DMEA 3986

DOCKET INDEX

ACTION DOCUMENTS

1. APPLICATION DATE RECEIVED 9-21-55

2. CONTRACT DATE 11-18-55

3. TERMINATION AGREEMENT: DATE

   a. Mutual (with/without repayment provision).
   b. Unilateral.
   c. Amendment with automatic termination clause and with/without repayment provision.

4. CERTIFICATION DATE

5. AUDIT REPORT DATE

6. AMENDMENTS - NUMBERS DATE

Docket Copy

Paul Talbert

RECEIVED

JUL 18 1956

Judrts July 23, 1956

TERMINATION AGREEMENT

It is agreed this 10th day of July, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter call the "Government," and John Phillips of Spruce Pine, North Carolina, hereinafter called the "Operator," party to that certain Exploration Project Contract Idm-E896, Docket No. DMEA-3986, dated November 18, 1955, hereinafter called the "Contract," that:

1. Effective December 14, 1955, the contract and all obligations of the parties thereunder, except as otherwise herein expressly provdied shall be and are hereby terminated.

2. The Government shall contribute to alloweble costs incurred prior to said effective date; and shall contribute to allowable costs incurred or to be incurred beginning with said effective date in performing winding-up and settlement actions provided for in the contract, including (a) the preservation and disposal of property to the cost of which the Government has contributed, and (b) the making and rendering of reports and accounts.

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

4. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including (a) the disposal of any facilities, buildings, fixtures, equipment, or other items to the cost of which the Government has contributed; and (b) the rendering of the final report and final account.

5. All rights of the Government provided for in the Contract with respect to a certification of discovery or development and a percentage royalty and lien for its payment are preserved.

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

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

JOHN PHILLIPS

John Phillips

THE UNITED STATES OF AMERICA

Robert A. Lawrence

Executive Officer, DMEA-Region V

Docket copy

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DEC 12 1955

MF-200
(Revised June 1954)

Docket No. DMEA 3986

Commodity Mica

Contract No. Idm-E 896

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

EXPLORATION PROJECT CONTRACT[1]

It is agreed this NOV 18 1955 day of ....., 195..., 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-200), the attached Exhibit "A," Annex I, and a map

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 Mitchell, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] lessee of [5] the 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] 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

[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."

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consent to Lien of Lessor

(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 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of [illegible] The work to be performed is described in Exhibit "A." The Operator on or before JAN 15 1956 shall commence the work, and on or before June 1956 (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall either have completed the work or shall have incurred allowable costs (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A."

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) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *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.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $[illegible] The Government shall contribute 75 percent of the allowable costs as they are incurred in a total sum not in excess of $[illegible]: *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 or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(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. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; but except for any such necessary excesses in categories, subcategories, or items thereunder the Operator is not obligated to incur more than his agreed percentage of the estimated, total allowable cost of the work.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 9.

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the 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. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. 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. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved 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 detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and 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 related costs incurred.

(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 8. *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 7) 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 therof 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 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *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: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) 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.

(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: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) 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 10 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 11. *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 12. *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 13. *Changes and added provisions.*—

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Administrator Defense Minerals
Exploration Administration

JOHN PHILLIPS

John Phillips
(Operator)

BY

"Appd. Sol. Off."
Anderson
Houk
Talbot
Selfridge

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—70617-1

RECEIVED
DEC 12 1955

EXPLORATION PROJECT CONTRACT
JOHN PHILLIPS
DOCKET NO. DMEA-3986

ANNEX I

The land referred to in Article 2 of the contract form is known as the Queen Prospect. It is located on the east side of Little Rock Creek, one mile northeast of Glen Ayre and 4.92 airline miles N. 37° E. of Bakersville, Mitchell County, North Carolina, and is described in the lease as follows:

> Beginning on a stake at the center of the Queen Prospect which is located 75' S. W. of a large Beech tree, and running 250' North; thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to a point of closing.

EXPLORATION PROJECT CONTRACT
JOHN PHILLIPS
DOCKET NO. DMEA-3986

RECEIVED
DEC 12 1955

"EXHIBIT "A"

Description of the Work

Exploration for concentrations of strategic mica shall be accomplished in the area indicated on the attached map entitled "Sketch of the Queen Prospect, Mitchell Co., N. C.," as follows:

1. With a D-6 bulldozer or equivalent, excavate a trench 60 feet long by 12 feet wide by 6 feet deep, to expose the pegmatite east of the existing workings.

2. Construct:

(a) A toolhouse, minimum dimensions 7 feet by 8 feet by 10 feet.

(b) A powder storage magazine, minimum dimensions 4 feet by 3 feet by 2½ feet.

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

The toolhouse may be unfloored; shall be made from rough, 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 lumber; and shall be braced at the corners. No metal shall be exposed; and the lids or doors shall be equipped with the equivalent of a 5-tumbler jarproof lock.

3. Sink on the pegmatite, as nearly as possible, not more than 60 feet of a 2-compartment shaft.

4. Explore the pegmatite by driving from the shaft, at or near the bottom, not more than 80 feet of drifts and/or crosscuts.

The shaft and the drifts and/or crosscuts shall be timbered as necessary and shall have maximum cross-sectional dimensions of 5 feet by 7 feet in the clear of timber.

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

Estimated Costs of the Project

(In addition to the maximums set forth in Articles 5 and 6 of the contract form, an asterisk indicates maximum.)

Category (1) Independent Contracts		
Trenching 160 cu. yds. @ $0.30/cu. yd.		$ 48.00
Category (2) Personal services		
(a) and (b) Supervision and Technical Services - None		
(c) Labor		
1 Miner @ $1.50/hour*		
1 Hoistman @ $1.25/hour*		
2 Laborers @ $1.00/hour*		2,720.00
Category (3) Operating Materials and Supplies		1,310.00
Category (4) Operating equipment		
(a) Rental		
1 Compressor and drill @ $220.00/mo.		880.00
1 Hoist @ $50.00/mo.		200.00
1 Jackleg @ $10.00/mo.		20.00
1 Pump @ $20.00/mo.		40.00
(b) Purchases - None		
(c) Depreciation - None		1140

Category (5) Initial Rehabilitation and Repairs - None

Category (6) New Buildings, Fixtures and Installations

Toolhouse, powder magazine, and exploder magazine	$ 116.00 1/

Category (7) Miscellaneous - only the following items are allowable costs under this category:

Compensation Insurance, Unemployment Insurance and Social Security	410.00
Estimated Total Cost of Project	$5,744.00
Government Participation @ 75%	$4,308.00

1/ The Government retains no interest in the salvage value of these buildings.

MF-203
Revised March 24, 1955

RECEIVED
SEP 21 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E
Contract Date

CONSENT TO LIEN

To the United States of America:

Referring to that certain land in the County of Mitchell, State of North Carolina, described as follows:1/ Beginning on a stake at the center of the Queen Prospect which is located 75' S.W. of a large Beech tree, and running 250' North; thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to a point of closing. This property located in Mitchell County, on Little Rock Creek, approximately 5 miles W. of Bakersville, N. C.,

which is the subject of a proposed exploration project contract, hereinafter called the "contract," with the United States of America, hereinafter called the "Government;" in consideration of the contract and as an inducement to the Government to enter into it, the undersigned hereby--

1. Undertakes and agrees that property in which the Government may acquire an interest or equity under the contract may be dismantled, severed from the land, and removed, as may be provided in the contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned;

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of a percentage royalty on production as may be provided for by the contract;2/ and represents and undertakes that there are no claims, liens, or encumbrances upon the undersigned's right, title, or interest in the land prior to that hereby granted to the Government other than the following:3/

None

3. Undertakes and agrees neither to commit any act nor assert any claim in conflict with the provisions of this Consent to Lien; and to give advance notice of the Government's rights under this Consent to Lien to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, or interest in the land; and

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

3/ Write "none" if that is the case. Do not leave lines blank.

4. Consents to all amendments and assignments of the contract without notice thereof, and agrees that this Consent to Lien shall extend and apply thereto.

5. Added provision: _____

_____

_____

_____

_____

_____

_____

_____

Dated this 12th day of September, 1955.

Georgia Green [Seal] Bakersville, Rt. 1, N.C.

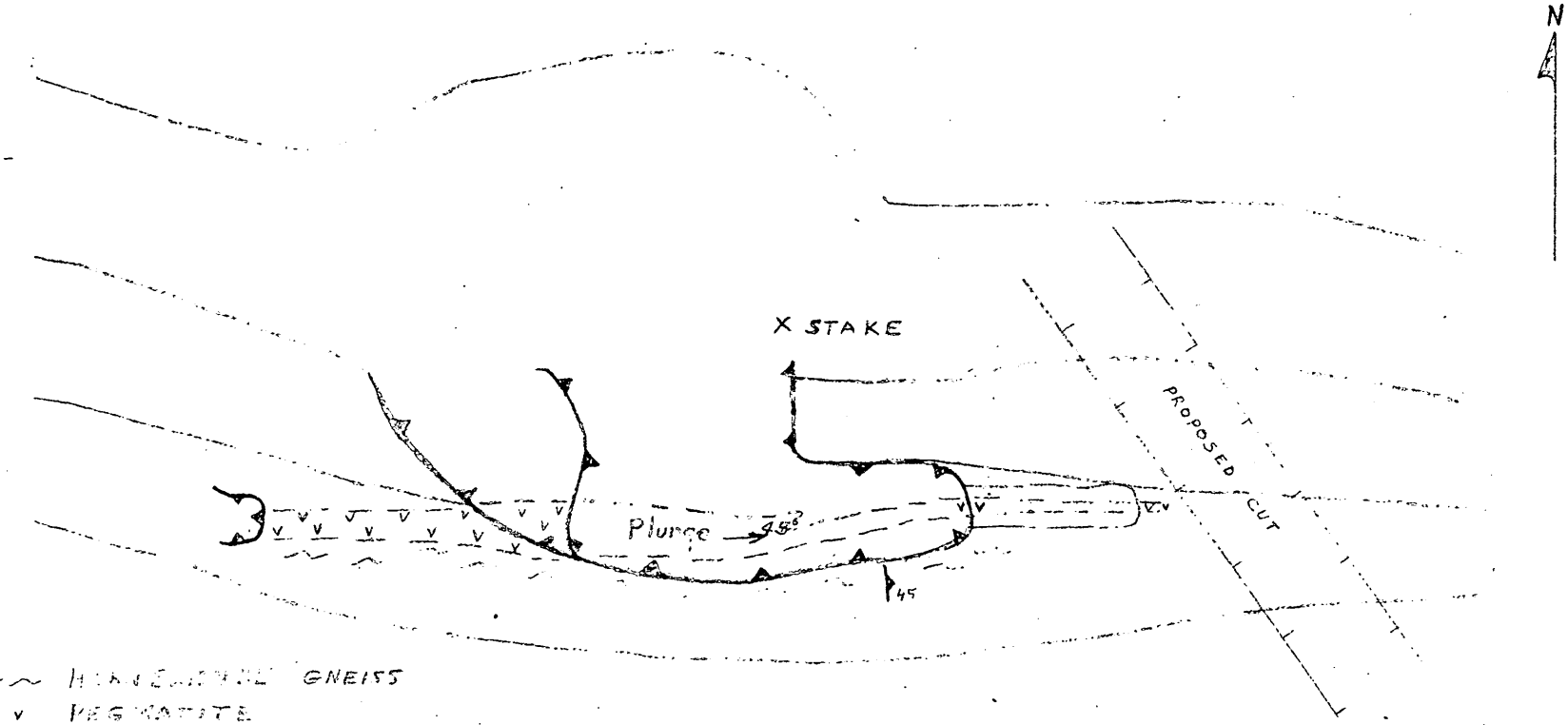
Oscar Green [Seal] " " "

_____ [Seal]

I, _____ certify that I am the _____ _____ (Secretary, etc.) of the corporation named herein; that _____ _____ who signed this agreement was then _____ (President or Vice-President, etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____

[Corporate Seal]



~~ HORNBLENDIC GNEISS
v v PEGMATITE
STRIKE & DIP OF FOLIATION
CONTACT, APPROX. WHERE DASHED
CUT
OUTLINE OF UNDERGROUND WORKINGS

SKETCH OF THE

QUEEN PROSPECT

MITCHELL CO., N.C.

0 20 40 FEET

SCALE

DMEA-3986 (MICA)
10-17-55

91

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

DOCKET COPY
Surname:
Anderson
Houk
Chambers
Selfridge

OCT 22 1956

Mr. and Mrs. Oscar Queen
Route #1
Bakersville, North Carolina

Re: Docket No. DMEA-3986-mica
John Phillips
Queen Prospect
Mitchell County, North Carolina
Contract No. Idm-E396

Dear Mr. and Mrs. Queen:

Reference is made to the Owner's Consent to Lien which you executed on September 12, 1955, in connection with the DMEA contract for an exploration project on your property located in Mitchell County, North Carolina.

For your information, there are enclosed copies of our letter of this date to Mr. John Phillips advising that the Government retains no claim or lien against the property described in the contract or on any future production therefrom.

Sincerely yours,

C. O. Mittendorf

Administrator

WCAnderson:ms 8/6/56
Copy to: Docket
Mr. Chambers
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Admr. R. File

Enclosures: 2

R.C.S.

DOCKET COPY
Surname:
Anderson
Houk
Chambers
Selfridge

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

OCT 22 1956

Mr. John Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3986-nion
John Phillips
Queen Prospect
Mitchell County, North Carolina
Contract No. Idm-8896

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

WCAnderson:ms 8/6/56
Copy to: Docket
Mr. Chambers
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Admr. R. File
Oscar Queen)
Georgia Queen)Land Owners

R.C.G.

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

August 6, 1956

Project Summary Report

By: Walter C. Anderson WA

1. Docket No. DMEA-3986-mica
Contract No. Idm-E896
Queen Prospect
Mitchell County, North Carolina

Application: Form MF-103(April 1952) received September 21, 1955
Work proposed:
60 feet of shaft and 80 feet of drifts.
Amount requested:
$5,800.00
Operator: John Phillips
Spruce Pine, North Carolina
Operator's property rights:
Five year mining lease on the Queen property consisting of 5+ acres, dated September 12, 1955.
Consent to Lien of Owner, dated September 12, 1955.

2. Contract: Form MF-200(June 1954) dated November 18, 1955.
Work authorized:
Actual cost contract for 60 feet of shaft and 80 feet of drifts and/or crosscuts.

Trenching	$ 48.00
Personal Services	2,720.00
Operating materials and supplies	1,310.00
Equipment rental	1,140.00
Buildings	116.00
Insurance and social security	410.00
Estimated total cost	$5,744.00
Government participation @ 75%	$4,308.00

Amendments - none
Work completed:

Trenching	$ 48.00
Total accepted cost	$ 48.00
Government participation	$ 36.00

All of the work done on one day, December 12, 1955.
Terminated by mutual agreement, effective December 14, 1955.
Field Team final report received April 11, 1956.
Operator's final report waived.
No equipment purchased under contract.

3. Audit: Report of Review issued July 17, 1956
Total Accepted Cost $48.00
Government participation $36.00

4. Certification of Discovery - none issued.

5. Comments:

How conducted: All of the work in which the Government participated was acceptable.

Operation: Very little work done

Engineering: Only as much work was done as was necessary to establish that no strategic mica existed.

Geological premise:
The work proved that the pegmatite did not extend beyond the outcrop.

Geological criteria upon which work was based:

1. Pegmatite - old workings exposed a pegmatite from 18 inches to 7 feet in thickness.
2. Mica - hard, flat, free-splitting, ruby colored, free of spots.

Criteria developed during project:
No pegmatite exposed by trenching.

Future possibilities:
None

Recommendation:

The Nonmetallic Minerals Division and the Commodity Members of the Bureau of Mines and Geological Survey concur in the recommendation by the Field Team that no further work is warranted and certification should not be made.

Walter C. Anderson

Walter C. Anderson
Nonmetallic Minerals Division

IN REPLY REFER TO:

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

RECEIVED
JUL 31 1956

July 30, 1956

Re: DMEA 3986, Idm-E896
John Phillips
Queen Prospect
Mitchell Co., N. C.
Appl. est.- $5,800.00
Contract - $5,742.00 - Mica

Memorandum

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

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

Subject: Review of Field Team Final report.

Little information concerning the pegmatite to be explored was given in the application.

The examiners found mica exposed in the pegmatite outcrop and sufficient reserves of pegmatite present to warrant exploration assistance as the pegmatite contained relatively abundant mica. Books up to six inches across were noted. A contract approving the expenditure of $5,742.00 was awarded.

A bulldozer trench, a few feet east of the most easterly exposure, failed to reveal pegmatite and no further work under the contract was done. The total cost is $48.00.

The examiners and Field Team recommend that the contract be terminated and that no certification of discovery be issued.

I concur with that recommendation.

N. E. Nelson

N. E. Nelson

Talbert

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

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

JUL 27 1956

Dear Mr. Laurence:

Enclosed are the original and two copies of Reports of Review covering the following completed or terminated Exploration Project Contracts:

Contract No.	Docket No.	Operator
Idm-E896	DMEA-3986	John Phillips
Idm-E897	DMEA-3916	W. Hugh Allen

Copies of Field Team reports received in this office have provided a means of verification for the work performed under unit costs provisions of contract Idm-E897. Submission to this office by the Certifying Officer of the original invoices supporting the form MF-104 has enabled the auditor to validate the Operator's claim under the actual costs provisions of contract Idm-E896.

If you concur with the facts stated therein, the original and one copy of each Report of Review should be forwarded to the Certifying Officer and one copy of each should be retained in your files. If, for any reason, a Report of Review does not have your concurrence please return all copies thereof to this Division.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

EDTalbert/wb
July 27, 1956

Copy to: Docket (2)
Admr. Reading File
Mrs. Miller
Mr. Chambers

R.G.S.

Talbert

JUL 17 1956

Mrs. Helen E. Miller
Administrative Assistant
Bureau of Mines, Region V
P. O. Box 217
Morris, Tennessee

Re: Docket No. DMEA-3986 (Mica)
John Phillips
Queen Prospect
Mitchell County, N. C.
Contract No. Idm-E896

Dear Mrs. Miller:

Returned herewith is your file, including the documentation supporting the Operator's claim, covering the referenced project.

A Report of Review, in lieu of a final audit, is in preparation and will be submitted to the Executive Officer of the DMEA Field Team, Region V, within the next few days.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

Enclosure

EDTalbert/wb
July 17, 1956

Copy to: Docket
Admr. Reading File
Mr. Laurence, Reg. V
Mr. Houk
Mr. Chambers
Mr. Talbert

R.E.H.

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

RECEIVED
JUL 18 1956

July 16, 1956

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: Termination Agreement- Idm-E896, DMEA-3986, John Phillips, Spruce Pine, N. C. Queen Prospect, Mitchell County, N.C.

Transmitted are three signed copies of the subject termination agreement.

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

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

RECEIVED
JUL 20 1956
ASSOC. SOLICITOR
MINERAL RESOURCES

Docket Copy
Surname:
Anderson
Hoch
Selfridge
Johnson
Whitaker

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

JUL 5 - 1956

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

Subject: Docket No. DMEA-3986 - Mica
John Phillips
Queen Prospect
Mitchell County, North Carolina
Contract No. Idm-E896

Dear Mr. Laurence:

Reference is made to the subject project which was stopped after the initial bulldozing was completed.

In reviewing the docket preparatory to closing, we find that the contract has not been formally terminated. Since this is not a stage contract, you are hereby authorized to prepare and execute the necessary mutual termination agreement.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (SHB)

Approved:

P. F. Yopes (SHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (SHB)
Member, Geological Survey

WCAnderson:gad 6/28/56
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Anderson

P.S. Suggest you use Form No. 6 attached to DMEA Circular 33.

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

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

Re: Docket No. DMEA-3986
John Phillips
Queen Prospect
Contract No. Idm-2896

Dear Mr. Laurence:

The docket on the referenced project indicates that work under the contract was terminated after performance of only the bulldozing work, and therefore the December, 1955, MF-104 covering such work was the only claim submitted by the Operator.

In order that this Division may prepare a Report of Review in lieu of a final audit of this project it would be appreciated if you would arrange with the regional finance officer for submission to this Division of the original MF-104, together with the supporting invoice covering the bulldozing. The file will be returned promptly after completion of the review.

In connection with this review it has been noted that the Field Team's Final Report states that the bulldozed excavation measured 70'x10'x6' maximum, which indicates that the cubic yards removed were somewhat less than the 160 cubic yards claimed by the Operator. Your specific confirmation of the actual cubic yards of excavation would be appreciated.

Sincerely yours,

Jay L. Chambers, Chief
Contract Administration
and Audit Division

EDTalbert/ama
June 28, 1956

Copy to: Docket
Admr. Reading File
Mr. Chambers Mrs. Miller Mr. Houk Mr. Talbert

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

RECEIVED APR 19 1956

April 18, 1956

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: W. F. Dietrich, Chief
Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3986 (mica)

Applicant: J. Phillips

Name and Location of Property: Queen Mine, Mitchell Co., N. C.

Contract Number: Idm-E 896

Date of Field Team Report: 4/6/56

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 4/12/56

Field Team Recommendation: Recommend no certification of discovery.

Comments:

1. No pegmatite was exposed.
2. Exposures at this mine are poor and give little evidence that a worthwhile deposit of strategic mica exists.
3. Expenditures -

Total approved	$5,744.00
Total cost	48.00
Gov't. share of the cost	36.00
Value of production during operation	None

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

W. F. Dietrich

W. F. Dietrich

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

April 9, 1956

RECEIVED
APR 11 1956

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region V - Knoxville, Tennessee

Subject: Field Team Final Report : DMEA-3986, Idm-E896 (mica) N. C.

Transmitted is the original and three copies of the subject final report.

As this project was started and completed the same day, the Operator's engineering and geologic report has been waived, and his narrative accompanying the first and final voucher accepted as a final report.

The Field Team concurs with the Field Examiners in their recommendation that no certification of discovery be issued.

Robert A. Laurence

Robert A. Laurence

Reviewed by
DMEA OPERATING COMMITTEE
4-13-56
(date)

3986

Date 4-13

Referred to:

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

Note comments in report regarding:

1. Burt

2. Shortest Project & Lens

3. Note - Field Team states trench 70' x 10' x 6' max. (i.e. 155 cu yds) but paid Opr. for 160 cu. yds. Opr claimed trench 50'x12'x6'. ??

and take appropriate action. Talbert

- - - - - -

Action taken by Division: Writing letter to field for verification of size of trench

ROBERT E. ADAMS

Letter not sent

initials

RECEIVED
APR 11 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

THE FINAL REPORT
By
FIELD TEAM, REGION V

On

DMEA-3986, Idm-E896, QUEEN MINE (mica)
Mitchell County, N. C.

By

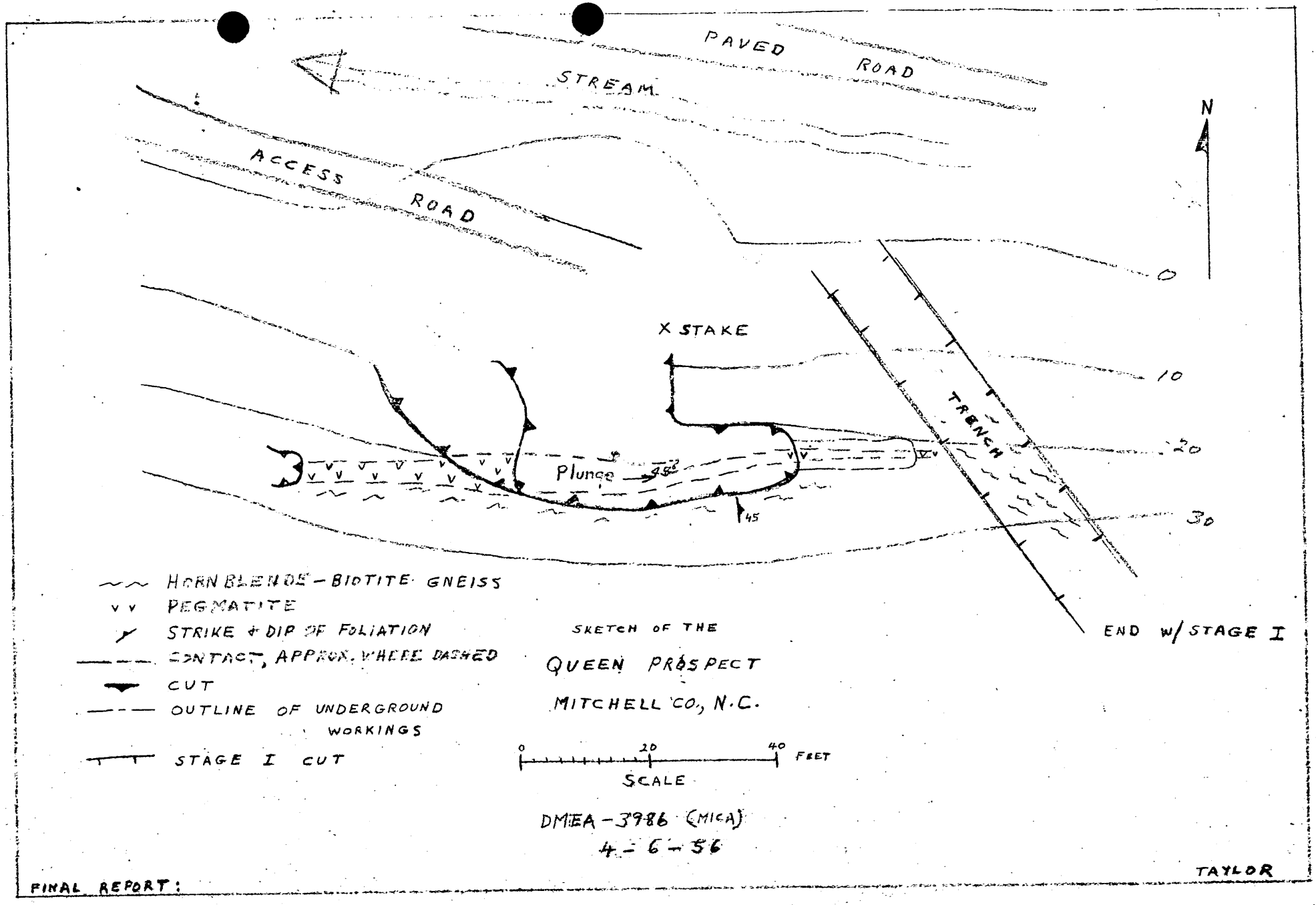
S. C. Bergman and A. R. Taylor, Geologists
U. S. Geological Survey

and

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

April 6, 1956

Reviewed by
DMEA OPERATING COMMITTEE
4-13-56
(date)



FINAL REPORT:

91

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 1025 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

RECEIVED
APR 5 - 1956

April 3, 1956

Mr. John Phillips

Spruce Pine, N. C.

Re: Contract Idm-E896 - Mica
DMEA-3986
Queen Mine, Mitchell County, N. C.

Dear Mr. Phillips:

Bulldozing under Stage I of the subject contract failed to expose a pegmatite. Further exploration of this property is not warranted and Stage II of the contract will not be authorized.

Very truly yours,

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

VJL/zm
cc:
Finance Office

Operating Committee
Lynch
Shirley
Files

Mr. Anderson's attention called to fact that there are no "stages" under this contract; termination notice or agreement required under Art 10. of contract
Tackett
4/6/56

INTERIM REPORT

DMEA-3986, Idm-E896 (mica) QUEEN MINE

RECEIVED JAN 1 3 1956

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

LOCATION: On the east side of Little Rock Creek one mile northeast of Glen Ayre, and 4.92 airline miles N37°E of Bakersville, Mitchell Co., N. C.

No further exploration has been attempted on this contract since the completion of the preliminary bulldozing outlined in an earlier interim report. The Operators indicate that some additional test pitting or trenching in unweathered material will be attempted in an effort to expose pegmatite. The Operator will be contacted again on the next visit to the area.

L. E. Shirley

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

S. C. Bergman

S. C. Bergman and A. R. Taylor, Geologists
U. S. Geological Survey

January 3, 1956

RECEIVED
DEC 27 1955

INTERIM REPORT

DMEA-3986, Idm-E896 (Mica) QUEEN MINE

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

Location: On the east side of Little Rock Creek, one mile northeast of Glen Ayre and 4.92 airline miles N. 37° E. of Bakersville, Mitchell County, North Carolina.

The starting date on this contract is December 12, 1955. Trenching by bulldozer has been completed and consisted of excavating a northwest trending trench 70' long by 10' wide by 6' deep (maximum). About 8 hours machine time was required and bulldozing was in progress at the time of this visit. The trenching stripped material down to bed rock and exposed only biotite gneiss containing stringers of granitic material; no pegmatite was exposed. The Operator has indicated that some added work in the form of a test pit may be attempted in an effort to expose pegmatite in the trench. Another visit will be made to the mine in the near future to see if the body has been exposed.

December 12, 1955

L. E. Shirley

L. E. Shirley, Mining Engineer
Bureau of Mines

SCB

S. C. Bergman and A. R. Taylor, Geologists
Geological Survey

g

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

RECEIVED
DEC 12 1955

December 8, 1955

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region V - Knoxville

Subject: Signed Contract - Idm-E896, DMEA-3986 (mica) John Phillips Queen Prospect, Mitchell County, 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

Robert A. Laurence

Docket Copy
Surname:
Anderson
Houk
Chambers
Selfridge
Johnson

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

600

NOV 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-3986 - Mica
John Phillips
Queen Prospect
Mitchell County, North Carolina

Dear Mr. Laurence:

Please find herewith the original and five copies of a contract with two extra copies of "Exhibit A" covering the subject exploration project which have been signed by the Administrator for the Government with effective date as shown.

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

Please bring to the attention of the Operator that this is an actual cost contract and he must keep copies of his payrolls and vouchers of purchases and get receipts for all cash payments not made by check. The original of the monthly Forms MF-104 must be supported by appropriate documentary evidence of the costs claimed.

This contract automatically makes maximums of the totals shown in Categories I, IV, and VI but not the individual items in Category VI. Other maximums are shown by an asterisk.

After execution of the contract, the copies are to be distributed in the usual manner. Copies of memoranda dated November 2 and 4, 1955, by Mr. N. E. Nelson, USGS, and Mr. W. F. Dietrich, USBM, respectively, relating to the project are enclosed.

Approved:

/s/ Robert W. Geehan By ESF
Member, Bureau of Mines

N. E. Nelson By ESF
Member, Geological Survey

Enclosures 12

Sincerely yours,

George C. Selfridge By ESF
Chairman, Operating Committee

WCAnderson:gad 11/17/55
Copy to: Admr. R. File Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

R.C.

Anderson

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

RECEIVED
NOV 4 1955

November 4, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3986 (mica)

Applicant: John Phillips

Name and Location of Property: Queen Mine, Mitchell Co., N. C.

Date of Field Team Report: October 17, 1955

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: October 31, 1955

Field Team Recommendation: Recommend a unit cost exploration program.

Comments:

1. The proposed program of exploration will determine value of ground in mine that previously has been reported as a producer of mica.

2. Total estimated costs are in the amount of $5,742.00.

Recommendation: I concur with the recommendation of the field team.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

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

RECEIVED
NOV - 3 1955

November 2, 1955

Re: DMEA 3986
John Phillips
Queen Mine
Mitchell Co., N. C.
$5,742.00 - Mica

Memorandum

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

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

Subject: Review of Field Team report.

The report concerns a narrow, crosscutting, fluted-wall pegmatite which gives good indications of having one or more plunging mica shoots.

Work will consist of:--

Stripping	$ 48.00
Buildings	114.00
Sinking, 60 feet	2,580.00
Drifting, 80 feet	3,000.00
Total	$5,742.00

I concur with the recommendation of the Field Team that the application be accepted.

N. E. Nelson

N. E. Nelson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 1025 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

RECEIVED
OCT 27 1955

October 26, 1955

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: Field Examination Report, DMEA-3986 (mica) John Phillips, Spruce Pine, N. C. Queen Mine, Mitchell County, N. C.

Enclosed are four copies of the subject report, and nine extra copies of the sketch map. The stake referred to in the land description is indicated by an X on the map.

We agree with the examiners' conclusions, and recommend approval of a unit-cost contract as outlined in the report. We would prefer to have the bulldozing estimated as five hours @ $10.00 per hour for a D-6 bulldozer or equivalent, but if time units are not acceptable and volume units are, then the figure given in the report should be used.

Robert A. Laurence
Robert A. Laurence

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

Reviewed by
DMEA OPERATING COMMITTEE
10-31-55
(date)

RECEIVED
OCT 27 1955

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXAMINATION REPORT BY FIELD TEAM, REGION V

On

DMEA-3986, QUEEN MINE (mica)
Mitchell County, N. C.

By

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

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

Alfred R. Taylor, Geologist
U. S. Geological Survey

Sheldon C. Bergman, Geologist
U. S. Geological Survey

October 17, 1955

Reviewed by
DMEA OPERATING COMMITTEE
10-31-55
(date)

RECEIVED
OCT 27 1955

FIELD EXAMINATION REPORT
On
DMEA-3986 (mica) QUEEN MINE

Applicant: John Phillips, Spruce Pine, N. C. How much left

This prospect has produced a limited amount of strategic mica under the current stockpiling program. Additional reserves appear to be present. Mica is exposed in pegmatite outcrop and sufficient reserves of pegmatite are present to warrant exploration assistance.

The prospect was examined on October 17, 1955. Messrs. S. L. Phillips and John Jarrett accompanied the examiners on the inspection which required two hours.

The Queen Prospect is on the east side of Little Rock Creek, one mile northeast of Glen Ayre and 4.92 airline miles N. 37° E. of Bakersville, Mitchell County, North Carolina. Access is excellent at all times. The applicant is competent to conduct the proposed work. Area under lease is adequate. T he location of the beginning stake for the leased area is shown on the attached sketch map.

There are no surface facilities on the property. Workings consist of a 6-foot pit on the west end of the exposed pegmatite, a central circular bench open cut with an uphill face of 25 feet and a diameter of about 30 feet, and a 20-foot drift to the east from the floor of the cut on the pegmatite.

These workings have been made in pegmatite that ranges in thickness from 18" to 7 feet. Apparently most of the mica has been obtained from that portion of the pegmatite which is less than three feet in thickness. The pegmatite contains medium coarse plagioclase, scattered small quartz, muscovite, biotite and red garnet, listed in order of abundance. It crosscuts the hornblende gneiss wall rock which strikes about N - S and dips 45° E, whereas the pegmatite which is exposed for 100 feet, strikes E - W and has a vertical dip. Also, the pegmatite thickens and thins along the strike, with the thicker portions plunging to the east at about a 45 degree angle. The mica "shoot" probably has a similar plunge.

The mica appears to be concentrated in wall zones in the thinner part of the pegmatite. Mica is relatively abundant where the pegmatite is exposed. Books up to six inches across are present. The mica is hard, flat, free splitting, ruby colored, generally free of spots, and contains few cracks.

Little is known of the past production. During 1954 Dayton Burleson operated the deposit for a short time and sold 32 pounds of mica

to the Spruce Pine Depot for $525.00.

The best plan of approach in exploring this deposit is to expose the pegmatite by a trench across the projected strike of the dike east of the existing workings; sink a 60-foot shaft on the pegmatite from this trench, and drive 80 feet of drift from the shaft. By selecting this part of the deposit to conduct the work, the rake of the pegmatite will be cut, both in the shaft and in the level driven westward from the shaft.

Estimated Cost:

Expose pegmatite east of existing workings by a trench 60' x 12' x 6'

160 Cu. yds @ 30¢ per yard	$ 48.00 78.00
Toolhouse	~~76.00~~
Powder magazine	25.00
Exploder "	13.00

Sink 60-foot, 2-compartment 5' x 7' shaft, timbered where necessary (40 shifts)

Labor:		
1 - Miner @ $1.50/hr.	$480.00	
1 - Hoistman @ $1.25/hr.	400.00	
1 - Laborer @ $1.00/hr.	320.00	
Equipment (rental)		
Compressor and drill @ $220/Mo.	440.00	
Hoist @ $50/Mo.	100.00	
Supplies:		
Explosives	180.00	
Gasoline and oil	100.00	
Drill steel	60.00	
Timber, 2M @ $65/M	130.00	
Small tools and pipe	100.00	657.00
Miscellaneous	87.00	
Compensation Insurance	120.00	
Unemployment Ins. and Social Sec.	48.00	
Sales Tax	15.00	$2,580.00
	183.00	543

Drive 80 feet of drift on pegmatite (40 shifts)

Labor:

Labor: Cont'd

1 - Miner @ $1.50/hr.	$480.00	
1 - Hoistman @ $1.25/hr.	~~640.00~~ 400.00	
2 - Laborers @ $1.00/hr	640.00	
Equipment (rental)		
Compressor, drill, jackleg and pump @ $250/mo.	500.00	
Hoist @ $50/Mo.	100.00	
Supplies:		
Explosives	240.00	
Gasoline and oil	120.00	
Drill steel	100.00	653
Small tools and pipe	100.00	
Miscellaneous	93.00	
Compensation insurance	152.00	
Unemployment Ins. and Social Sec.	60.00	
Sales Tax	15.00	$3,000.00

37.50 | 4

Estimated Total Cost..... ~~$5,742.00~~ $ 5744

Examination date: October 17, 1955.

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

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

Alfred R. Taylor, Geologist
U. S. Geological Survey

Sheldon C. Bergman, Geologist
U. S. Geological Survey

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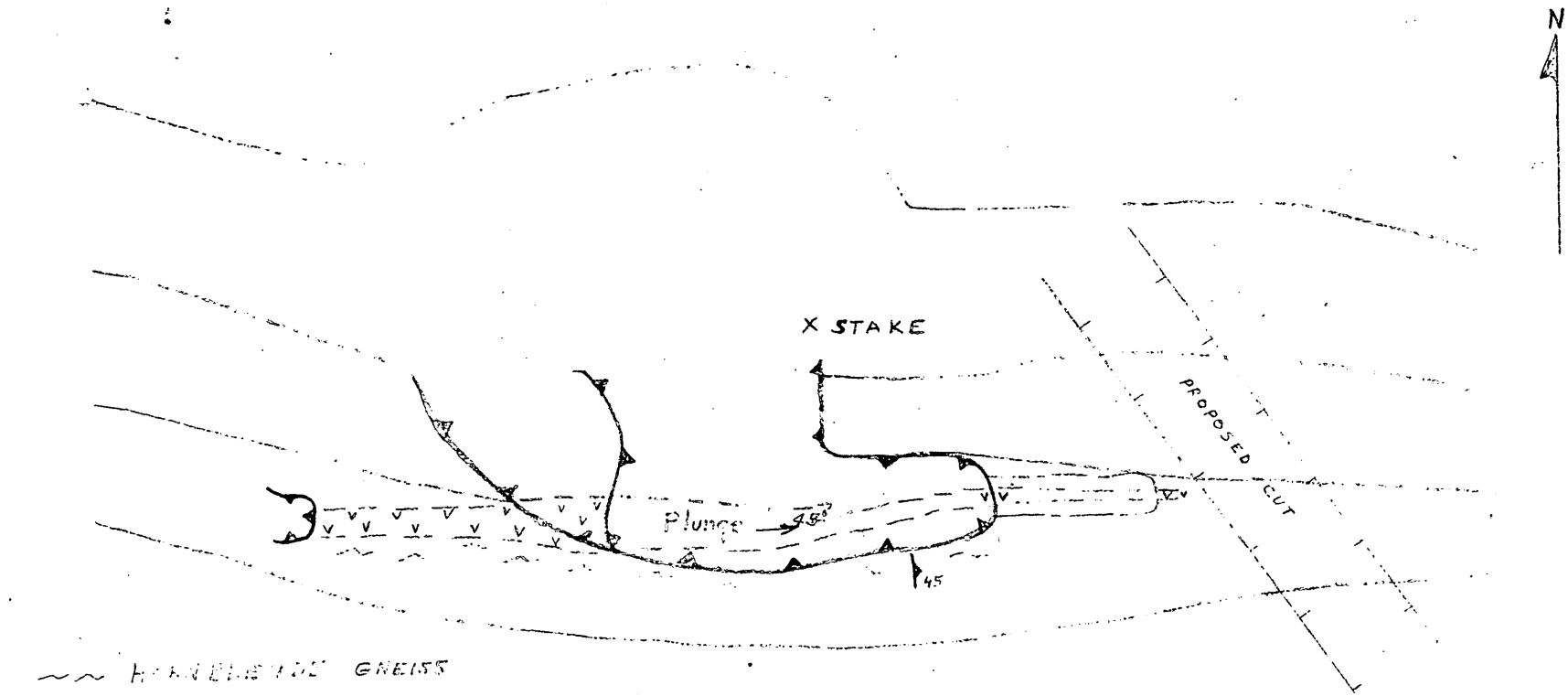


~~ HORNBLENDE GNEISS
v v PEGMATITE
STRIKE & DIP OF FOLIATION
CONTACT, APPROX. WHERE INFERRED
CUT
OUTLINE OF UNDERGROUND WORKINGS

SKETCH OF THE

QUEEN PROSPECT

MITCHELL CO., N.C.

0 20 40 FEET

SCALE

DMEA-3986 (MICA)

10-17-55

Docket Copy
Surname:
Anderson
F. J. Kearns
Selfridge
F. J. Kearns

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

SEP 29 1955

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

Subject: Docket No. DMEA-3986 - Mica
John Phillips
Queen Prospect
Mitchell County, North Carolina

Dear Mr. Laurence:

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

Copies of memoranda dated September 23, 1955, by Mr. N. E. Nelson, USGS, and Mr. W. F. Dietrich, USBM, relating to the project are enclosed.

Six copies of the "Consent to Lien" were received with the application and a copy of the application with a copy of the lease covering the land concerned were forwarded to your office on September 21, 1955. The land description on the "Consent to Lien" is the same as in the lease.

If your office recommends an exploration program approved by the applicant, please furnish the necessary information to draft a contract. In this connection we will require nine copies of a map showing the proposed work and pegmatite exposures in relation to the property lines.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2/B)

Approved:

P. F. Yopes (2/B)
Member, Bureau of Mines

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

Enclosures 4

WCAnderson:gad 9/27/55
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Anderson

R.C.K.

Docket Copy
Surname:
Anderson
J. Kinsler
Yoes
Selfridge
Nelson
Stephens

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

600

SEP 29 1955

Mr. John Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-3986 - Mica
John Phillips
Queen Prospect
Mitchell County, North Carolina

Dear Mr. Phillips:

Your application for assistance in exploring the subject property has been reviewed by the Nonmetallic Minerals Division of the Defense Minerals Exploration Administration and has been referred to Mr. Robert A. Laurence, Executive Officer, DMEA Field Team, Region V, 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 you may give the members of the Field Team during the examination will be appreciated.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

WCAnderson:gad 9/27/55
Copy to: Admr. R. File
Docket
Operating Committee
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Mr. Anderson

R.C.S.

IN REPLY REFER TO:

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

RECEIVED
SEP 26 1955

September 23, 1955

Re: DMEA 3986
John Phillips
Queen Prospect
Mitchell Co., N. C.
$5,800.00 - Mica

Memorandum

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

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

Subject: Review of application.

No information as to width, length of exposure, and attitude of this pegmatite is given.

Since vein material shows, stripping may be warranted, to be followed if considered justified by the sinking (60 feet) and drifting (80 feet) proposed by the applicant.

Referral to the Field Team is recommended.

N. E. Nelson

N. E. Nelson

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

September 23, 1955

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-3986 (mica)

Applicant: John Phillips

Name and Location of Property: Queen Prospect, Mitchell Co., N. C.

Date Application Rec'd. by Br. of Ceramic & Fertilizer Materials: 9/21/55

Comments:

1. No data available in this office on this property.

2. Although it would be desirable for the applicant to furnish more complete information, it appears that a visit by an examiner would furnish more useful data.

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

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
SEP 21 1955

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

Not to be filled in by applicant

Docket No. DMEA-3986
Metal or Mineral Mica
Date Received 9/21/55
Estimated Cost $5,800.00
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 lease.

(*b*) State any mine name by which the property is known. Queen 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 land 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 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 September 13, 1955

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

RECEIVED
SEP 0 1 1955

MF-103 (continuation sheet)

4. (a) This prospect has been worked very little and only on the surface. Some good quality mica has been recovered here, but not in quantity.

   (b) No records of production, but amounts were small as little work has been done here.

   (c) Vein material shows, and by some exploration work with shaft and drift we believe strategic mica may be recovered. This is ruby mica.

   (d) Project is accessible to roads and shipping.

   (e) Manpower, materials, supplies and equipment are available. Power is within 100 yards.

5. (b) We propose to lower a shaft 60 feet, then drift 80 feet with vein best way.

6. Estimate of costs:

60' 5x7 Shaft @ $50.00 per ft.	$ 3,000.00
80' Drift @ $35.00 per ft.	2,800.00
Estimated total cost of project	$ 5,800.00

MINING LEASE

State of North Carolina Mitchell County:

This indenture made this 12th day of September, 1955, 19~~53~~,

between Oscar Queen and Georgia Queen

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

Beginning on a stake at the center of the Queen Prospect which is located 75' S.W. of a large Beech tree, and running 250' North; thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to a point of closing. This property located in Mitchell County, on Little Rock Creek, approximately 5 mi. W. of Bakersville, N.C.

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 10%

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

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

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

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

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

Witness:

Kenneth R McKinney
Notary Public
My com Exp 8/17/57

Georgia Queen (Seal)

Oscar Queen (Seal)

_____ (Seal)

September 21, 1955
Subject: DMEA-3986
Re: Exploration Assistance
Queen Prospect

Mr. John Phillips
Spruce Pine
North Carolina

My dear Mr. Phillips:

The receipt of your application dated September 13, 1955, for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-3986 and referred to the Nonmetallic Minerals Division.

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

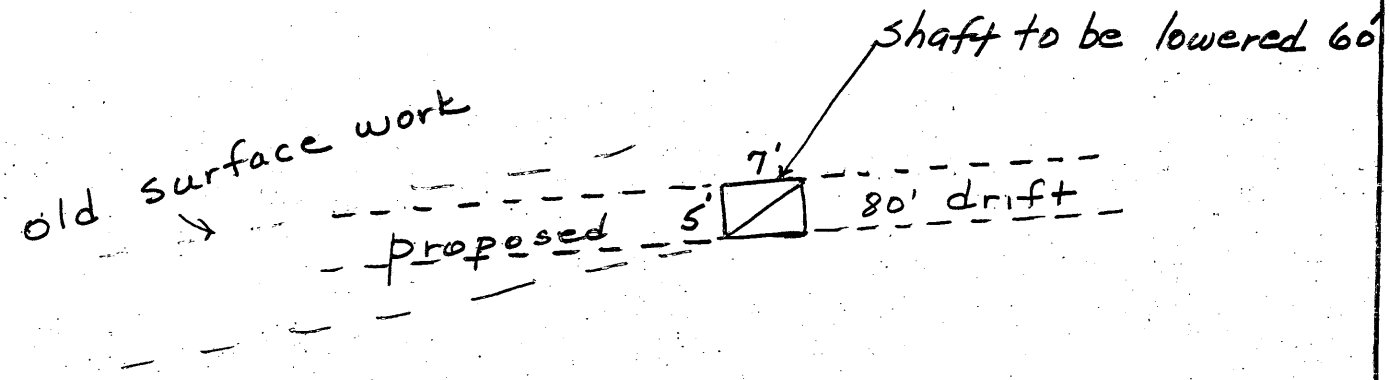
Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

60932

QUEEN PROSPECT

Mitchell County, N. C.



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

OFFICIAL BUSINESS

274 NEW CUSTOMHOUSE
DENVER 2, COLORADO

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE $300
(PMGC)

COLO.

DENVER COLO.
317 6 P

Mr. E. D. Talbert, Acting Chief

Contract Administration and Audit Division

Defense Minerals Exploration Administration

U. S. Department of the Interior - Interior Building

Washington 25, D. C.