DMA Form 1.

DEFENSE MINERALS ADMINISTRATION
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DMA Docket No. 3366

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Cys to USBM, USGS, & Reg.

Routing Slip

To:	600	Date	5/25/54
To:	Mr. Anderson	Date	5/25/54
To:	Oper Com	Date	6-14-54
To:	Oper Com	Date	7-27-54
To:	Oper Com	Date	9-10-54
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DMEA 3366

DOCKET INDEX

ACTION DOCUMENTS

1	Application	Date Received	5/24/54
2	Contract	Date	7/28/54
3	Termination Agreement	Date	9/13/54
4	Certification	Date	
5	Audit Report	Date	
6	Amendments - Numbers	Date	

Docket copy

TERMINATION AGREEMENT

It is agreed this 13th day of September, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and F. O. Phillips, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E690, Docket No. DMEA-3366, dated July 28, 1954, hereinafter called the "Contract," that:

1. Effective August 12, 1954, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

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

3. Any work or operations prosecuted or costs incurred by the Operator beginning with said effective date, except as otherwise provided in this termination agreement, shall be for the sole account of the Operator without contribution by the Government.

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

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

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

THE UNITED STATES OF AMERICA

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

F. O. Phillips
F. O. Phillips

Entry
Hollbrook
Hook
Facca
Self
Jeb

MF-200 (A)
(February 1952)

DOCKET NO. DMEA -3366

COMMODITY Mica

Docket copy

IDM-E 690

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

EXPLORATION PROJECT CONTRACT[1]

(Short Form)

IT IS AGREED this 28th day of July, 1954, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] F. C. Phillips
Spruce Pine, North Carolina

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

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

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of North Carolina County of Mitchell, described as follows: xxxxxx 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 property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: None

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

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

ARTICLE 3. *Exploration project.*—The Operator, within 30 days from the date of this contract shall commence work on a project of exploration for[5] Mica in or upon the described land; and shall bring the project to completion within a period of Six(6) Months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 75 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $3,144.75, which is 75 percent of $4,193.00, the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of units of work performed on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

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

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

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

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

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

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

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

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

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

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

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations. **See Annex II, substituted for Article 6**

ARTICLE 7. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided*, that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 8. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if, in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified.

ARTICLE 9. *Changes and added provisions* **That part of the second sentence in Article 7 beginning with the word "Provided" is deleted.**

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

(Operator) **F. O. Phillips**

By F O Phillips

By O M Mitchell

Administrator, Defense Minerals Exploration Administration

Perkin
Hoffman
Houck
Anderson
Talbert
Selfridge

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
F. O. PHILLIPS
DOCKET NO. DMEA-3366

ANNEX I

The land referred to in Article 2 of the contract form and in Annex II is known as the Phillips Mine and is owned by the Operator, F. O. Phillips. It is located on the southeast slope of Silvers Ridge, north of Crabtree Creek, and 5.3 airline miles S. 48° W. of Spruce Pine, Mitchell County, North Carolina, and is described as follows:

Beginning at the center of the open cut known as the Phillips Mine and running North 250 feet, thence West 250 feet, thence South 500 feet, thence East 500 feet, thence North 500 feet, thence West 250 feet to the beginning.

EXPLORATION PROJECT CONTRACT
F. O. PHILLIPS
DOCKET NO. DMEA-3366

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
F. O. PHILLIPS
DOCKET NO. DMEA-3366

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 Phillips Pres., Mitchell Co., N. C. DMEA-3366 (mica)," in two stages as follows:

Stage I

1. Clean out debris from openings in pegmatite and, with a bulldozer, strip the pegmatite along its strike, for about 75 feet.

2. After pegmatite is exposed, sink shallow test pits at five different places in the pegmatite by drilling one round of holes at each place.

Stage II

If approved in advance by the Government, after examination of the pegmatite exposed by work under Stage I, Stage II work shall be undertaken as follows:

1. Construct: A toolhouse 10 feet by 12 feet.
A powder magazine.
An exploder magazine.

2. Sink a shaft vertically in the hanging wall at a point 20 feet east of the outcrop to encounter the pegmatite. After the pegmatite is encountered, incline the shaft on the pegmatite, the total shaft work not to exceed a total overall depth of 40 feet.

3. From the bottom of the shaft, drive not more than 60 feet of drift and/or crosscut on the pegmatite.

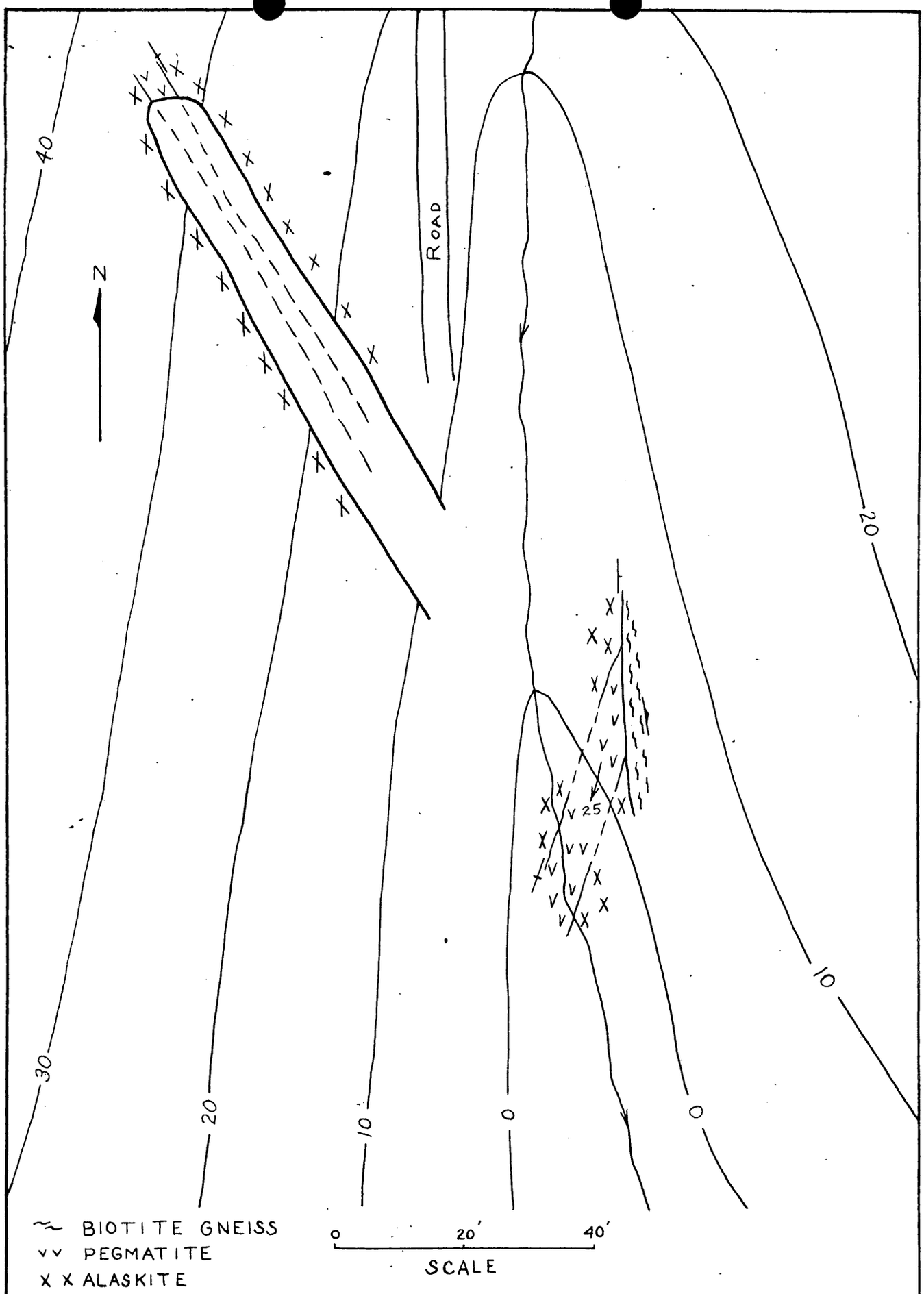
The vertical and inclined portions of the shaft, and the drifts and/or crosscuts, shall be timbered where necessary and shall have cross-sectional dimensions of not less than 5 feet by 7 feet in the clear of timber.

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

AGREED UNIT COSTS

Stripping pegmatite with a bulldozer 20 hours @ $10.00/hr.	$200.00	
Sinking 5 shallow pits in pegmatite @ $40.00/pit 1/	200.00	
Constructing - Toolhouse 1/	75.00	
Powder magazine 1/	25.00	
Exploder magazine 1/	13.00	
Sinking 40 feet of shaft, vertical and inclined @ $47.00/ft.	1,880.00	
Driving 60 feet of drifts and/or crosscuts @ $30.00/ft.	1,800.00	
Agreed Estimated Total Cost of Project		$4,193.00
Government Participation @ 75%		$3,144.75

1/ The completed work constitutes the unit.



SKETCH OF
PHILLIPS PROS.
MITCHELL CO., N.C.

DMEA-3366 (mica)

Docket Copy
Surname:
Anderson
Hook
Talbot
Selfridge
Johnson

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

600

NOV 26 1954

Mr. F. O. Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3366 - Mica
F. O. Phillips
Phillips Mine
Mitchell County, North Carolina
Contract No. Idm-E690

Dear Mr. Phillips:

We are pleased to advise you that your performance of exploration work under the subject contract has been acceptable to the Government, and the account relating thereto has been closed. The final audit of the Contract Administration and Audit Division shows:

Total claimed for units of work performed	$240.00
Total Government contribution at 90 percent	$180.00

Your attention is called to the provision of the contract which requires you to keep and preserve your records and accounts of this transaction for a period of three years for possible future reference.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the exploration contract. In the absence of such certification, the Government retains no claim or lien against the property or royalty on any production made after the date of this letter.

The Government thanks you for your interest and participation in the exploration program of the Defense Minerals Exploration Administration.

Sincerely yours,

C. O. Mittendorf (for

Administrator

WCAnderson:gad 11/22/54
Copy to: Admr. R. File
Field Team, Region VII
Operating Committee
Mr. Houk
Docket
Mr. Chambers
Mr. Kiilsgaard
Mr. Dietrich

R.C.S.

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

Project Summary Report

By: Walter C. Anderson November 17, 1954

1. Docket No. DMEA-3366 - Mica
Contract No. Idm-E690
Phillips Mine
Mitchell County, North Carolina

Operator: F. O. Phillips
Spruce Pine, North Carolina

Application: Form MF-103 (April 1952) received May 24, 1954.
Work proposed: Bulldoze access road and shaft site, sink 50 feet of shaft and drift 80 feet of drift.
Amount requested: $5,550.00

Operator's property rights: Owner.

2. Contract: Form MF-200(A), (February 1952), dated July 28, 1954.

Work authorized:

Bulldozing trench - 20 hours @ $10.00/hr.	$200.00
Five shallow test pits @ $40.00/pit	200.00
Construct toolhouse, powder and exploder magazines	113.00
40 feet of shaft @ $47.00/ft.	1,880.00
60 feet of drifts and/or crosscuts	1,800.00
Total agreed unit costs	$4,193.00
Government participation @ 75%	$3,144.75

Plan of exploration: In 2 stages. Stage I consisted of bulldozing and test pitting to determine extent of pegmatite and quality of mica before commencement of Stage II.

Amendments: None

Work completed:

Stripping pegmatite	$200.00
Sinking one test pit @ $40.00/pit	40.00
Total accepted cost	$240.00
Government participation @ 75%	$180.00

Work began August 5, 1954, and was completed on August 12, 1954. Contract was terminated by agreement on September 13, 1954. 200 pounds of nonstrategic mica recovered.
Field Team Final Report received September 16, 1954
Operator's Final Report received September 7, 1954.

3. Audit - certificate issued September 30, 1954 (no exceptions)

Accepted cost	$240.00
Government participation	$180.00

4. Certification of discovery - none issued.

5. Comments:

How conducted - good cooperation between Operator and Government in limiting work to just what was necessary to determine worth of deposit.

Operation - good.

Engineering - reporting by Operator was very good. The final report by Operator gave a well detailed and accurate account of the project.

Geological premise: The premise that surface indications warranted exploration did not materialize.

Geological criteria upon which work was based:
1. Unzoned unweathered pegmatite 7 feet thick.
2. Block mica up to 8 inches across, green, clear, hard, and splits well.
3. Past production.

Criteria developed during project - green mica, large in size, soft, and heavily mineral stained. Little is of strategic value.

Future possibilities - because of poor quality of mica encountered, the deposit offers very little encouragement to justify further exploration.

Recommendations: The Nonmetallic Minerals Division concurs in the field team's recommendation that certification of discovery or development should not be issued and that additional exploratory work is not justified. The Geological Survey and the Bureau of Mines are in agreement.

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

Defense Minerals Administration
RECEIVED
SEP 29 1954

September 28, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

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

Subject: DMEA-3366 (mica)
Applicant: F. O. Phillips
Name and Location of Property: Phillips Mine
Mitchell County, North Carolina

Contract Number: Idm-E690

Date of Field Team Final Report: September 14, 1954

Date Rec'd. by Ceramic & Fertilizer Mtls. Br.: September 24, 1954

Field Team Recommendation:

1. No certification.

Comments:

1. Exploration which began August 5, 1954 and was completed on August 12, 1954 consisted of bulldozing and sinking one test hole.

2. Expenditures - Total approved $4,193.00
Total cost 240.00
Gov't. share of cost 180.00
Value ?

Recommendation:

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

Donald R. Irving

Donald R. Irving

IN REPLY REFER TO:

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 27 1954

September 24, 1954

Re: DMEA-3366
Phillips Mine
Mitchell Co., N. C.
$240 - Mica

Memorandum

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

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

Subject: Review of Final Field Report

This contract was terminated on August 12, 1954.

Work completed consisted of a 50-foot trench and one 3-foot test pit.

No ore reserves were developed by DMEA exploration and no certificate of discovery is necessary.

Exposed pegmatite is in alaskite and is unzoned. A small shoot of mica was found in the "nose" of a southeasterly plunging contact fold, but the size of this deposit apparently was not significant or large enough to justify further exploration.

I concur with the Field Team's conclusions and recommend no certificate of discovery be issued.

E. L. Newcomb

E. L. Newcomb

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

RECEIVED
SEP 20 1954

September 16, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region VII

Subject: DMEA-3366, Idm-E 690. F. O. Phillips. Termination Agreement.

Transmitted are three signed copies of the subject termination agreement. The usual disposition of the other copies has been made.

Robert A. Laurence

Robert A. Laurence

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

WASHINGTON 25, D. C.

RECEIVED
SEP 16 1954

S eptember 14, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Field Team, DMEA - Region VII - Knoxville, Tennessee

Subject: Final Report, DMEA-3366, Idm-E 690 (mica) Phillips Mine - F. O. Phillips, Spruce Pine, N. C. Mitchell County.

Enclosed are four copies of the final report on the subject exploration contract which was terminated August 12. Operator's final report was sent to you on September 3.

We recommend that no certification should be issued.

Please note discrepancies in dates of completion - August 12 in the Field Team report and August 13 in the Operator's report. The field examiners visited the project on August 12 and in agreement with the Operator, recommended cessation of the work. The final voucher covered only the work which was completed and seen by the examiners on August 12, therefore, no work was paid for which was not completed August 12.

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
9/24/54
(date)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 16 1954

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FINAL REPORT
On

DMEA-3366, PHILLIPS MINE (Mica)
Mitchell County, N. C.

BY

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

and

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

Reviewed by
DMEA OPERATING COMMITTEE
9/24/54
(date)

September 13, 1954

Defense Minerals Administration
RECEIVED
SEP 16 1954

FINAL REPORT
ON
DMEA-3366, Idm-E 690, PHILLIPS MINE (mica)

Operator: F. O. Phillips, Spruce Pine, North Carolina

The Phillips Mine is on the southeast slope of Silver Ridge north of Crabtree Creek and 5.3 airline miles S. 48° W. of Spruce Pine, Mitchell County, N. C.

Work completed under the contract consisted of bulldozing a 50' x 15' x 4' trench and sinking a 5' x 5' x 3' deep test pit. Mica discovered by this work was, in large part, not of strategic quality; thus the contract was terminated by mutual agreement effective August 13, 1954. No certification of discovery should be issued nor is additional exploratory work warranted.

Work began August 5, 1954 and was completed on August 12, 1954. A north-south trending trench 50' x 15' x 4' deep was bulldozed. A total of 20 hours with a D-7 dozer were required to make this cut. One test pit, 5' x 5' x 3' deep was sunk on a mica shoot revealed by the dozing.

A pegmatite of irregular shape was exposed by the trenching, and pitting. Alaskite and biotite gneiss were uncovered by the work but the pegmatite is entirely confined to alaskite. The body where seen has a maximum thickness of about 12 feet. Its strike is highly variable but the dip is about vertical. Contacts with the alaskite are irregular and in part gradational. The pegmatite is composed of perthite, plagioclase, and quartz, in order of abundance. A well-defined mica shoot occurs in pegmatite in a "nose" of and parallel to the alaskite - biotite gneiss contact. It plunges 35° in a S. 40° E. direction. No zoning of the pegmatite is apparent, other than the concentration of muscovite in the shoot.

An estimated 200 pounds of mica were recovered from the pit. It is large in size but is soft and heavily mineral stained. Little is of strategic quality; thus State II of the contract was not started.

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

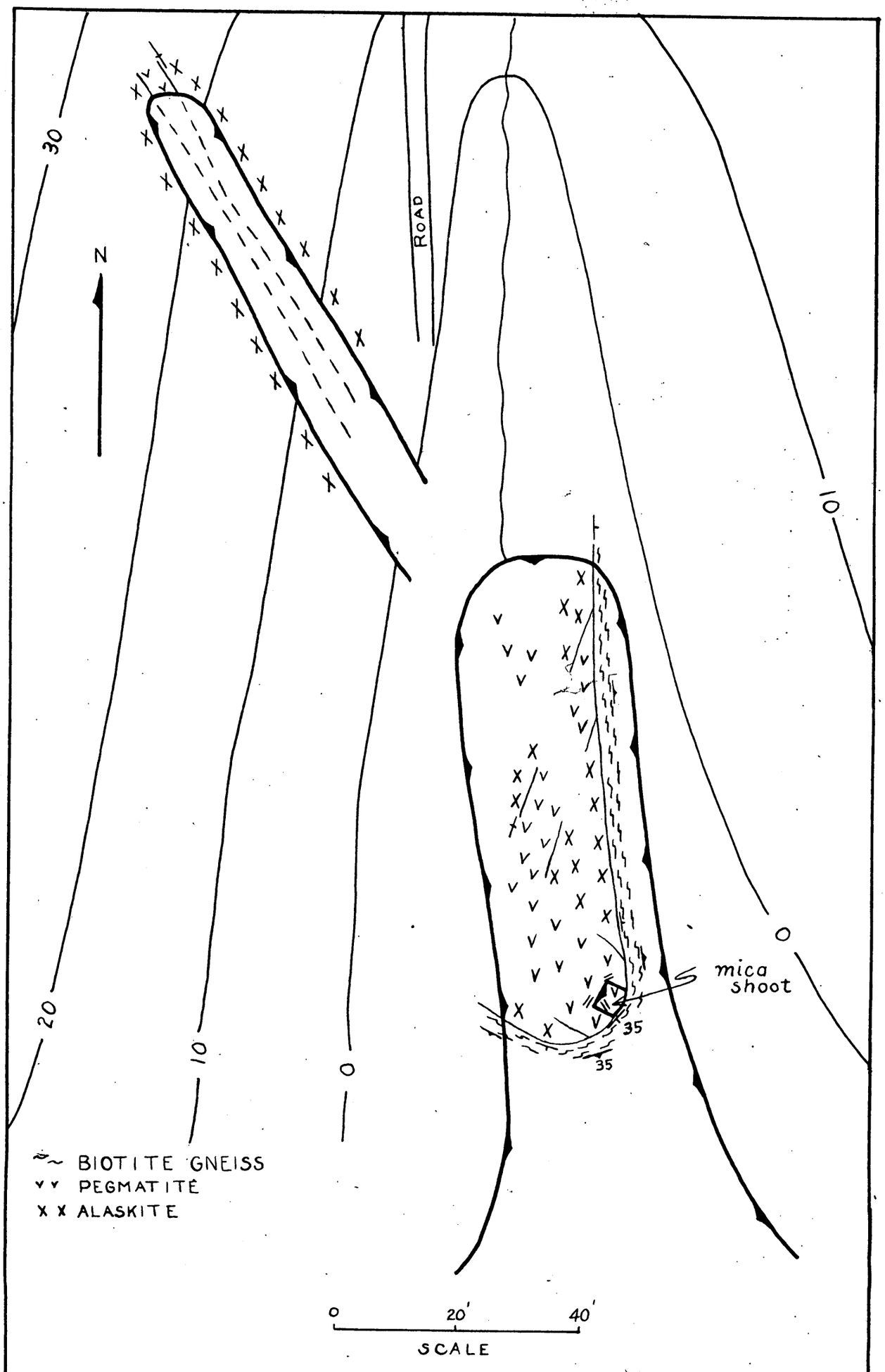
Expenditures:	(a)	Total approved	$4,193.00
	(b)	Total cost of project	240.00
	(c)	Government's share of cost	180.00
	(d)	" " unexpended	2,964.75
	(e)	Value of production during opr.	(?) ~~none~~

All work was conducted in an efficient and satisfactory manner. No equipment was purchased under this contract.

Sept. 13, 1954.

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

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



SKETCH OF
PHILLIPS PROS.
MITCHELL CO., N.C.

DMEA - 3366 (mica)

DMEA Docket

140

Rewritten by Houk

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

SEP 10 1954

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

Subject: Docket No. DMEA-3366 (Mica)
F. O. Phillips
Phillips Prospect
Mitchell County, North Carolina
Contract No. Idm-E690

Dear Mr. Laurence:

Reference is made to Field Team Interim Report of August 12 and your covering memorandum of August 18, requesting permission to terminate the subject contract by mutual agreement.

You are authorized to execute the enclosed termination agreement and send it to the Operator for execution. Regular distribution of executed copies of the agreement should be made.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Enclosures 6

APPROVED:

J. H. Hedges

Member, Bureau of Mines (JHH)

Thor H. Kiilsgaard

Member, Geological Survey (THK)

LGHouk/HCRubin/emd 9/7/54
Copy to: DMEA Docket
Solicitor's Docket
Adm. R. File
Operating Committee
Mr. Dietrich, 3061
Mr. Kiilsgaard, 5227
L. G. Houk (2)
J. L. Hofflund
chron.
pending

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

September 3, 1954

Memorandum

To: Operating Committee - DMEA - Washington

From: Executive Officer, DMEA - Region VII

Subject: Final Operator's Report - DMEA-3366, Idm-E 690 (mica)
F. O. Phillips, Spruce Pine, N. C. Phillips Mine in Mitchell County, N.C.

Enclosed are 4 copies of Operator's final report on the subject contract. The work was stopped after part of Stage I was completed, and we have recommended termination. We do not plan to recommend certification.

Robert A. Laurence

Robert A. Laurence

Spruce Pine, North Carolina
August 23, 1954

Mr. Robert A. Laurence, Executive Officer
DMEA, Region VII
Room 13, Post Office Building
Knoxville, Tennessee

Re: DMEA-3366, Idm-E-690 (Mica)
Phillips Mine, Mitchell Co., N. C.
Final Engineering Report

Dear Mr. Laurence:

Work began on this project on August 2, 1954 and was completed on August 19, 1954. The work consisted of bulldozing a trench about 75' long and 8' wide and drilling along the south wall of the trench. About 220 feet of drilling was done, and pegmatite was uncovered about midway of the trench at a depth of 4 feet. The pegmatite was about 6" in diameter and we recovered approximately 200 lbs. of mica; some of rather large size but all of poor quality.

The Field Team visited the site on August 19 and after observing the results of the work, asked that work be discontinued and Stage II of the contract be cancelled.

Three men were used in the operation. One man who did the bulldozing work for a total of 20 hours; and two men who did the drilling and shooting and recovered the mica; each of these two men worked a total of 37½ hours. Fifty pounds of dynamite were used to do the drilling and blasting.

We wish to thank the Field Team for their cooperation on this project. If further details are needed, please contact us and we shall be glad to furnish whatever information is needed.

Very truly yours,

F. O. Phillips

F. O. Phillips

B/b

Spruce Pine, North Carolina
August 23, 1954

Mr. Robert A. Laurence, Executive Officer
DMEA, Region VII
Room 13, Post Office Building
Knoxville, Tennessee

Re: DMEA-3366, Idm-E-690 (Mica)
Phillips Mine, Mitchell Co., N. C.
Final Engineering Report

Dear Mr. Laurence:

Work began on this project on August 2, 1954 and was completed on August 19, 1954. The work consisted of bulldozing a trench about 75' long and 3' wide and drilling along the south wall of the trench. About 220 feet of drilling was done, and pegmatite was uncovered about midway of the trench at a depth of 4 feet. The pegmatite was about 6" in diameter and we recovered approximately 200 lbs. of mica; some of rather large size but all of poor quality.

The Field Team visited the site on August 19 and after observing the results of the work, asked that work be discontinued and Stage II of the contract be cancelled.

Three men were used in the operation. One man who did the bulldozing work for a total of 20 hours; and two men who did the drilling and shooting and recovered the mica; each of these two men worked a total of 37½ hours. Fifty pounds of dynamite were used to do the drilling and blasting.

We wish to thank the Field Team for their cooperation on this project. If further details are needed, please contact us and we shall be glad to furnish whatever information is needed.

Very truly yours,

F. O. Phillips

F. O. Phillips

B/b

Spruce Pine, North Carolina
August 23, 1954

Mr. Robert A. Laurence, Executive Officer
D EA, Region VII
Room 13, Post Office Building
Knoxville, Tennessee

Re: DMEA-2366, Ich-E-490 (Mica)
Phillips Mine, Mitchell Co., N. C.
Final Engineering Report

Dear Mr. Laurence:

Work began on this project on August 2, 1954 and was completed on August 19, 1954. The work consisted of bulldozing a trench about 75' long and 8' wide and drilling along the south wall of the trench. About 220 feet of drilling was done, and pegmatite was uncovered about midway of the trench at a depth of 4 feet. The pegmatite was about 6" in diameter and we recovered approximately 200 lbs. of mica; some of rather large size but all of poor quality.

The Field Team visited the site on August 19 and after observing the results of the work, asked that work be discontinued and Stage II of the contract be cancelled.

Three men were used in the operation. One man did the bulldozing work for a total of 20 hours; and two men did the drilling and blasting and recovered the mica; each of these two men worked a total of 37½ hours. Fifty pounds of dynamite were used to do the drilling and blasting.

We wish to thank the Field Team for their cooperation on this project. If further details are needed, please contact us and we shall be glad to furnish whatever information is needed.

Very truly yours,

F. O. Phillips

F. O. Phillips

B/b

August 30, 1954

Mr. Fletcher O. Phillips

Spruce Pine, N. C.

Re: DMA-3366, Idm-E 690 (mica)
Phillips Mine, Mitchell County,
North Carolina

Dear Mr. Phillips:

Your August Operator's monthly report and voucher, and Final Engineering Report on the subject contract are being returned to you because you are claiming that five test pits were dug, while work was done on only one according to our field examiners.

Your attention is called to the note at the bottom of forms MF-104 and MF-104A.

Upon receipt of the reports and voucher properly made out, we will pass them for payment.

Very truly yours,

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION VII

RAL/km
cc:
Beck
Lynch
Files
Opr. Con.-2

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

August 25, 1954

Memorandum

To: Administrator

From: Nonmetallic Minerals Division

Subject: Concurrence with recommendation for termination.

By: Walter C. Anderson *Walter C. Anderson*

1. Docket No. DMEA-3366 - Mica
Contract No. Idm-E690
Phillips Prospect
Mitchell County, North Carolina

Operator: F. O. Phillips
Spruce Pine, North Carolina

2. Contract - dated July 28, 1954

Work authorized:

Stripping pegmatite - 20 hrs. @$10.00/hr.	$200.00
Sinking 5 testpits @ $40.00/pit	200.00
Constructing tool house, powder and exploder magazines	113.00
Sinking 40 ft. of shaft @ $47.00/ft.	1,880.00
Driving 60 ft. of drifts and/or crosscuts @ $30.00/ft.	1,800.00
Total estimated cost of project	$4,193.00
Government participation @ 75%	$3,144.75

Work completed:

Stripping pegmatite	$200.00
Sinking one testpit @ $40.00/pit	40.00
Total expended to date (approximately)	$240.00

3. Comments:

Plan of exploration - in two stages. Stage I consisted of bulldozing and testpitting to determine extent of pegmatite and quality of mica before commencement of Stage II.

Geological premise - Mica is green and large in size, soft and heavily mineral stained. Little is of strategic value.

Future possibilities - Because of poor quality of mica encountered to date the deposit offers very little encouragement to justify further exploration.

Recommendations:

1. The Field Team recommends termination of contract by mutual consent.
2. The Operator is in agreement.
3. The Nonmetallic Minerals Division concurs in the Field Team's recommendation. Concurrence based on careful study of docket and positive recommendation by Field Team.

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

August 18, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Field Team, DMEA - Region VII

Subject: DMEA-3366, Idm-E 690 (mica) Phillips Prospect, Spruce Pine, N. C. Request for termination.

Enclosed are four copies of an interim report on the subject exploration project contract.

Because of the poor quality of mica exposed in Stage I, the examiners do not recommend beginning Stage II, of the contract. The Operator is in agreement.

Therefore, we request permission to terminate this contract by mutual agreement.

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

INTERIM REPORT

(mica)
DMEA-3366, Idm-E690, PHILLIPS PROSPECT

Operator: F. O. Phillips, Spruce Pine, North Carolina

Location: On the southeast slope of Silvers Ridge, north of Crabtree Creek and 5.3 airline miles S. 48° W. of Spruce Pine, N. C., in Mitchell County.

The starting date on this contract was August 5, 1954. A north-south trending trench 50' x 15' x 4' deep was bulldozed. One test pit 5' x 5' x 3' deep was sunk from the bottom of this trench. The pit was sunk on a well-defined mica shoot which occurs in pegmatite along an alaskite-biotite gneiss contact. The shoot is in a "nose" of the contact, and is parallel to it; both plunging 35° in a S. 40° E. direction.

An estimated 100 pounds of "mine-run" mica was recovered from the pit. It is green and large in size but is soft and heavily mineral-stained. Little is of strategic quality.

It is recommended that no further work be done under this contract because of the poor quality of the mica. The Operator is in agreement.

Exam. date: August 12, 1954

K. H. Teague D. H. Amos

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

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

August 4, 1954

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region VII

Subject: Signed Contract Idm-E 690, DMEA-3366, F. O. Phillips (mi ca)
Spruce Pine, N. C.

Transmitted herewith are three signed copies of the subject contract. The usual distribution of the other signed copies has been made.

Robert A. Laurence
Robert A. Laurence

ZM

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-3366 (mica)

Applicant: F. O. Phillips

Name and Location of Property: Phillips Mine
Mitchell 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 program estimated at $4,267.50.

Comments:

1. Mica obtained on this property is green, clear, fairly hard, and splits well.

2. Field examiners are of the opinion that this deposit warrants exploration.

3. Proposed exploration is based on a two-stage project. Stage 1 consists of stripping the pegmatite for 75 feet. Stage 2, if results of stage 1 are satisfactory, consists of a vertical shaft to be sunk 40 feet and 60 feet, of drift.

4. Proposed exploration project is consistent with good engineering practices. Estimated cost for stage 1 is $400, and for stage 2, $3,867.50.

5. Field team believes the estimated cost is low.

Recommended:

I concur with the field team's recommendation that an exploration program be approved on subject property in two stages, on a unit-cost basis.

W. F. Dietrich

W. F. Dietrich

FILE COPY
Surname:

Anderson
Houk
Talbut
Selfridge
Hedges

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

JUL 28 1954

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

Subject: Docket No. DMEA-3366 - Mica
F. O. Phillips
Phillips Mine
Mitchell County, North Carolina

Dear Mr. Laurence:

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

If the contract meets with your approval present it to the Operator for approval and signature. Please explain to the Operator that the contract, when executed, is a firm commitment under the terms of which he 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 (GCS)

Approved:

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

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

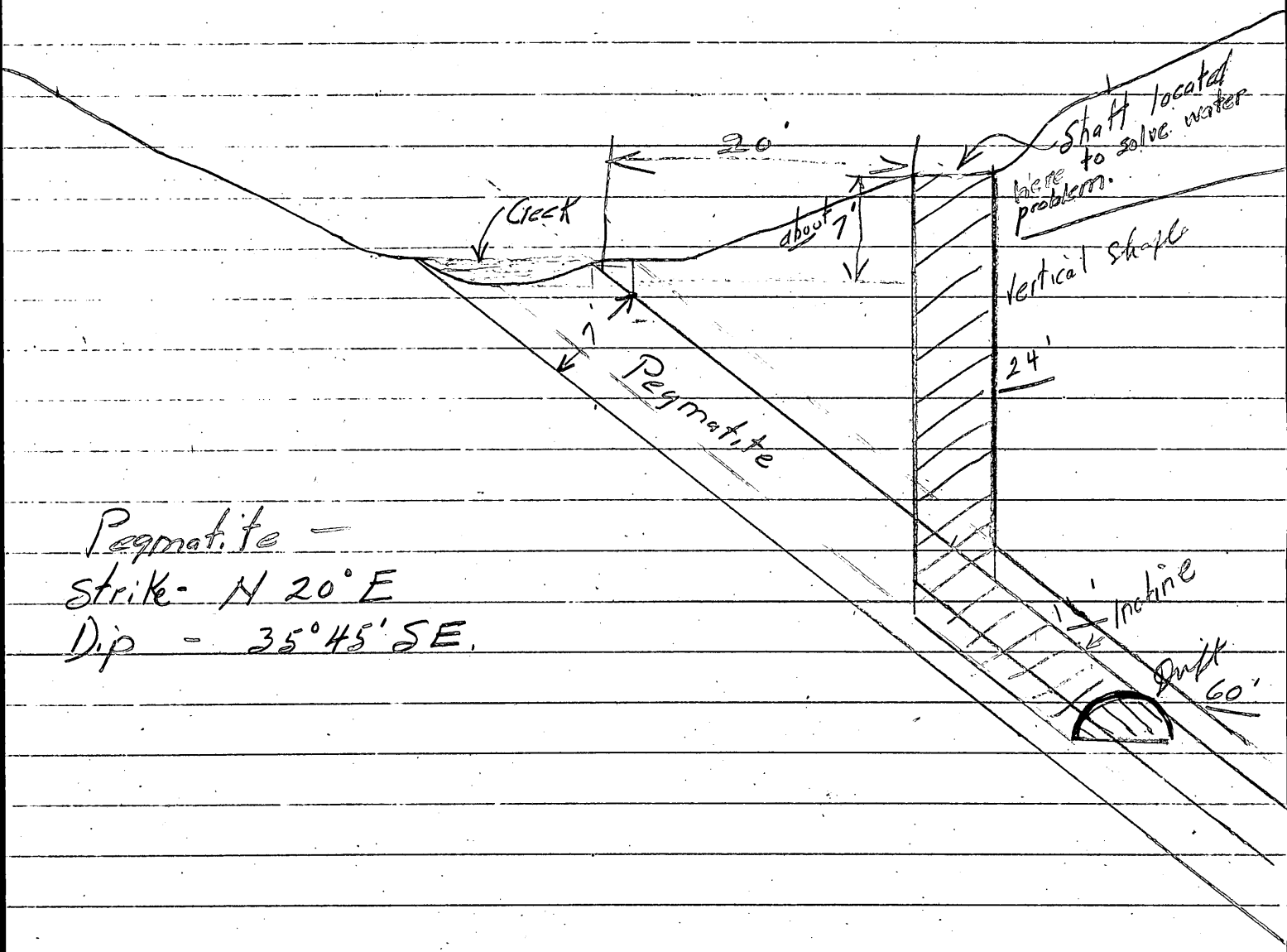
Enclosures 10

WCAnderson:ag 7/23/54
Copy to: Admr. R. File
Docket File
Operating Committee
Mr. Dietrich, 3061
Mr. Larrabee, 5216
Mr. Houk

R.G.A.

DMEA - 3366 (mica)
Phillips Prospect -
Section through proposed shaft along dip of pegmatite

Scale - 1" = 10'



Pegmatite -
Strike - N 20° E
Dip - 35° 45' SE.

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-3366 (mica).

To: L. G. Houk, Defense Minerals Exploration Administration.
From: D. M. Larrabee, U. S. Geological Survey.
Applicant: F. O. Phillips, Spruce Pine, N. C.
Name of property: Phillips Mine
Location of property: Mitchell Co., N. C.
Date of Field Team Report: June 24, 1954.
Authorship of Field Team Report: K. H. Teague and D. H. Amos.
Field Team's recommendation:

Stage 1 - clean old pits and strip peg in brook for 75'.
Blast 5 test pits.

Stage 2 - 40' shaft
60' drift

$4267.50

Comments: Sketch not clear, with relation of peg and alaskite to wallrock, and plunge of 25°. How was plunge determined where shown? 20' depth below brook may not be adequate for water problem. Be sure on this point.

ACTION RECOMMENDED:

Follow Field Team's recommendation.

D. M. Larrabee

D. M. Larrabee

June 28, 1954

Memorandum

To: Operating Committee, D M E A Washington

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

Subject: Field Reconnaissance Reports on

[redacted], Wilson Mine (mica)
[redacted], Phillips Mine (mica)

Enclosed are 4 copies each of the subject reconnaissance 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 stripping, hauling, track, pipe, etc., have not been included.

Robert A. Lawrence
EXECUTIVE OFFICER
DMEA REGION VII

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

Enclos
cc:
Beck
Lynch
Kline

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM, REGION VII

On

DMEA-3366, PHILLIPS MINE
(mica)
Mitchell County, N. C.

By

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

and

Dewey H. Amos, Geologist
U. S. Geological Survey

June 24, 1954

Reviewed by
DMEA OPERATING COMMITTEE

7-7-54
(date)

FIELD EXAMINATION REPORT
On
DMEA-3366, PHILLIPS MINE (mica)

GCL
7/27/54

Applicant: F. O. Phillips, Spruce Pine, North Carolina

Numerous prospects and mines for feldspar and mica occur along the hillside on which this mica mine is located. Most of the successful operations have been on feldspar, but some success has been had on mica also. At this place block mica occurs in pegmatite adjacent to biotite gneiss. Blocks up to 8 inches across are exposed. The depsoit appears to offer promise for the production of strategic mica and exploration assistance is recommended - in two stages.

The deposit was examined on June 2, 1954. Messrs. F. O. Phillips and S. L. Phillips accompanied the examiners on the inspection which required three hours.

The Phillips mine is on the southeast slope of Silvers Ridge, north of Crabtree Creek, and 5.3 airline miles S. 48° W. of Spruce Pine, Mitchell County, North Carolina. A paved road extends to within 0.75 miles of the mine. From the paved road to the mine, access is possible at all times by jeep.

The applicant has been active in mica and feldspar mining most of his adult life and is capable of conducting the proposed work.

The mine is owned by the applicant. For the purpose of this application, an area 500 feet square is used, with the prospect in the center of the square. This area is adequate for the proposed work.

There are no surface facilities at the deposit. Workings consist of two open cuts, each of which appears to be on different pegmatite bodies. The northwestern cut is about 125' long, 5' wide, and 0-10' deep. All work in this cut has been directed towards the production of feldspar. About $1000 of strategic mica was produced as a by-product from the feldspar mining in 1953 from this cut.

Only a little work has been done on the southeast pegmatite. The applicant did a little work on this pegmatite about 1938 and reports that he produced some mica. Two outcrops are present in the stream for inspection; however, its south extent is not exposed as it is covered by dump and debris. The stream will, for surface work, present a water problem.

The unweathered pegmatite in the stream strikes about N. 20° E., dipping 35°-45° SE., and rakes about 25° SW. It is about 7 feet thick and is composed of perthite, plagioclase, quartz, green colored muscovite, and red garnet, listed in order of abundance. There is no well defined zoning, although the mica is concentrated near the hanging wall contact. Where

exposed for inspection, the mica content of the wall zone is estimated to constitute about 20 percent. Mica books up to 8 inches in diameter and 4 inches thick are exposed.

The mica is green in color, clear (except for a few scattered small garnets along the edge of the books), fairly hard, and splits well. Some of the books exhibit "A" structure and is somewhat cracked.

The deposit appears to warrant exploration. The examiners recommend that exploration consist of cleaning out the debris in the various openings and stipping the pegmatite along its strike for about 75 feet. After the pegmatite is exposed, shallow test pits (1 round of holes at 5 different places) should be made on the outcrop to better expose the pegmatite and allow a better appraisal of its possibilities.

If results from this initial work is satisfactory, a vertical shaft should be sunk in the hanging wall 20 feet east of the outcrop. This location would solve most of the water problem and probably cut the pegmatite at a depth of about 20 feet. After the pegmatite is encountered, the shaft should be inclined on the pegmatite to a total depth of about 40 feet. Not more than 60 feet of drift should be driven on the pegmatite from the shaft.

Estimated Cost:

STAGE I.

Strip pegmatite in stream for 75 feet along strike with bulldozer. 20 hrs. @ $10/hr.		$200.00
Shoot 5 shallow test pits in pegmatite (5 shifts)		
Labor:		
1 - miner @ $1.50/hr.	$60.00	
1 - Laborer @ $1.20/hr.	40.00	
Compressor and drill @ $220/Mo.	42.00	
Drill steel	20.00	
Explosives	30.00	
Miscellaneous	8.00	200.00
Estimated Cost Stage I		$400.00

STAGE II.

Sink 40 foot shaft, part vertical and part inclined (25 shifts).		
Tool house 10' x 12'		150.00
Exploder Magazine		25.00
Powder Magazine		50.00
Labor:		
1 - miner @ $1.50/hr.	300.00	

Labor: Con't:		
1 - Hoistman @ $1.25/hr.	$250.00	
2 - Laborers @ $1.00/hr.	400.00	
Equipment rental:		
Compressor (105) @ $200/mo.	225.00	
1 - drill @ $20/mo.	25.00	
1 - pump @ $20/Mo (15 da.)	10.00	
Hoist @ $50/mo.	62.50	
Supplies:		
Drill steel	50.00	
Explosives	125.00	
Timber, nails	75.00	
Small tools, gasoline, oil, etc.	150.00	
Soc. Sec., insurance, etc.	170.00	$1,842.50

46.06/ft.

Drive 60 feet of drift from shaft (20 shifts)

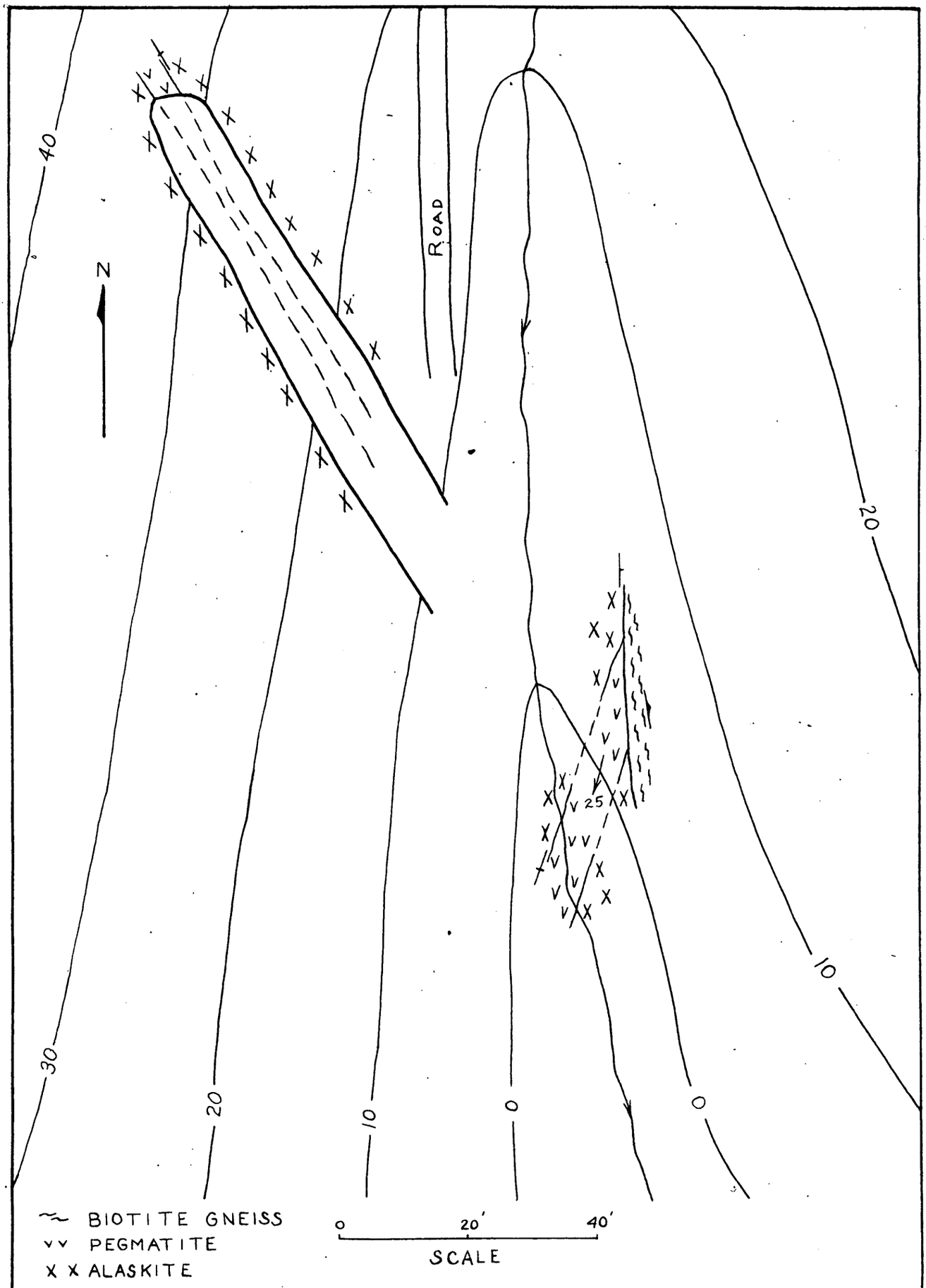
Labor:		
1 - miner @ $1.50/hr.	240.00	
1 - hoistman @ $1.25/hr.	200.00	
2 - Laborers @ $1.00/hr.	320.00	
Equipment rental:		
Compressor @ $200/Mo.	200.00	
Hoist @ $50/Mo.	50.00	
Drill @ $20/Mo.	20.00	
Pump @ $20/Mo	20.00	
Supplies:		
Drill steel	100.00	
Explosives	200.00	
Gasoline and oil	100.00	
Small tools, etc.	200.00	
Insurance, social security, etc.	150.00	1,800.00

30.00/ft.

Estimated cost : Stage II	$3,867.50
Estimated cost: Stages I & II	$4,267.50

June 24, 1954.

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



SKETCH OF
PHILLIPS PROS.
MITCHELL CO., N.C.

DMEA-3366 (mica)

FILE COPY
Surname:
Anderson
Selfridge

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

JUN 14 1954

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

Subject: Docket No. DMEA-3366 - Mica
W. O. Phillips
Phillips Mine
Mitchell County, North Carolina

Dear Mr. Laurence:

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

Copies of memoranda from the Geological Survey, dated May 26, 1954, and from the Bureau of Mines, dated June 7, 1954, are enclosed for your information.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Approved:

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

T. P. Thayer (GCS)
Member, Geological Survey

Enclosures 4

WCAnderson:ag 6/11/54
Copy to: Admr. R. File
Docket File
Operating Committee
Mr. Dietrich, 3061
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

R.C.S.

FILE COPY
Surname:
Anderson
Houk
Redgas
Selfridge

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

JUN 14 1954

Mr. F. O. Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3366 - Mica
Phillips Mine
Mitchell County, North Carolina

Dear Mr. Phillips:

Your application for assistance in exploring the subject property has been reviewed by the Nonmetallic Minerals Division of the Defense Minerals Exploration Administration and has been referred to Mr. Robert A. Laurence, 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,

Frank E. Johnson (fw)

ACTING Administrator

WCAnderson:ag 6/11/54
Copy to: Admr. R. File
Docket File
Operating Committee
Field Team, Region VII
Mr. Dietrich, 3061
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

R.C.H.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 8 1954

June 7, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3366 (mica)

Applicant: F. O. Phillips

Name and Location of Property: Phillips Mine
Mitchell County, North Carolina

Date Application Rec'd. by Ceramic & Fertilizer Mtls. Br.: May 25, 1954

Comments:

1. No data are available in this office on subject mine.

2. Proposed method of exploration appears to be satisfactory.

3. Estimated expenditures are itemized on a unit-cost basis and total $5,550. Individual unit-costs are in line with those of approved DMEA projects.

Recommendation:

It is recommended the field team visit this mine to ascertain if an exploration project is justified.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

G-MD-CNM

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

May 26, 1954

Memorandum

REVIEW OF APPLICATION DMEA-3366 (mica)

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. M. Larrabee, U. S. Geological Survey
Applicant's name and address: F. O. Phillips, Spruce Pine, N. C.
Name of property: Phillips Mine.
Location of property: Inadequate.
Summary of applicant's proposal: Bulldoze road and shaft site
Sink 50'
Drift 40' E. and 40' W.

Total $5,550

Sources of information on applicant's property: None on file.
Comments: Nothing in proposal to indicate relation of peg to proposed plan of attack.
No target or other information.
RECOMMENDATION: Require applicant to furnish adequate information -- he should know the ropes by now. When this has been done, refer to Field Team. There is no point taking up our time or the Field Team's at this stage of the game.

D. M. Larrabee

D. M. Larrabee

May 25, 1954

Mr. F. O. Phillips
Spruce Pine
North Carolina

Subject: DMEA-3366
Re: Exploration Assistance
Phillips Mine

Dear Sir:

The receipt of your application dated 5/20/54 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3366 and referred to the NonMetallic Minerals Division.

Kindly refer to DMEA-3366 in any future correspondence relating to your application.

Sincerely yours,

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

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

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

Not to be filled in by applicant

Docket No. 3366
Metal or Mineral Mica
Date Received
Estimated Cost $5,550
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: F. O. Phillips
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 Beginning at the center of the open cut known as the Phillips Mine and running N. 250', thence West 250', thence S. 500', thence E. 500', thence N. 500', thence West 250' to the beginning. Said Phillips being located on Big Crabtree Creek in Mitchell County, N. C.

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

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

(*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 No liens or encumbrances.

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice. No land patents involved.

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. See attached sheet.

(*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 (See attached sheet for 5. through 7.)

(*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 May 26, 1954

F O Phillips
(Applicant)
F. O. Phillips

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 (continuation sheet)

4. (a) See attached sketch.

(b) This mine was operated to some extent before the Colonial Mica Program. There was approximately $1000.00 worth of mica sold at that time. The people mining this spot were mining for feldspar at the time the mica was discovered. Feldspar would be saved, of course, if such were found in future mining operations.

(c) It is believed that green mica of strategic quality could be produced by again working this mine site.

(d) & (e) Manpower is available, supplies and shipping distance satisfactory. No power is available near the site, and road would be accessible with some bulldozing.

5. Mica. (a)

(b) It is proposed to bulldoze road access and shaft site, sink a 5x7 shaft a total of 50 feet, then drift 40 feet east and 40 feet west for a total of 80 feet.

(c) The work will start within 30 days after contract is approved, and will be completed within 6 months.

(d) Personal history and operating experience of applicant now on file with DMEA.

(e) Estimate of costs:

Bulldozing road access and shaft site 25 hrs. @ 10.00	$ 250.00
Shafting 50 feet (5x7 shaft) @ 50.00 ft.	2500.00
Drifting 80 feet @ 35.00 ft.	2800.00
Total Extimated cost	$ 5550.00

7. Applicant prepared to pay his share of costs in cash in accordance with regulations. (25%).

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

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

Beginning at the center of the open cut known as the Phillips Pit and running N. 35°, thence East 25', thence S. 50', thence N. 50', thence S. 50', thence West 25' to the beginning. Said Phillips Pit being located on Big Crabtree Creek in Mitchell County, N. C.

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/ R. C. Phillips

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 20th day of May, 1954.

J O Phillips [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 (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 Mitchell, described as follows:1/

Beginning at the center of the open cut known as the Phillips Mine and running N. 250', thence East 250', thence S. 500', thence E. 500', thence N. 500', thence West 250' to the beginning. Said Phillips Mine being located on Big Crabtree Creek in Mitchell County, N. C.

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/ F. O. Phillips

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 20th day of May, 1954.

F O Phillips [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 (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 Mitchell, described as follows:1/

Beginning at the center of the open cut known as the Phillips Mine and running N. 250', thence West 250', thence S. 500', thence E. 500', thence N. 500', thence West 250' to the beginning. Said Phillips Mine being located on Big Crabtree Creek in Mitchell County, N. C.

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/ F. O. Phillips

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F O Phillips [Seal]

[Seal]

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MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

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Beginning at the center of the open cut known as the Phillips Mine and running N. 250', thence West 250', thence S. 500', thence E. 500', thence N. 500', thence West 250' to the beginning. Said Phillips Mine being located on Big Crabtree Creek in Mitchell County, N. C.

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2/ F. O. Phillips

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 20th day of May, 1954.

F O Phillips [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 (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.

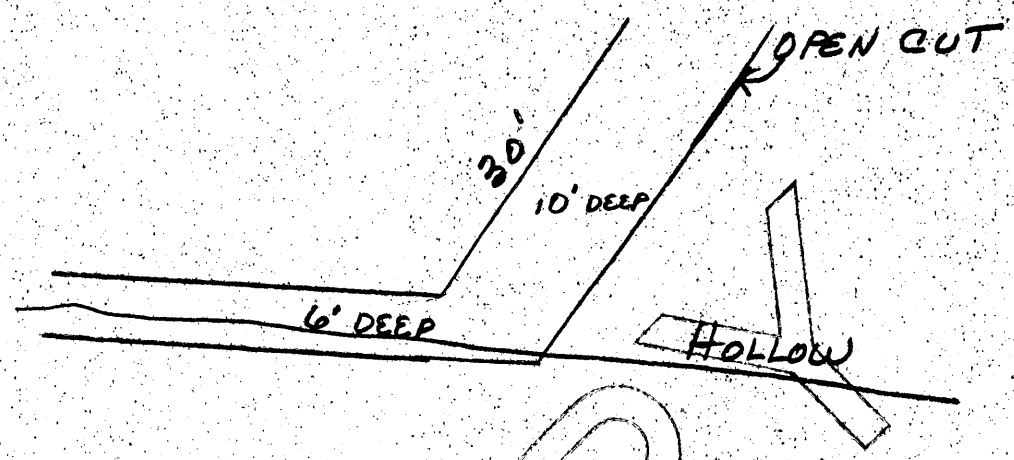
d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

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.

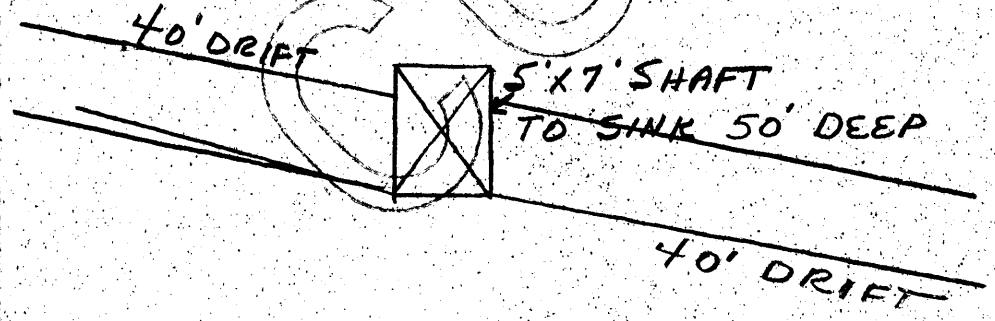
f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

PHILLIPS MINE

OLD WORKINGS



PROPOSED WORKINGS



PROPOSE TO DRIFT 40' TO LEFT AND 40' TO RIGHT, TOTALING 80'.

COPY

SPOKANE 2, WASHINGTON

MY 20 9 30PM 1954

1954

Contract Administration and Audit Division
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.