomb Henline, Dock Henline and M. L. Swann all of Spruce Pine, N. C. doing business as The Hefner 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 2 day of March, 1954.

Bascom Henline [Seal]

Dock Henline [Seal]

M L Swann [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.

4731

New legal description for DMRA - 3283 Hefner Mine

BEGINNING at a stone Charles Hedrick's corner, and runs South 10 rods and 6 feet and corners on Will Lail's line; thence East 11 rods to a stone, T. L. Hefner's corner; thence North 12 poles to a stone on John Lail's line; thence South 81 degrees West 184 feet to the BEGINNING. Containing 3/4 of an acre, more or less.

COPY

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COPY

MF-203
(Revised July 1, 1953)

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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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4. Changes and added provisions _____

Dated this 2 day of March, 1954.

/s/ Bascom Henline [Seal]

/s/ Dock Henline [Seal]

/s/ M. L. Swann [Seal]

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

Bureau of Mines Administration
RECEIVED
OCT 29 1954

New legal description for DMEA - 3283 Hefner Mine

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COPY

203

(Revised July 1, 1953)

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/s/ Bascomb Henline [Seal]

/s/ Dock Henline [Seal]

/s/ M. L. Swann [Seal]

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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

Recorded
1954

New legal description for EMKA - 3283 Hefner Mine

BEGINNING at a stone Charles Hedrick's corner, and runs South 10 rods and 6 feet and corners on Will Lail's line; thence East 11 rods to a stone, W. L. Hefner's corner; thence North 12 poles to a stone on John Lail's line; thence South 82 degrees West 184 feet to the BEGINNING. Containing 3/4 of an acre, more or less.

COPY

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 Catawba, described as follows:1/

Beginning at a stone Charles Hedrick's corner, and runs South 10 rods and 6 feet and corners on Will Lail's line; thence East 11 rods to a stone, T. L. Hefner's corner; thence North 12 poles to a stone on John Lail's line; thence West 11 rods to the Beginning. Containing 3/4 of an acre, more or less.

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/ Sam L. Phillips, Bascomb Henline, Dock Henline and M. L. Swann all of Spruce Pine, N. C. doing business as The Hefner 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 2 day of March, 1954.

/s/ Bascomb Henline [Seal]

/s/ Dock Henline [Seal]

/s/ M. L. Swann [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.

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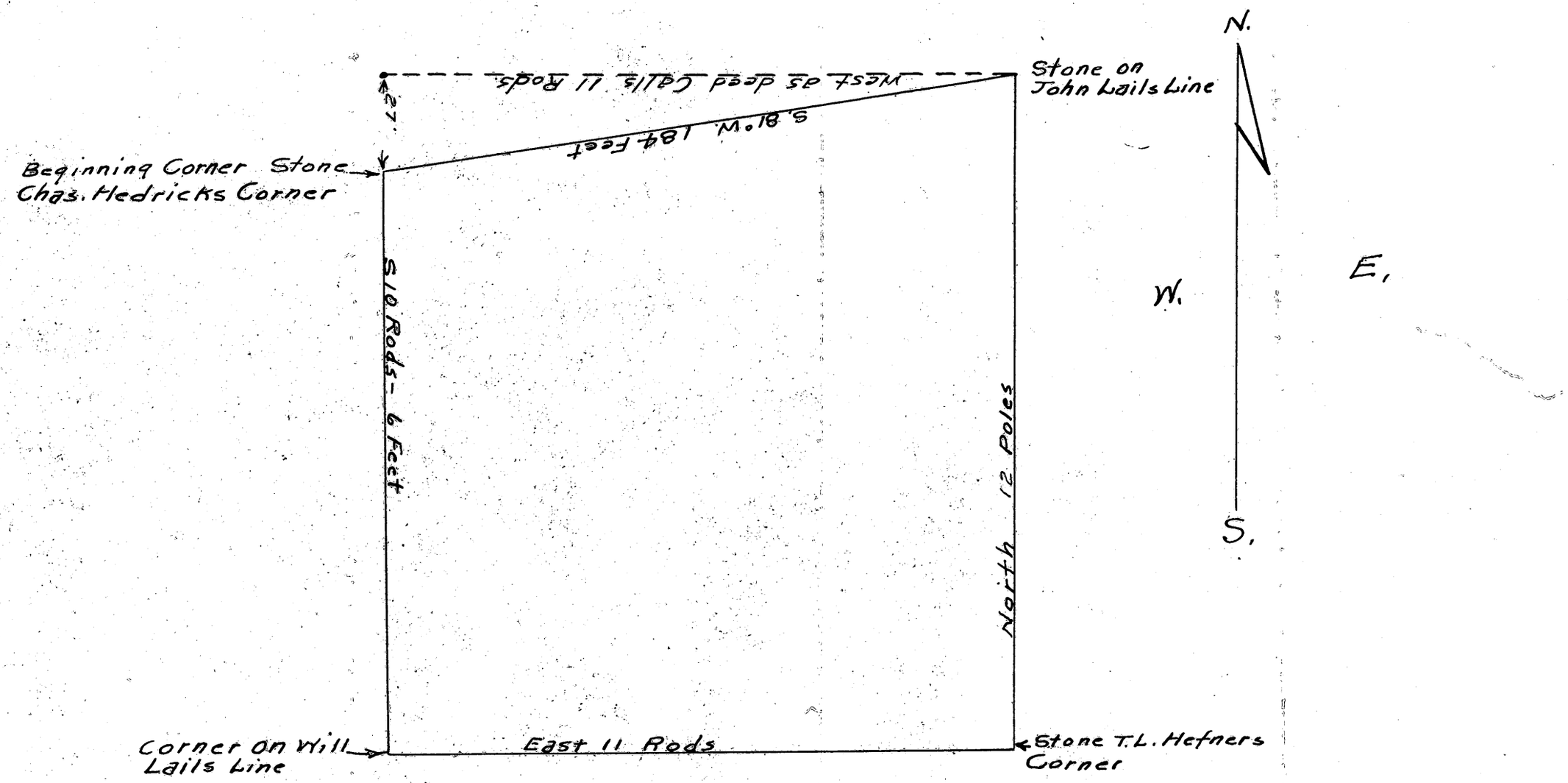
Interior—Duplicating Section, Washington, D. C. 47318



Map of the Bascomb Henline - Dock
Henline - and M.L. Swann, Property -
In Catawba County - North Carolina
As Mapped From Calls of Deed -
Scale - 1 inch = 40 Feet.
Mapped March - 22 - 1954
By Geo. W. McKinney.