DMEA 3575

DOCKET INDEX

ACTION DOCUMENTS

1	APPLICATION	DATE RECEIVED 11-18-54
2	CONTRACT	DATE 3-21-55
3	TERMINATION AGREEMENT	DATE
4	CERTIFICATION	DATE
5	AUDIT REPORT	DATE
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Docket copy

MF-200A
(Revised June 1954)

Docket No. DMEA -3575

Commodity Mica

Contract No. Idm-E -776

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
EXPLORATION PROJECT CONTRACT[1]
(Short Form)

It is agreed this 21st day of March, 195-5, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] John Phillips,

whose mailing address is Spruce Pine North Carolina,

hereinafter called the "Operator," as follows:

ARTICLE 1. *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200A), the attached Exhibit "A," Annex I, and

The Operator shall not transfer or assign this contract or any right thereunder without the written consent of the Government.

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of North Carolina, County of Yancey, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] Lessee of [5] mineral rights in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] lease, [7] un recorded in Book , page , official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: None

(c) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above, and (if the Operator does not hold the legal title) the Consent to Lien of any holder of the legal title of the land (lessor, seller, optionor, etc.), are attached, as follows: Owner's Consent to Lien

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

(d) The Operator shall preserve and maintain his right, title, and interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, the Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof. If the Government makes no certification of discovery or development within the time limited in Article 7, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 7(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of mica. The work to be performed is described in Exhibit "A." The Operator on or before April 21, 1955 shall commence the work, and on or before 5 mos. from date of contract (unless the Operator's obligation to complete the work is terminated—see Article 8) shall complete the work.

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Government may inspect.*—The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract, and also after a certification of discovery or development to inspect production operations and underground workings. The operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 5. *Contribution by the Government.*—A fixed cost for each unit of work to be performed (per foot of drifting, per foot of drilling, per hour of operations, etc.) is hereby agreed upon, and is set forth in Exhibit "A" in connection with the estimated total cost of the project in the sum of $5,840.00. The Government will contribute 75 percent of the fixed unit costs as work is performed, in a total sum not in excess of $4,380.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 6(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. To the extent that excesses over fixed unit costs or any excess over the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such excesses for his own account without contribution by the Government. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government.

(b) *Progress reports and vouchers.*—The Operator shall provide the Government with five copies of monthly progress reports in three sections as follows: (1) Operator's Monthly Report and Voucher showing a detailed statement of units of work performed during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and the fixed unit costs incurred for each type of work; and (3) a Narrative Report of the work

performed during the reporting period including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground. (Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) *Final report.*—Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five copies of a final report (in addition to the final progress report and voucher). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) *Report of sales.*—The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's percentage royalty relates, such as copies of smelter or concentrator settlement sheets, and certified accounts of production and sale or other disposition of production.

(e) *Compliance with requirements.*—If in the opinion of the Government any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the making or completion of such with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records or accounts.

ARTICLE 7. *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 a sufficient final report and final account (see Article 6) has been rendered, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

(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, within 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 crude 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 (1½) 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 (½) 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 (1½) percent; on an amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

(f) *Time for computation and payment.*—The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be, as above provided in this article.

(g) *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.

(h) *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.

(i) *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 production operations.

(j) *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.

ARTICLE 8. *Termination of the Government's obligations.*—(a) If in the opinion of the Government operations at any time have failed to achieve anticipated results that indicate the probability of making a worthwhile discovery, and in the opinion of the Government further operations are not justified, the Government may give the Operator written notice thereof, and thereupon the Government shall be free of all obligation to pay on account of units of work not then performed, and the Operator shall be free of all further obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting.

(b) If in the opinion of the Government the Operator is in any manner in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon the Government shall be relieved of all obligation to pay on account of units of work not performed when the notice was given, and the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to winding up, reporting, and accounting. The remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 8 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 9. *Notices to be given by the Government* may be delivered to the Operator, or may be sent by registered mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 10. *Officials not to benefit.*—No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 11. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

JOHN PHILLIPS
(Operator)

XBX John G. Phillips

THE UNITED STATES OF AMERICA

By C. Mitterdorf
Administrator, Defense Minerals
Exploration Administration

Butin
Hoffland
Chamberlin
Selbyedge

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—70618-1

EXPLORATION PROJECT CONTRACT
JOHN PHILLIPS
DOCKET NO. DMRA-3575

ANNEX I

The land referred to in Article 2 of the contract was leased by S. D. McKinney to the Operator, in an instrument dated November 15, 1954, for a period of five years, renewable, and is described as follows:

> Beginning at the center of what is known as the S. D. McKinney Mine Prospect shaft located 70' S.W. of a large white oak tree, and running 250' North, thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West.

EXPLORATION PROJECT CONTRACT
JOHN PHILLIPS
DOCKET NO. DMEA-3575

EXHIBIT "A"

Description of the Work

The area where the work is to be performed is shown on the attached sketch entitled "Sketch of S. D. McKinney Pros. Yancey Co., N. C. DMEA-3575 (mica)." The work consists of the following:

1. Construct:

A toolhouse, minimum dimensions 8 feet by 10 feet by 7 feet high;

A powder storage magazine, minimum dimensions 4 feet by 3 feet by 1 foot;

An exploder storage magazine, minimum dimensions 2 feet by 1½ feet by 1 foot.

The toolhouse may be unfloored; shall be made from unfinished lumber, with protective roof covering; and shall be equipped with lock and key.

The powder and exploder magazines shall be boxed on all sides; shall be made from 2-inch hardwood or 3-inch softwood; and shall be braced at the corners. No metal shall be exposed and the lids shall be securely locked with the equivalent of a 5-tumbler jarproof lock.

2. Sink a 65-foot, 2-compartment, timbered shaft in the pegmatite at a point agreed upon by the Government and the Operator. The shaft shall have minimum cross-sectional dimensions of 5 feet by 7 feet in the clear of timber.

3. On the 65-foot level of the shaft, drive not more than 80 feet of drifts and/or crosscuts in the pegmatite. The drifts and/or crosscuts shall have minimum cross-sectional dimensions of 5 feet by 7 feet in the clear of timber.

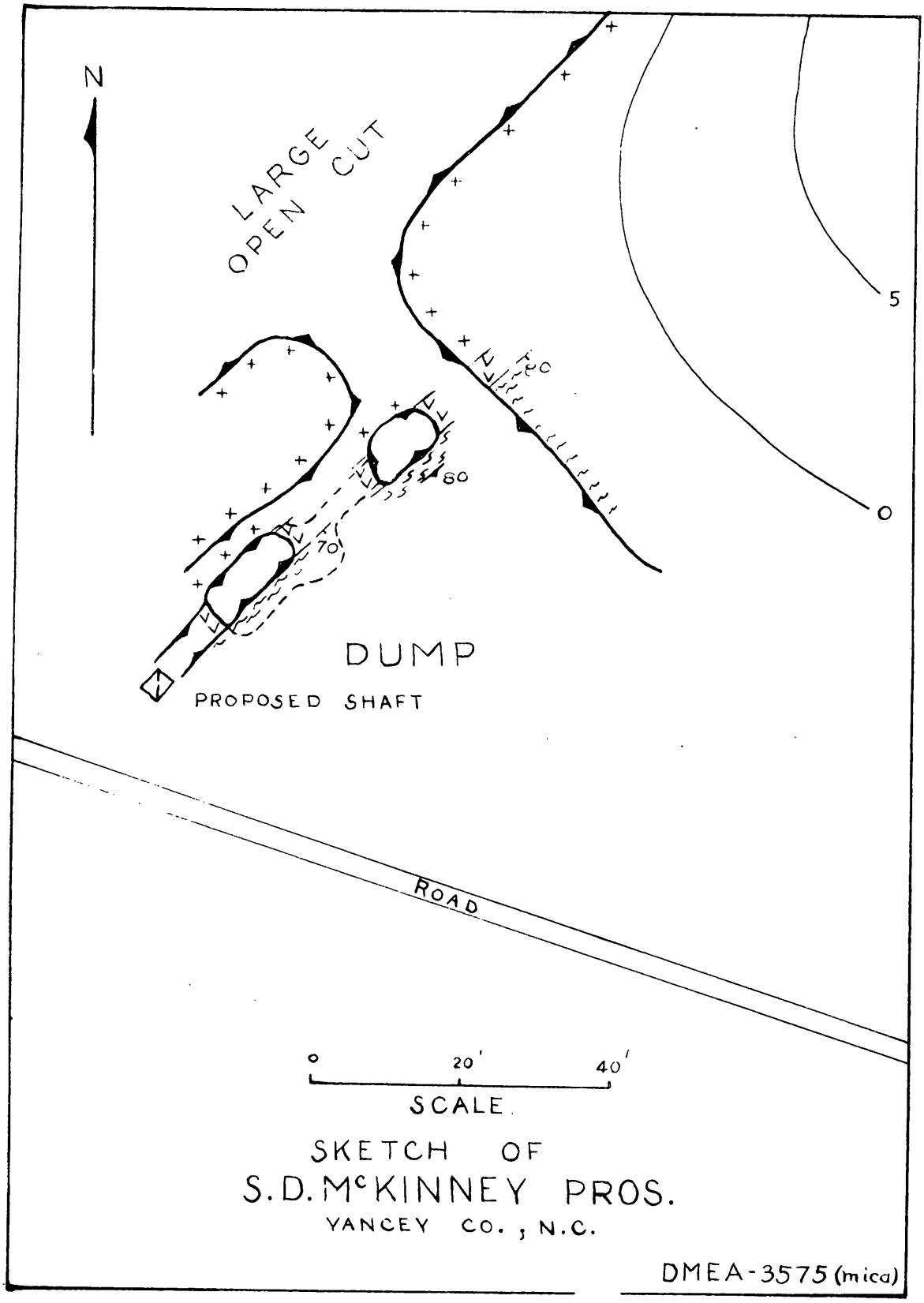
All work shall be timbered as necessary.

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

Fixed Unit Costs

Construct:		
Toolhouse 1/	$ 77.00	
Powder magazine 1/	25.00	
Exploder magazine 1/	13.00	
Sink 65 feet of shaft @ $45/ft.	2,925.00	
Drift and/or crosscut 80 feet @ $35/ft.	2,800.00	
Estimated Total Cost of Project		$5,840.00
Government participation @ 75%		$4,380.00

1/ The completed work constitutes the unit.



SKETCH OF
S.D. McKINNEY PROS.
YANCEY CO., N.C.

DMEA-3575 (mica)

RECEIVED
APR 4 1955

MF-203
(Revised July 1, 1954)

OWNER'S CONSENT TO LIEN

WHEREAS, the undersigned, as owner, co-owner, lessor, or seller has an interest in certain property in the State of North Carolina, County of Yancey, described as follows: 1/ BEGINNING at the center of what is known as the S. D. McKinney Mine Pros. shaft located 70' S. W. of a large white oak tree and running 250' North, thence 250' West; thence 500' south; thence 500' East; thence 500' North; thence 250' West.

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

2/ John Phillips

hereinafter called the "Operator"; and

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

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

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

2. To secure the payment to the Government of the percentage royalty on production 3/ provided for under the terms of said exploration project contract or any amendment thereof there is hereby granted to the Government a lien upon the land above referred to and upon any production of minerals therefrom until said royalty is fully paid or ten years have elapsed from the date of the contract, whichever occurs first.

1/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease [or contract, deed, or other document] dated _____, and recorded in book _____ page _____ official records of said county." If (b) is used, the book and page of recordation cannot be dispensed with. If the space provided is insufficient, use an Annex, and refer to the Annex in the space.

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

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

(OVER)

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

4. Changes and added provisions _____

_____

_____

_____

Dated this _____ day of _____, 195____.

J. E. Mitchiner [Seal] Newdale, N.C.

_____ [Seal]

_____ [Seal]

MINING LEASE

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 18 1954

State of North Carolina Yancey County County:

This indenture made this 15th day of November, 1954, ~~x1952~~

between S. D. McKinney

of Yancey County and State of North Carolina as party of the first part, and known as lessor, and John Phillips

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

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

Beginning at the center of what is known as the S. D. McKinney Mine Prospect shaft located 70' S.W. of a large white oak tree, and running 250' North, thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West ~~to the~~ beginning.

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

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

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

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

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

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

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

Witness:

S. D. McKinney (Seal)

_____ (Seal)

_____ (Seal)

MF-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 18 1954

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

Beginning at the center of what is known as the S. D. McKinney Mine Prospect Shaft located 70' S.W. of a large white oak tree, and running 250' North, thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to beginning. Located in Yancey County, 4 miles N.E. of Micaville.

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

2/ John Phillips
Spruce Pine, N. C.

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 15th day of November, 1954.

S. D. McKinney [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 Yancey, described as follows:1/

Beginning at the center of what is known as the G. D. McKinney Mine Prospect shaft and located 70' S.W. of a large white oak tree, and running 250' North, thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to the beginning. Located in Yancey County, 4 miles N.E. of Micaville.

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

2/ John Phillips
Spruce Pine, N. C.

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 15th day of November, 1954.

(Signed) D. D. McKinney [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

Department of the Interior
Bureau of Land Management
RECEIVED
NOV 18 1954

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

Beginning at the center of Cut Off Creek on the N. B. Mahoney Mill Property Cut off and Rooted 30' N.W. of a large white oak tree, and running 20' East, thence 20' South; thence 20' South; thence 20' South; thence 20' South; thence 20' West to the beginning. Rooted in Pasquotank County, A.W.Co. N.C. of Elizabeth City.

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

2/ John Dunbar
Chase City, N. C.

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 26th day of November, 1954.

(Signed) N. B. Mahoney [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

DEPARTMENT OF THE INTERIOR
Lease Minerals Administration
RECEIVED
NOV 18 1954

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

Beginning at the center of what is known as the S. D. McKinney Mine Prospect shaft and located 70' S.W. of a large white oak tree, and running 250' North, thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to the beginning. Located In Yancey County, 4 miles N.E. of Micaville.

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

2/ John Phillips
Spruce Pine, N. C.

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 15th day of November, 1954.

(Signed) S. D. McKinney [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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 18 1954

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

Beginning at the center of that to known as the S. D. McKinney Mine Prospect Shaft located 70' S.W. of a large white oak tree, and running 250' North, thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to beginning. Located in Yancey County, 4 miles N.E. of Micaville.

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

2/ John Phillips
Spruce Pine, N. C.

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 15th day of November, 1954.

(Signed) S. D. McKinney [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.

ME-203
(Revised July 1, 1953)

OWNER'S CONSENT TO LIEN

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 18 1954

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

Beginning at the center of what is known as the S. D. McKinney Mine Prospect Shaft located 70' S.W. of a large white oak tree, and running 250' North, thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to beginning. Located in Yancey County, 4 miles N.E. of Micaville.

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

2/ John Phillips
Spruce Pine, N. C.

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 15th day of November, 1954.

(Signed) S. D. McKinney [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.

DOCKET COPY
Surname:

Chambers
Selfridge
Johnson

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

MAY 14 1956

Mr. John Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3575-mica
John Phillips
S. D. McKinney Mine Prospect
Yancey County, North Carolina
Contract No. Idm-E776

Dear Mr. Phillips:

Reference is made to your terminated exploration contract with the Government.

We sincerely regret that the work performed did not result in a certification of discovery or development under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this project. Your attention, however, is called to the provisions of the contract which require the Operator to keep and preserve certain records for the period indicated.

Your interest in the DMEA exploration program and participation therein are fully appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

JHopkins:ms 5/9/56
Copy to: Docket
Mr. Chambers
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins
Admr. R. File
S. D. McKinney(land owner)

R.C.S.

DOCKET COPY
Surname:

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

MAY 14 1956

Mr. S. D. McKinney

Newdale, North Carolina

Re: Docket No. DMEA-3575-mica
John Phillips
S. D. McKinney Mine Prospect
Yancey County, North Carolina
Contract No. Idm-5776

Dear Mr. McKinney:

Reference is made to the Owner's Consent to Lien received in this office April 4, 1955, which you executed in lieu of the Consent to Lien dated November 15, 1954, in connection with the subject contract for a Defense Minerals Exploration Administration project on your property in Yancey County, North Carolina.

Transmitted herewith for your information is a copy of our self-explanatory letter of this date to the Operator under this contract.

Sincerely yours,

C. O. Mittendorf

Administrator

JHopkins:ms 5/11/56
Copy to: Docket
Mr. Chambers
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins
Admr. R. File

May 9, 1956

Project Summary Report

By: James Hopkins

1. Docket No. DMEA-3575-mica
Contract No. Idm-K776
S. D. McKinney Mine
Yancey County, North Carolina

Operator: John Phillips
Spruce Pine, North Carolina
Operator's property rights:
Lessee of mineral rights on the S. D. McKinney property

2. Contract: dated March 21, 1955

a) Work Authorized:	
Buildings	$ 115.00
Shaft Sinking 65 ft. @ $45.00/ft.	2,925.00
Drift and/or cross cut 80 ft. @ $35.00/ft.	2,800.00
Estimated total cost	$5,840.00
b) Amendments - none	
c) Work Completed:	
Buildings	$ 115.00
Shaft 65 ft. @ $45.00	2,925.00
Drift 76 ft. @ $35.00	2,660.00
Total Cost	$5,700.00

Work began April 6, 1955
Work completed July 28, 1956

3. Report of Review dated August 18, 1955

Total Cost as billed by operator	$5,700.00
Exceptions	none
Total Accepted Cost	$5,700.00
Government participation @ 75%	$4,275.00

Final Field Team Report dated August 5, 1955
Final Operator's Report dated August 5, 1955

4. Certification of Discovery - none issued

5. Comments:

Exploration work was recommended for this pegmatite by the Field Team because mica of strategic grade was found over a strike length of 80 feet and 40 feet down-dip.

The only sale of mica recovered from the project was one of 1170 pounds of hand cobbed mica under the old amended "B" program for which the Operators received $539.66. Royalty of $26.98 was paid to the Government.

A mica-bearing zone 3 to 10 feet thick along and near the margin of a large alaskite body is exposed in the crosscut and drifts.

A southwest plunging shoot rich in strategic mica formerly mined on an upper level does not extend to the depth where exploration was conducted.

The mica recovered was green-colored, badly cracked and ruled and some is mineral stained.

A pegmatite ½ to 2½' thick and parallel to the alaskite biotite gneiss contact is present in and near the shaft bottom. It consists of pink perthite quartz, plagioclase and muscovite.

The work failed to discover a minable deposit of strategic mica. The reserves of strategic mica are negligible.

The work completed under the contract was conducted in an efficient manner.

No equipment was purchased under the contract.

The Field Team recommended that no certification of discovery be issued. The Nonmetallic Minerals Division concurs in this recommendation. The Mica Commodity members of the Bureau of Mines and the Geological Survey also concur in the recommendation.

James Hopkins
Nonmetallic Minerals Division

JHopkins:ms 5/9/56
Copy to: Mr. Houk
Mr. Hopkins
Admr. R. File

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

May 9, 1956

Project Summary Report

By: James Hopkins

1. Docket No. DMEA-3575-mica
Contract No. Idm-E776
S. D. McKinney Mine
Yancey County, North Carolina

Operator: John Phillips
Spruce Pine, North Carolina
Operator's property rights:
Lessee of mineral rights on the S. D. McKinney property

2. Contract: dated March 21, 1955

a) Work Authorized:	
Buildings	$ 115.00
Shaft Sinking 65 ft. @ $45.00/ft.	2,925.00
Drift and/or cross cut 80 ft. @ $35.00/ft.	2,800.00
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Exceptions	none
Total Accepted Cost	$5,700.00
Government participation @ 75%	$4,275.00

Final Field Team Report dated August 5, 1955
Final Operator's Report dated August 5, 1955

4. Certification of Discovery - none issued

5. Comments:

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The only sale of mica recovered from the project was one of 1170 pounds of hand cobbed mica under the old amended "B" program for which the Operators received $539.66. Royalty of $26.98 was paid to the Government.

A mica-bearing zone 3 to 10 feet thick along and near the margin of a large alaskite body is exposed in the crosscut and drifts.

A southwest plunging shoot rich in strategic mica formerly mined on an upper level does not extend to the depth where exploration was conducted.

The mica recovered was green-colored, badly cracked and ruled and some is mineral stained.

A pegmatite ½ to 2½' thick and parallel to the alaskite biotite gneiss contact is present in and near the shaft bottom. It consists of pink perthite, quartz, plagioclase, and muscovite.

The work failed to discover a minable deposit of strategic mica. The reserves of strategic mica are negligible.

The work completed under the contract was conducted in an efficient manner.

No equipment was purchased under the contract.

The Field Team recommended that no certification of discovery be issued. The Nonmetallic Minerals Division concurs in this recommendation. The Mica Commodity members of the Bureau of Mines and the Geological Survey also concur in the recommendation.

James Hopkins
Nonmetallic Minerals Division

DOCKET COPY
Surname:
Hopkins
Chambers

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

Mr. S. D. McKinney

Newdale, North Carolina

Re: Docket No. DMEA-3575-mica
John Phillips
S. D. McKinney Mine Prospect
Yancey County, North Carolina
Contract No. Idm-M776

Dear Mr. McKinney:

Reference is made to the Owner's Consent to Lien dated April 4, 1955, which you executed in connection with the subject contract for a Defense Minerals Exploration Administration project on your property in Yancey County, North Carolina.

Transmitted herewith for your information is a copy of our self-explanatory letter of this date to the Operator under this contract.

Sincerely yours,

Administrator

JHopkins:ms 5/10/56
Copy to: Docket
Mr. Chambers
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Hopkins
Admr. R. File

DOCKET COPY
Surname:

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

Mr. Hook
Chambers
Selfridge
Kiilsgaard
Mr. Hopkins

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

MAR 23 1956

Dear Mr. Laurence

Reference is made to the following uncertified projects which have been completed or terminated, but no closing letters can be written because of incomplete information on the production and the royalties which may be due the Government:

Docket No. DMEA-	Contract No. Idm-	Production during Project	Value of Production	Royalties Due	Royalties Paid	End of Certification Period (6 mos. from date Final Report)
3573	E776	1000 lbs.	$539.86	$26.98	$26.98	Feb. 8, 1956
3682	E806	few hundred pounds	?	?	None	Mar. 26, 1956
3728	E824	100 lbs.	$150.00	$ 7.50	$ 7.50	Mar. 26, 1956
3611	E785	about 800 lbs.	?	?	None	Apr. 4, 1956
3877	E864	approx. 750 lbs.	$241.66	$12.08	$12.08	Apr. 11, 1956
3731	E815	about 300 lbs.	$156.20	$ 7.81	$ 7.81	May 17, 1956

In order to close out these contracts it will be appreciated if you will take whatever action you deem necessary for collection of the unpaid royalties. On those projects where royalties have been paid, please ascertain whether there has been, or whether there is likely to be, any production made between the time of the last royalty payment and the end of the period in which certification may be made.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

/s/ Robert W. Geehan

Member, Bureau of Mines

Thor H. Kiilsgaard

Member, Geological Survey

Mr. Dieterich, 3061
Mr. Hook(6)
Mr. Hopkins
Admr. R. File

JHopkins:ms 3/21/56
Copy to: Docket(6)
Operating Committee
Mr. Chambers
Mr. Kiilsgaard, 5222

IN REPLY REFER TO:

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

RECEIVED

September 7, 1955

Re: DMEA 3575, Idm-E776
John Phillips
S. D. McKinney Mine
Yancey Co., N. C.
$5,840.00 - Mica

Memorandum

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

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Final Field Team Report.

It would be of interest to know how deep the southwest plunging shoot rich in strategic mica does extend. A crosscut with short drifts from the shaft at say 30 feet might have given good and remitting information and enabled a certificate of discovery.

The information that was obtained justifies the conclusions of the examiners.

I concur with the recommendation of the Field Team that no certificate of discovery be issued.

N. E. Nelson

N. E. Nelson

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

August 24, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Acting Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3575 (mica)

Applicant: John Phillips

Name and Location of Property: S. D. McKinney Mine, Yancey County, N. C.

Contract Number: Idm-E 776

Date of Field Team Report: 8/5/55

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 8/15/55

Field Team Recommendation: Recommend no certification of discovery.

Comments:

1. Sufficient work has been done to indicate the pegmatite is not suitable for producing large quantities of strategic mica.

2. Reserves of strategic mica are estimated to be negligible.

3. Expenditures -

Total approved	$5,840.00
Total cost	5,700.00
Gov't. share of the cost	4,275.00
Value of production during operation	unknown

Recommendation: I concur with the field team's recommendation of no certification of discovery.

Donald R Irving

Donald R. Irving

UNITED STATES
DEPARTMENT OF THE INTERIOR

COPY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D. C.~~

Room 13, Post Office Bldg.
Knoxville 2, Tenne.

August 5, 1955

Memorandum

To: Operating Committee - DMEA - Washington

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

Subject: Final Reports, DMEA-3575, Idm-E776 (mica) John Phillips, Spruce Pine, N. C. S. D. McKinney Mine, Yancey Co., N.C.

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

We agree with the field examiners' findings, and do not recommend certification.

/s/ Robert A. Laurence
Executive Officer
DMEA Region V

/s/ Wm. A. Beck, for V. J. Lynch
Member - Bureau of Mines

Reviewed by
DMEA OPERATING COMMITTEE
8-12-55
(date)

RECEIVED
AUG - 8 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD TEAM, REGION V

FINAL REPORT
On

DMEA-3575, S. D. McKINNEY MINE (mica)
Yancey 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

August 5, 1955

Reviewed by
DMEA OPERATING COMMITTEE
8-12-55
(date)

FINAL REPORT
On

RECEIVED
AUG - 8 1955

DMEA-3575, S. D. McKINNEY MINE (mica)
Idm-E776.

Operator: John Phillips, Spruce Pine, North Carolina

Location: 200 feet north of South Toe River and 0.8 miles N. 70° E of Micaville, Yancey County, N. C.

Exploration of a mica-bearing zone along the margin of an alaskite body failed to discover a mineable deposit of strategic mica. It is recommended that no certification of discovery be issued. Additional exploratory work is not warranted.

Work began on the contract April 6, 1955 and was ended July 28, 1955. A toolhouse, powder magazine and exploder magazine were constructed. A 65-foot vertical shaft 5' x 7' in cross-section was sunk in the hanging wall of the alaskite body. From the 60-foot level of the shaft a crosscut was driven 13.5 feet in a N. 50° W. direction. A total of 62.5 feet of drifts were made from the head of this crosscut; 17 feet to the northeast and 45.5 feet to the southwest (see attached sketch map).

A mica-bearing zone 3 - 10 feet thick along and near the margin of a large alaskite body is exposed in the crosscut and drifts. A southwest plunging shoot rich in strategic mica which was formerly mined at a higher level evidently does not extend to the depth from which the exploration work was conducted. The zone explored consists of coarse-grained pink perthite, plagioclase, quartz, muscovite and biotite, in order of abundance. It strikes about N. 40° E and dips 80 - 85° to the southeast. Northwest of this coarse-grained zone is a fine-grained one of similar compostion. The hanging wall contact of the alaskite body is essentially conformable to the foliation of the adjacent biotite gneiss. A pegmatite 1/2 - 2 1/2 feet thick and parallel to the alaskite-biotite gneiss contact is present in and near the shaft bottom. It consists of pink perthite, quartz, plagioclase and muscovite.

About 1000 pounds of "mine-run" mica were recovered from the work done under the contract, mostly from the drifts. It is green-colored, badly cracked and ruled and some is mineral stained. Most is not of strategic quality.

Reserves of strategic mica revealed by the work completed are negligible.

Reviewed by
DMEA OPERATING COMMITTEE

_____
(date)

Expenditures:

(a)	Total approved	$5,840.00
(b)	Total cost of project	5,700.00
(c)	Government's share of cost	4,275.00
(d)	Government's share unexpended	105.00
(e)	Value of production during opr.	?
(f)	Royalty received to date	8.33

The work completed under the contract was conducted in an efficient and satisfactory manner.

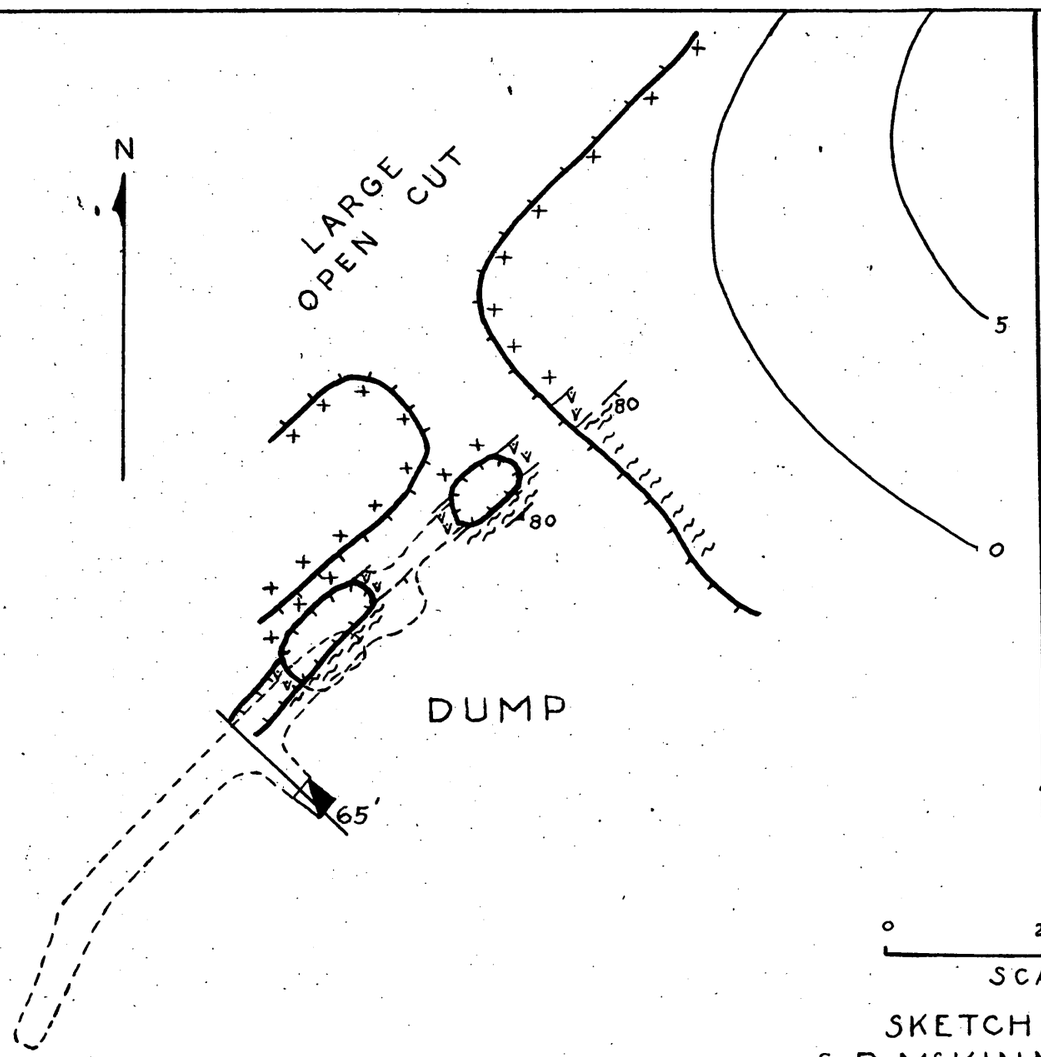
No equipment was purchased under the contract.

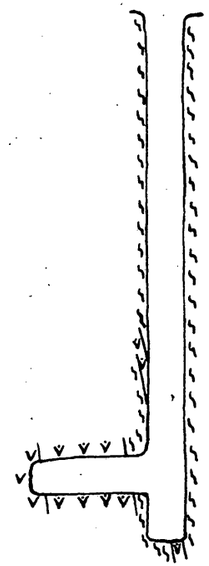
August 5, 1955.

K. H. Teague and D. H. Amos, Geologists
U. S. G. S.

L. E. Shirley, Mining Engineer
U. S. B. M.

z





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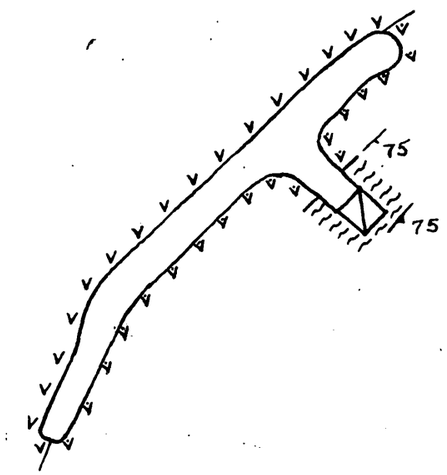

Plan 60'- level

0 20' 40'

SCALE

SKETCH OF
S.D. McKINNEY PROS.
YANCEY CO., N.C.

LEGEND
~~ mica schist
++ alaskite
v v pegmatite (coarse-grained)
— contact
cut
strike & dip of contact
strike & dip of foliation
--- outline of underground works
v v pegmatite (fine-grained)

DMEA-3575 (mica)
July 25, 1955

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

RECEIVED
AUG - 8 1955

August 5, 1955

Memorandum

To: Operating Committee - DMEA - Washington

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

Subject: Final Reports, DMEA-3575, Idm-E776 (mica) John Phillips, Spruce Pine, N. C. S. D. McKinney Mine, Yancey Co., N. C.

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

We agree with the field examiners' findings, and do not recommend certification.

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION V

Wm. A. Beck, for V. J. Lynch
Member - Bureau of Mines

RECEIVED
AUG - 8 1955

Spruce Pine, North Carolina
July 28, 1955

Mr. Robert A. Laurence, Executive Officer
DMEA, Region VII, P.O. Building
Knoxville, Tennessee

Re: DMEA-3575, (Mica) Final Report
S.D.McKinney Mine, Yancey Co., N.C.

Dear Mr. Laurence:

Work began on the above project on April 6, 1955 and was completed on July 28. We moved in equipment, set up mask and boom pole, constructed toolhouse, powder and exploder magazines. We lowered a 5'x7' shaft to a depth of 65' in the place specified by the field team. We left a 5' waterhole and from the 60' level we drifted West 8'. From the end of the 8' drift, we turned North for a total distance of 20'. Little vein was contacted. We then drifted South a distance of 48'. In the South drift at about 32' we picked up some mica and recovered a total of about 1000#. This mica was not of a high quality, being hair-cracked and gummy.

The field team visited the mine on July 26 and terminated the contract, when the drift had reached 76', or 4' short of the distance called for in the contract. We do not plan further work at this site.

We wish to thank the field team for their assitance and cooperation in working the S. D. McKinney Mine. If further details of this operation are required, please contact us.

Very truly yours,

John Phillips

John Phillips

P/b

RECEIVED
AUG - 8 1955

Spruce Pine, North Carolina
July 28, 1955

Mr. Robert A. Laurence, Executive Officer
DMEA, Region VII, P.O. Building
Knoxville, Tennessee

Re: DMEA-3575, (Mica) Final Report
S.D.McKinney Mine, Yancey Co., N.C.

Dear Mr. Laurence:

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We wish to thank the field team for their assitance and cooperation in working the S. D. McKinney Mine. If further details of this operation are required, please contact us.

Very truly yours,

John Phillips

John Phillips

P/b

RECEIVED
AUG - 8 1955

Spruce Pine, North Carolina
July 28, 1955

Mr. Robert A. Laurence, Executive Officer
DMEA, Region VII, P.O. Building
Knoxville, Tennessee

Re: DMEA-3575, (Mica) Final Report
S.D.McKinney Mine, Yancey Co., N.C.

Dear Mr. Laurence:

Work began on the above project on April 6, 1955 and was completed on July 28. We moved in equipment, set up mask and boom pole, constructed toolhouse, powder and exploder magazines. We lowered a 5'x7' shaft to a depth of 65' in the place specified by the field team. We left a 5' waterhole and from the 60' level we drifted West 3'. From the end of the 3' drift, we turned North for a total distance of 20'. Little vein was contacted. We then drifted South a distance of 48'. In the South drift at about 32' we picked up some mica and recovered a total of about 1000#. This mica was not of a high quality, being hair-cracked and gummy.

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We wish to thank the field team for their assitance and cooperation in working the S. D. McKinney Mine. If further details of this operation are required, please contact us.

Very truly yours,

John Phillips

John Phillips

P/b

INTERIM REPORT

RECEIVED
JUL 25 1955

DMEA-3575 Idm-E776 (mica) S. D. McKINNEY PROSPECT

OPERATOR: John Phillips, Spruce Pine, N. C.

LOCATION: 200 feet north of South Toe River, and 0.8 mile N70°E of Micaville, Yancey County, North Carolina

Drifting continues on this contract to the northeast and southwest and totals 37 feet. Material encountered is primarily feldspathic and contains scattered quartz and small to medium size blocks of mica. Both drifts have been driven simultaneously, according to suggestions made by the examiners. Future drift work will be driven to the southwest in an effort to intercept a mica shoot.

The operator was advised to lag the shaft manway which will complete necessary partitioning. A new ventilation system to provide air to the working faces has been installed. The operator was advised to scale the roof areas of the drift thoroughly. Progress on this contract is satisfactory.

Mr. R. A. Laurence, Executive Officer of DMEA, Region V, accompanied the examiners on this visit to the mine.

L. E. Shirley

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

K. H. Teague D. H. Amos

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

July 14, 1955

RECEIVED
JUL - 8 1955

INTERIM REPORT

DMEA-3575, Idm-E776 (mica) S. D. McKINNEY PROS.

Operator: John Phillips, Spruce Pine, North Carolina

Location: 200 feet north of South Toe River, and 0.8 miles N. 70° E. of Micaville, Yancey County, N. C.

A 13.5 foot crosscut has been driven in a N. 50° W. direction from the 60-foot level of the shaft. The target pegmatite was intersected 4 feet from the shaft and the remainder of the crosscut is in pegmatite. A total of 10 feet of drifts have been driven in pegmatite from the head of the crosscut; 5 feet in a N. 30° E. direction and 5 feet S. 30° W. The pegmatite encountered to date is medium - to coarse-grained and consists of pink perthite, plagioclase, quartz and muscovite. The mica is very badly ruled and of no value as sheet.

T he Operator was advised to advance both drifts until another visit by the field examiners is made.

Progress and the work completed to date are satsifactory.

Date of Examin: June 27, 1955.

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

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RECEIVED
JUN 23 1955

INTERIM REPORT

DMEA-3575, Idm-E776 (mica) S. D. MCKINNEY PROSPECT

Operator: John Phillips, Spruce Pine, North Carolina

Location: 200 feet north of South Toe River, and 0.8 miles N. 70° E. of Micaville, Yancey County, N. C.

The 65-foot shaft has been completed on this contract. A pegmatite having a maximum thickness of about 3 feet is exposed in the shaft bottom. It contains a small amount of strategic mica but is not the target of the current work. The body is comformable to the enclosing biotite gneiss, striking about N. 45° E. and dipping 85° to the southeast.

The Operator was advised to turn off a crosscut to the northwest from the 60-foot level. Considerable water necessitates a 5-foot sump.

Date of Examination: June 17, 1955

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

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

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

RECEIVED
JUN - 8 1955

June 6, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: DMEA Field Team, Region 5, Knoxville, Tennessee

Subject: DMEA-3575, Idm-E776 (mica) John Phillips, Spruce Pine, N. C.
S. D. McKinney Mine Prospect, Yancey County, N. C.

Reference is made to the May 6 interim report on this project, and the narrative report accompanying the Operator's May voucher which is being forwarded to the Finance Office for payment today.

The Operator states "we have not been in vein material with the shaft." However, Mr. Teague says that they have been following a narrow pegmatite most of the way, which contains some good mica. For this reason, we have not prepared an amendment. The original objective still appears to be justified.

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

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

RECEIVED
JUN - 9 1955

INTERIM REPORT

DMEA-3575, Idm-E776 (mica) S. D. McKINNEY PROSPECT

Operator: John Phillips, Spruce Pine, North Carolina

Location: 200 feet north of South Toe River, and 0.8 miles N. 70° E. of Micaville, Yancey County, N. C.

Shaft sinking continues on this contract and now totals 49 feet. A second thin pegmatite about 12 inches thick containing some mica has been exposed. The layering and foliation of the enclosing biotite gneiss strikes about N. 25° E. and dips 65° S. E. Considerable water is being encountered.

Progress on the contract is satisfactory.

Date of Examination: June 3, 1955

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

z

Strategic Minerals Section
RECEIVED

INTERIM REPORT

DMEA-3575, Idm-E776, S. D. McKINNEY PROSPECT
(mica)

Operator: John Phillips, Spruce Pine, N. C.

Location: 200 feet north of South Toe River, and 0.8 miles N. 70° E. of Micaville, Yancey County, North Carolina

Shaft sinking continues on this contract and now totals 36 feet; 25 feet of which has been timbered. Material encountered is biotite gneiss containing a thin pegmatite stringer from which a small amount of mica has been recovered. The layering and foliation of the gneiss strikes N. 25° E. and dips about 80° S. E.

Progress on the contract is satisfactory.

Date of Examination: May 19, 1955.

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

z

INTERIM REPORT
DMEA-3575, Idm-E776, S. D. McKinney Prospect

Operator: John Phillips, Spruce Pine, North Carolina

Location: 200 feet north of South Toe River, and 0.8 miles N. 70° E. of Micaville, Yancey County, N. C.

Vertical shaft sinking continues on this contract and is now at 24 feet, plus a 4 broken round of muck in the bottom. The shaft has been cribbed to about 18 feet from the surface, and a separated partition with ladders and landings will be installed as soon as practicable.

Material encountered is biotite gneiss, containing a narrow pegmatite stringer. A few pieces of fair quality mica from this stringer, which is presently evident in the northeast corner of the shaft, was shown the examiners. The Operator was advised to continue sinking vertically until another examination can be made.

All workers were advised to wear safety hats while working under ground and the Operator was advised to repair a break in the exhaust manifold on the air compressor.

Construction of a toolhouse and magazines has been completed.

Progress on this contract is satisfactory.

Inspected: May 6, 1955.

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

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

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INTERIM REPORT

DMEA-3575, Idm-E776, S. D. MCKINNEY MINE
(mica)

Operator: John Phillips, Spruce Pine, N. C.

Location: 200 feet north of the South Roe River and 0.8 mile N. 70° E. of Micaville, Yancey County, North Carolina

The starting date on this contract is April 18, 1955. Shaft sinking is underway. The shaft has been sunk and timbered to a depth of 8 feet. The Operation is being conducted in an efficient and satisfactory manner.

Date of Exam: April 22, 1955

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

and

V. J. Lynch, Mining Engineer
U. S. Bureau of Mines

z

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

April 1, 1955

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: Signed Contract - Idm-E776, DMEA-3575 (mica)
John Phillips, Spruce Pine, N. C.

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

Robert A. Laurence
zm
Robert A. Laurence

Docket Copy
Surname:
Hawk
Selfridge
J. E. Anderson
McKenzie

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

600

MAR 21 1955

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

Subject: Docket No. DMEA-3575 - Mica
John Phillips
S. D. McKinney Mine Prospect
Yancey County, North Carolina

Dear Mr. Laurence:

Reference is made to your memorandum of March 8, 1955, to the Operating Committee reaffirming your recommendation for a project at the subject mine.

Your recommendation based upon a coarse mica zone with a southerly rake along the hanging wall does not in itself justify a project without supporting data. Our analysis of the economic and geologic factors indicates that Government participation is not warranted. We do not agree that projects of this type are the best bets for exploration, they are, however, good bets for immediate production. The purpose of the Domestic Mica Purchase Program is to stimulate immediate production whereas the DMEA Program should attempt to replace the mica reserves being depleted.

Adding reserves at new prospects or old mines is equally satisfying. However, in the old mine the easily accessible continuous ore or mica shoot most likely has been mined, and the remnants do not generally constitute a significant target.

We understand the numerous problems connected with the desire of the Operators to get into immediate production, and we desire to have the continued and expanded interest in the program that we have had in the past. Our thought is to improve the program so that the number of new pegmatites explored would at least approach the number of old mines explored. If we continue to explore only old mines we deplete the known places where mica exists and do not find new places. It is believed the solution of these problems may be found through our combined efforts. Speaking of our successful six projects that have paid over $1,000.00 in royalty, the average amount spent was $9,908.21. Of the four projects that have paid over $2,500.00 in royalty, the average amount spent was $11,970.63. This appears to indicate that the greatest success comes with the better targets and greater expenditures. We would like to have more projects on targets of significant size.

R.C.L.

There was no implied criticism of the Operators who cease operations after the project is completed, nor is any thought being given to the striking of Article 7(i) from the Contract, nor should future applicants be advised that Question 56 and the answer should be disregarded. We recognize the Operators desire to get into immediate production by the use of exploratory funds but our programs should be designed to use exploratory funds for the search for significant mica reserves, and not for an additional subsidy to produce.

Nothing that has been said is to be construed as criticism of your administration of the program, of the Field Team, nor of the Operators. We merely are trying to make this a more effective program. In this case we will accept your recommendation and prepare a contract.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (2/B)

Approved:

J. H. Hedges
Member, Bureau of Mines (2/B)

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

LGhouk:gad 3/17/55
Copy to: Admr. R. File
Docket File
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

DOCKET FILE
Surname:
Hopkins
Howell
Chandler
Selfridge
Johnson
Whitenday

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

MAR 21 1955

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

Subject: Docket No. DMEA-3575 - Mica
John Phillips
S. D. McKinney Mine Prospect
Yancey County, North Carolina

Dear Mr. Laurence:

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

If the contract meets with your approval present it to the Operator for his 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.

Copies of a memorandum dated February 4, 1955, from Mr. J. L. Hofflund to the Administrator are enclosed for your information. Please obtain copies of a new Owner's Consent to Lien on the form revised July 1, 1954, and attach to each copy of the contract before execution by the Operator.

After execution of the contract, the copies are to be distributed in the usual manner. Copies of memoranda from the Geological Survey, dated January 20, 1955, and from the Bureau of Mines, dated February 16, 1955, are enclosed.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GHB)

Approved:

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

Thor H. Kiilsgaard (GHB)
Member, Geological Survey

Enclosures 12

JHopkins:ad 2/17/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

P.S. May we suggest that about 45 feet of drifting footage be converted to shaft sinking if the mica shoot is encountered in the shaft or in a short drift.

R.C.S.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 9 = 1955

March 8, 1955

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: DMEA-3575, (mica) John Phillips, Spruce Pine, N. C.
S. D. McKinney Mine Prospect, Yancey County, N. C.

Reference is made of your letter of March 1.

We are unable to agree with the Committee's reasoning in regard to this case. The recommendation was based upon (1) the presence of a coarse mica zone along the hanging wall and (2) the probable southerly rake of that zone, which appeared to the Field Examiners and to us as a good bet for exploration.

We concede that most of our mica project have been attempts to extend old shoots or to find new shoots in old pegmatites, but we reaffirm our previous statement that these are the best bets for exploration for mica; if they are to be ruled out we might as well remove mica from the eligible list. In very few of these old mines is it possible, without additional exploration, to estimate reserves. If as a result of exploration we can estimate reserves, what difference does it make whether it is a new or old mine? The result is the same- reserves have been added. When some geologist comes up with good evidence of structural control by which the position of pegmatites that do not outcrop may be predicted, we will be most happy to approve drilling projects based on that evidence. In the meantime, we see no alternative to exploring extensions of old mines, if reserves of strategic mica are to be discovered.

We are also unable to understand the implied criticism of Operators who cease operations after the exploration contract is completed. Article 7 i of the contract expressly states: "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 production operations." If we do not mean this, then that clause should be stricken from the contract form and a new one added, requiring the Operator to produce

from a certified deposit. Another way to correct this situation - if it needs correcting - would be to provide that royalty payments during the life of the contract should be 75%, or 50%, as the case may be. In discussing the program with future applicants, are we to advise them to disregard question 56 in the question and answer pamphlet? Have we been incorrect in our belief that the purpose of DMEA is to discover reserves of strategic minerals, rather than to stimulate immediate production?

There are no other pegmatites to be explored on this property. As for exploration along the strike, the southerly rake of the mica shoot argues against going to the northeast along the strike; to the southeast the pegmatite goes under a large flood-plain just south of the road, and if this area is to be explored it would be better done from a shaft in bedrock on the pegmatite. What appears to us the best locality for exploration is the one marked on the sketch map.

We have no suggestions for an exploration project on this property, other than the recommendations in the field examination report and the information in this memorandum.

Although the hoisting from the old stope was apparently done at the northeast end of the southwesterly open cut shown on the sketch, it would be incorrect to designate this as a shaft. The entire open cut was worked downward as a large stope.

Robert A. Laurence

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

V. J. Lynch

V. J. Lynch,
U. S. Bureau of Mines
Member, DMEA Field Team.

Docket Copy
Surname: Houk, Selfridge, Johnson, Mattheadorf

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

MAR 1 - 1955

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

Subject: Docket No. DMEA-3575 - Mica
John Phillips
S. D. McKinney Mine Prospect
Yancey County, North Carolina

Dear Mr. Laurence:

Reference is made to the Field Team examination report of January 7, 1955, on the subject property.

Proposals of this type ordinarily do not qualify for exploration assistance. The DMEA program differs from the Colonial Mica program in that our work is confined to exploration. To provide the applicant access to the projected mica shoot 25 feet below the old stope floor is not exploration nor does it appear worthwhile from the economic standpoint. With the applicant's figure of $1,200.00 production during the Colonial Mica program, and the stope dimensions given in the Field Team report, the dollar return per ton of rock moved would be about $2.00. Most all of our mica projects have been attempting to find extensions of old shoots previously mined to their economic limit. Many of the projects terminate work when exploration assistance ceases. It appears this project should be denied but first we wish to inquire if there are other pegmatites that may be explored. Perhaps this pegmatite may be explored along the strike.

This office would be pleased to receive any suggestions you may have for an exploration project on this property. Please indicate the location of the S. D. McKinney Mine Prospect shaft.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JHB)

Approved:

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

E. L. Newcomb (JHB)
Member, Geological Survey

LGHouk:gad 2/28/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

R.C.S.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 17 1955

February 16, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Brooke L. Gunsallus, Acting for Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3575 (mica)

Applicant: John Phillips

Name and Location of Property: S. D. McKinney Prospect
Yancey County, North Carolina

Date of Field Team Report: January 13, 1955

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 1-25-55

Field Team Recommendation:

1. Approval of contract.

Comments:

1. Mica of strategic quality is exposed.

2. Proposed exploration outlined by the field team is consistent with good engineering practices and estimated costs are in line with other DMEA projects.

3. Exploration should be conducted by sinking a new shaft, as recommended by the examiners.

Recommendation:

I concur in the field team's recommendation to approve an exploration project in the amount of $6,500.

Brooke L. Gunsallus

Brooke L. Gunsallus

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

FEB 4 1955

Memorandum

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

From: Acting Assistant Solicitor, Defense Minerals

Subject: Docket No. DMEA-3575, John Phillips (Mica)

Attached is a contract covering the above-described project in satisfactory legal form for execution, subject to the procurement of a new Owner's Consent to Lien on the form revised July 1, 1954.

J. L. Hofflund
Acting Assistant Solicitor
Defense Minerals

Attachments

IN REPLY REFER TO:

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 21 1955

January 20, 1955

Re: DMEA-3575
John Phillips
(S. D. McKinney
Prospect)
Yancey Co., N. C.
$6,500 - Mica

Memorandum

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

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

Subject: Review of Field Team examination report

The Field Team has recommended exploration assistance be approved. The proposed work will consist of a 65 foot shaft and 80 feet of drift on the pegmatite.

The location of the shaft will permit exploration down the apparent rake of the pegmatite and appears to be required in lieu of work through the unsafe old workings. The high concentration of mica in the 3 foot hanging wall zone warrants exploration as it apparently does not thin or diminish in mica content in the direction of the proposed shaft.

I recommend the Field Team's proposed project be approved.

E. L. Newcomb
E. L. Newcomb

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 14 1955

January 13, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: Field Team, DMEA - Region VII - Knoxville

Subject: Field Examination Report - DMEA-3575 (mica) John Phillips, Spruce Pine, N. C. S. D. McKinney Prespect, Yancey County

Enclosed are four copies of the subject report, and six extra copies of the map.

We believe this prospect is worth further exploration and we recommend approval of a contract as outlined in the report.

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

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

Reviewed by
DMEA OPERATING COMMITTEE
1-19-55
(date)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 14 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF FIELD EXAMINATION BY FIELD TEAM, REGION VII

On

DMEA-3575, S. D. MCKINNEY PROSPECT (mica)
Yancey County, N. C.

By

K. H. Teague, Geologist
U. S. Geological Survey
and
D. H. Amos, Geologist
U. S. Geological Survey
and
Lawrence E. Shirley, Mining Engineer
U. S. Bureau of Mines

Reviewed by
DMEA OPERATING COMMITTEE
1-19-55
(date)

January 7, 1955

Defense Minerals Administration
RECEIVED
JAN 14 1955

FIELD EXAMINATION REPORT
ON
DMEA-3575, S. D. McKINNEY PROSPECT (mica)

Applicant: John Phillips, Spruce Pine, North Carolina

This mica deposit occurs along the contact between mica schist and a large alaskite body. Prospecting has shown that mica occurs over a strike length of at least 80 feet and 40 feet down dip. The mica is of strategic grade and the deposit does not appear to be exhausted. Fired perhaps? Exploration assistance is recommended.

This deposit was first visited on December 17, 1954. At that time the inclined open cut was filled with water to ground level. The applicant was requested to have the workings dewatered. On January 7, 1955 the opening was re-examined. Messrs. John Phillips, J. R Beam, Frank Boone, and S. D. McKinney accompanied the examiners on the last inspection which required two hours.

The S. D. Mc Kinney Prospect is 200 feet north of South Toe River, 0.8 miles N. 70° E. of Micaville, Yancey County, North Carolina. Access is good at all times.

The applicant is competent to conduct the proposed work. He holds the area under lease, area of which is adequate for the proposed project. Dumping space is somewhat limited because of a road to a nearby scrap mica operation; however, the applicant plans to handle this problem by hauling the muck.

There are no surface facilities at the deposit. Workings consist of an inclined open stope about 40 feet deep, 5 feet wide, and approximately 60 feet long. Stulls have been set in the stope as they were needed, which has resulted in effectively preventing a safe hoist-way. A short (10-foot) drift is reported to extend from the floor of the stope to the southeast. In order to make the open stope safe it would be necessary to remove and reset some of the existing stulls and clean out a reported 10 feet of muck from the floor of the stope. The hanging wall is mica schist, which is weathered, cracked, and broken, thus efforts to make the existing opening shaft will be a continuous problem.

As previously mentioned this mica deposit occurs along the contact between a large alaskite body and mica schist. This contact trends N. 25° E. and dips 70° SE. Adjacent to the mica schist, the pegmatite is coarse-grained, becoming finer-grained to the northwest and grading into alaskite. The pegmatite zone is 5-6 feet thick. It is composed of plagioclase, quartz, perthite, mica and small scattered red garnet. The

quartz occurs as small pods and lenses, all mostly confined to a 3-foot zone adjacent to the hanging wall. The coarse mica is confined to this zone also. The mica constitutes an estimated 5 percent of the zone. From the distribution of openings and reports from the property owner, it appears that the mica-rich portion of the pegmatite rakes at a medium to steep angle to the south~~east~~west.

The mica is hard, clear, flat, and splits well. It is greenish brown in color (non-ruby). Most of the books observed were less than 5 inches in diameter, although some were as much as 8 inches across. The mica is of strategic quality.

There are two possible approaches to exploration: (1) Rehabilitate, clean out, and conduct exploration from the existing opening and (2) Sink a new shaft from the surface at a point south~~east~~west of the existing openings. Of the two approaches, the field examiners recommend No. 2 because all work will be in pegmatite, no dead work will be involved, and the work will be considerably safer. Also, the work will be directed in the area of the probable rake of the mica zone.

Estimated Cost:

Toolhouse	~~$75.00~~	77.00
Powder Magazine	25.00	25.00
Exploder "	13.00	13.00
		$115.00

Sink a 65-foot, 2-compartment, timbered shaft on pegmatite (40 shifts)

Labor:		
1 - miner @ $1.50/hr.	$480.00	18.46
1 - hoistman @ $1.25/hr.	400.00	
1 - laborer @ $1.00/hr.	320.00	
Equipment (rental)		
Compressor, pump, drill @ $240/Mo.	480.00	8.92
Hoist @ $50/Mo.	100.00	
Supplies:		
Explosives	200.00	3.08 - weathered
Gasoline and oil	140.00	2.15
Drill Steel	100.00	1.52
Timber, 5000 b.f. @ $65/M	325.00	
Pipe	75.00	
Small tools	100.00	4.5
Miscellaneous	80.00	
Social Security and Insurance	125.00	$2,925.00

61 260 32.5

Drive 80 feet of drift on pegmatite (40 shifts)

Labor:

1 - miner @ $1.50/hr.	$480.00	1900
1 - hoistman @ $1.25/hr.	400.00	
2- laborers @ $1.00/hr.	640.00	
	1520.00	

Equipment (rental)

Compressor, pump, drill & jackleg @ $250/Mo.	500.00	750
Hoist @ $50/Mo.	100.00	
	600.00	

Supplies:

Explosives	240.00	300
Gasoline and oil	150.00	187
Drill steel	100.00	125
Pipe and small tools	75.00	94
Miscellaneous	75.00	94
Social Security and insurance	40.00	50
	680.00	850

January 7, 1955.

2800.00

Total 5840.00

Gov. 4380.00

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

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

5840
1120
6960

z

DOCKET FILE
Surname:

Hopkins
Houk
Gibson
Kilsgaard
Selfridge
Johnson

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

600

DEC 17 1954

Mr. John Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3575 - Mica
John Phillips
S. D. McKinney Mine Prospect
Yancey 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,

C. O. Mittendorf

Administrator

JHopkins:ad 12/14/54
Copy to: Admr. R. File
Docket
Operating Committee
Field Team, Region VII
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

DOCKET FILE
Surname:

Hopkins
Houk
Selfridge
Johnson

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

600

DEC 17 1954

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

Subject: Docket No. DMEA-3575 - Mica
John Phillips
S. D. McKinney Mine Prospect
Yancey 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 November 26, 1954, and from the Bureau of Mines, dated December 9, 1954, are enclosed for your information.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

Approved:

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

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

Enclosures 4

JHopkins:ad 12/13/54
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 9 1954

December 9, 1954

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Ceramic and Fertilizer Materials Branch

Subject: DMEA-3575 (mica)

Applicant: John Phillips

Name and Location of Property: S. D. McKinney Prospect
Yancey County, North Carolina

Date Application Rec'd. by Ceramic & Fertilizer Mtls. Br.: 11/19/54

Comments:

1. Bureau of Mines records show that mica was sold to Colonial Mica from this mine.
2. Proposed exploration consists of rehabilitating an existing 40 foot shaft, sinking the shaft an additional 50 feet, and drifting 80 feet.
3. It is difficult to determine from the information submitted by the applicant if an exploration project is justified.
4. Costs are estimated to be $6,500.

Recommendation:

It is recommended that the field team visit this mine when in that vicinity to ascertain if an exploration project is justified. If so, the field team and applicant should agree on a definite plan of exploration on a unit-cost basis.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 30 1954

November 26, 1954

Re: DMEA-3576
John Phillips
(S. D. McKinney
Prospect)
Yancey Co., N. C.
$6,500 - Mica

Memorandum

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

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

Subject: Review of application

The applicant has requested assistance to dewater and rehabilitate a 40 foot shaft, and to sink an additional 50 feet and drift 80 feet in pegmatite.

We do not have any pertinent information on this prospect in our files.

Inasmuch as this property is reported to have operated during the Colonial Mica Corporation program, it seems likely the Survey files in Knoxville may contain valuable data on the potentialities of the S. D. McKinney prospect.

I recommend this application be referred to the Field Team for a review and a field examination.

E. L. Newcomb

E. L. Newcomb

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

November 19, 1954
Subject: DMEA-3575
Re: Exploration Assistance
S. D. McKinney Mine Prospect

Mr. John Phillips
Spruce Pine
North Carolina

Dear Sir:

The receipt of your application dated November 19, 1954 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3575 and referred to the Non-Metallic Minerals Division.

Kindly identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

NOTE: Only four copies of the application form (MF-103) are required by this office. Your fifth copy is hereby returned.

60932

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 18 1954

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

Not to be filled in by applicant

Docket No. 3575
Metal or Mineral MICA
Date Received
Estimated Cost $6,500
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address: John Phillips
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 Legal description given on attached lease.

(*b*) State any mine name by which the property is known. S. D. McKinney Mine Prospect

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

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

(*e*) If you own the land, describe any liens or encumbrances on it Not owner

(*f*) If the land consists of unpatented claims, add to the description above, the book and page numbers for each recorded location notice. None

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 Mica

(*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. See Sheet

(*c*) The work will start within 30 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. Now on file with DMEA.

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: See sheet

(*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)? Yes. Will furnish required 25%.

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

[x] 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 November 15, 1954

John Phillips
(Applicant)

By John Phillips

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

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 18 1954

MF-103 (Continuation Sheet)

4. (a) There is now a hole about 40' deep, with 10' of muck in it. Approximately $1200.00 worth of high grade green mica sold from this prospect, (during Colonial Program).

(b) No exact records available. About $1200.00 worth mica sold.

(c) Sketch map attached.

(d) Project accessible to roads, shipping, etc.

(e) Manpower, materials, supplies and equipment available. Power within 200 yards.

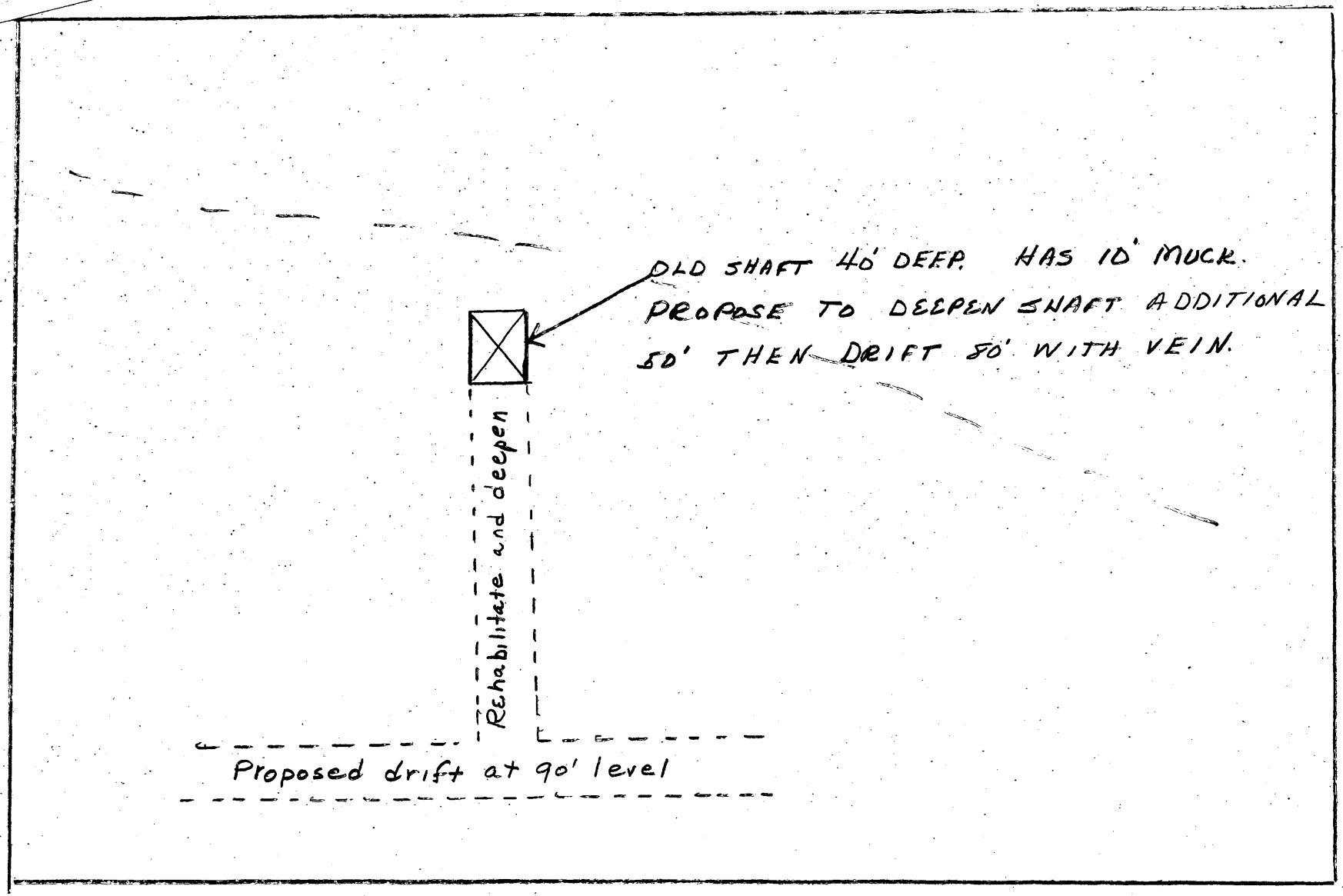
5. (b) We propose to dewater and rehabilitate 40' of existing shaft, deepen shaft 50' additional, then drift 80' with vein.

Estimate of costs:

Dewater & rehabilitate 40' shaft @ $30.00 ft. . . .	$ 1200.00
Deepen shaft 50' @ $50.00 per ft.	2500.00
Drift with vein 80' @ $35.00 ft.	2800.00
Total estimated cost	$ 6500. 00

90' — 80'
45 — 80

S. D McKINNEY MINE PROSPECT
Yancey County



EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

OFFICIAL BUSINESS

S. 157 HOWARD ST.
Spokane 4, Wash.

Mr. George C. Selfridge, Chairman
Operating Committee
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.