OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Idm-E977, Docket DMEA-4337 (mica), dated July 23, 1956, with

Hawk Mining Company
c/o Frank W. Phillips
Spruce Pine, North Carolina

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Hawk Mine located in Mitchell County, North Carolina, during the period August 5, 1960, through December 10, 1963.

A certification of discovery or development was issued on April 18, 1958, and, in accordance with Article 6 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 10 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. A Report of Review dated December 10, 1957, indicated accepted costs under the exploration contract amounting to $5,805.71 with the Government's contribution on a 75 percent basis being $4,354.28.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review found the total sales subject to the Government's royalty for the period to be $914.47. Royalty payable to the Government at the rate specified in the contract is $45.72.

A prior Report of Royalty Review found the sales subject to the Government's royalty through August 4, 1960, to be $68,589.12, which added to the sales for this subsequent period make a total of $69,503.59. The royalty account as of August 4, 1960, was:

Total Royalty Payable	$3,429.45
Total Royalty Paid	3,429.45
Balance of Royalty Due	$ -0-

As of December 10, 1963, the royalty account of this project was found to be:

Total Royalty Payable	$3,475.17
Total Royalty Paid	3,475.17
Balance of Royalty Due	$ -0-

E. D. Talbert

E. D. Talbert, OME Auditor

January 7, 1964

Idm-E977 Hawk Mining Company DMEA-4337

STATUS OF PROJECT, SCOPE OF REVIEW
AND REASONS THEREFOR

This contract provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land thereunder. The land consists of 10 acres, more or less, at the head of Cane (or Spring) Creek one mile northeast of the Hawk Post Office. At the time the contract was executed the Operator (a partnership of Frank W. Phillips, George Reid, and Johnny Wilson) was in possession by virtue of a March 22, 1954, lease granted by the several heirs at law of Stokes Buchanan and Bertie Wilson. In consideration of the contract the lessors executed a Consent to Lien on December 5, 1955.

Exploration work under the contract was completed March 18, 1957. Production during the exploration period and thereafter resulted in sales through March 1959 of 4,132.05 lbs. of sheet, 23,730 lbs. of scrap, and 5,717 lbs. of punch mica. These sales, on which proceeds aggregated $68,589.12, are covered by Reports of Royalty Review dated March 12, 1958, and August 4, 1960.

Examinations of the property, checks of the Mica Purchase Depot's records, and inquiries by DMEA and OME regional representatives found that operations ceased in 1959 and disclosed no unreported production. However, a check of the Depot's records during June 1962 by a representative of this Division found four unreported sales on which the proceeds aggregated $914.47 for the 67.95 lbs. of mica involved. Upon request the Operator promptly paid the $45.72 in royalty due to the Government.

In a November 28, 1962, reply to a MME Form 63 inquiry the Operator's bookkeeper advised "There has been no operation in this mine since 1960, nor will it be re-opened". In a December 10, 1963, reply to a similar inquiry the bookkeeper indicated that neither change in property status nor production had occurred since November 28, 1962.

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

(1) The files indicate that all sales of production since the date of the contract have been reported; and

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

JAN 8 1964

Hawk Mining Company
c/o Mr. Frank J. Phillips
Spruce Pine, North Carolina

Re: IMSA-4337 (Mica)
Hawk Mining Company
Hawk Mine
Mitchell County, North Carolina
Contract IBA-1977

Gentlemen:

Enclosed for your information and files is a copy of a Report of Royalty Review, dated January 7, 1964, prepared by our Division of Administration and Audit.

Sincerely yours,

George C. Selfridge

Chief, Division of Mineral Operations

Enclosure

CCSelfridge/gla (1-7-64)
cc to: Director's Reading File
C&A Division ✓
G. C. Selfridge
Mr. Laurence, Reg. IV, USGS
Mr. Reed, USBM, Reg. IV

JAN 8 1964

Memorandum

To: Chief, Fiscal Section, Office of Management Operations, Office of the Secretary

From: Chief, Division of Field Operations, OME

Subject: IMEA-4337 (Mica)
Hawk Mining Company
Hawk Mine
Mitchell County, North Carolina
Contract Idm-E977

Enclosed for your files is the original of a Report of Royalty Review, dated January 7, 1964, on the subject contract.

George C. Selfridge

Enclosure

GCSelfridge/gla (1-7-64)
cc to: Docket
CA&A Division
Director's Reading File
G. C. Selfridge
R. A. Laurence, USGS, Reg. IV, w/cy of Report of Royalty Review dtd 1/7/64 & orig. cy of memo, dtd 1/7/64, to Chief, Div. of Field Operations from CA&A Division.
Avery Reed, USBM, Reg. IV, w/cy of each item sent to Mr. Laurence

JAN 7 1964

Memorandum

To: Chief, Division of Field Operations

From: E. D. Talbert, Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: DMEA-4337 (Mica)
Hawk Mining Company
Hawk Mine
Mitchell County, North Carolina
Contract Idm-E977

Enclosed are the original and three copies of a Report of Royalty Review covering the subject Region IV contract. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Office of Management Operations, Office of the Secretary; and
(b) One copy to the Operator; and
(c) Two copies to Region IV files.

As evidence of your concurrence, a copy of your letter transmitting the copy to the Operator should be furnished to this Division. If for any reason you do not concur, the original and all copies of the report should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 1-7-64

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

JUL 30 1962

Memorandum

To: Chief, Fiscal Section
Division of Administrative Services
Office of the Secretary

From: E. D. Talbert, Acting Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: DMEA-4537 (Mica)
Hawk Mining Company
Hawk Mine
Mitchell County, North Carolina
Contract Idm-E977

Enclosed for deposit to the subject DMEA account under symbol 14X6401 as a royalty receipt is check no. 1303 dated July 26, 1962, drawn in the amount of $45.72 by the Frank W. Phillips Company, Inc., Spruce Pine, North Carolina, on The Northwestern Bank, Spruce Pine, North Carolina.

This check is in payment of royalty delinquently due the Government on April, July, and August 1959 and January 1962 sales of production by J. K. Wilson, c/o Mitchell Lumber Co., Spruce Pine, North Carolina. The payment is in response to a July 5, 1962, payment request addressed to the Operator by the Director, OME.

Enclosure

EDTalbert/ama 7-30-62

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

Hawk Mining Company
c/o Frank W. Phillips
Spruce Pine, North Carolina

Re: DMSA-4357 (Mica)
Hawk Mining Company
Hawk Mine
Mitchell County, North Carolina
Contract Idm-1977

Dear Sirs:

Under provisions of the referenced exploration project contract you agreed to pay, as principal if the producer or as surety if not the producer, a percentage royalty to the Government on all minerals mined or produced from the land described in the contract during a period of 10 years from the date of the contract or until the Government's contribution to exploration costs had been fully repaid. The contract is dated July 23, 1956, and the Government's contribution amounted to $4,354.28 of which $3,429.45 has been repaid to date.

Our records disclose four purchases of trimmed mica by the G.S.A. Mica Purchase Depot, Spruce Pine, North Carolina, from J. B. Wilson, c/o Mitchell Lumber Co., Spruce Pine, North Carolina, representing production from this property on which royalty due to, but unpaid to, the Government amounts to $45.72 as shown below:

Lot No.	Pounds	Total Payment	Date settlement approved by Depot
SPAD-475(a)	9.81	$114.80	April 15, 1959
" - 12(a)	40.21	594.62	July 24, 1959
" - 51(a)	16.93*	195.57	August 24, 1959
" - 89(a)	1.00*	9.48	January 9, 1962
	Total Payments	$914.47	
	Royalty @ 5%	$ 45.72	

Please promptly remit this amount of royalty due, together with the royalty due on any scrap or punch mica sales or other sales of minerals from the property on which the royalty has not been paid. Your remittance should be made payable to the Office of Minerals Exploration.

Sincerely yours,

(signed) FRANK E. JOHNSON

ACTING Director

CEFisher/ama
7-3-62

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

E 977 7/23/56 DMEA-4337 Hawk Mining Company

Mitchell County, N.C. Hawk, Big Hawk, Hawk No. 2

Last reported Depot sale 2/5/59 435 #1,184.99

Other known partic of possible interest:

Frank W. Phillips	Charles & Viola Buchanan
George Reid	C. E. & Ethel W. Blevins
Johnny (John E.) Wilson	Richard W. & Winifred G. Lenhing
Mitchell Lumber Company	Lane A. & Grace M. Wilson
Sam Wilson	James & Barbara Garvin Berry
Earle A. & Ruby Buchanan	W. E. & Grace Buchanan

Berle's semi-annual report for 6/30/59 states that on 6/3/59 ? S.P. Depot was checked and no additional sales noted. Also "Mr. Frank Phillips told the writer that the mine was not being operated at the present time." Substantial sales were made by Sam Thompson at Franklin, N.H., and royalty paid.

Apparently royalty due on 4 sales by J. E. Wilson. Settlement sheet to attached.

EEJ 6/21/62

A ✓

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

GENERAL SERVICES ADMINISTRATION

FINAL SETTLEMENT - MICA PURCHASE

PROGRAM [X] A [ ] B

DATE PURCHASED: 2-24-39

ACCEPTANCE NUMBER: A03-475(a)

MICA PURCHASE DEPOT - Spruce Pine, N. C.

CERTIFICATE AUTHORIZATION NUMBER	LOT NUMBER	VOUCHER NUMBER	SCHEDULE NUMBER
[illegible]	[illegible]-475(a)		

EVALUATION DATA

RUBY

QUALITY	HALF TRIM POUNDS	HALF TRIM PRICE PER LB.	HALF TRIM AMOUNT	FULL TRIM POUNDS	FULL TRIM PRICE PER LB.	FULL TRIM AMOUNT
GOOD STAINED AND BETTER						
GRADES NO. 3 AND LARGER		$	$		$ 70.00	$
GRADES NO. 4 AND 5					40.00	
GRADES NO. 5½ AND 6					17.70	
STAINED						
GRADES NO. 3 AND LARGER		12.00			31.90	
GRADES NO. 4 AND 5		5.00			18.25	
GRADES NO. 5½ AND 6		3.00			7.55	
HEAVY STAINED						
GRADES NO. 3 AND LARGER		8.00			14.80	
GRADES NO. 4 AND 5		4.00			6.85	
GRADES NO. 5½ AND 6		2.00			4.00	
TOTALS			$			$

NONRUBY

QUALITY	HALF TRIM POUNDS	HALF TRIM PRICE PER LB.	HALF TRIM AMOUNT	FULL TRIM POUNDS	FULL TRIM PRICE PER LB.	FULL TRIM AMOUNT
GOOD STAINED AND BETTER						
GRADES NO. 3 AND LARGER		$	$		$ 70.00	$
GRADES NO. 4 AND 5				.60	40.00	24.00
GRADES NO. 5½ AND 6				2.15	17.70	38.06
STAINED						
GRADES NO. 3 AND LARGER		9.60			25.55	
GRADES NO. 4 AND 5		4.00		1.25	14.60	18.25
GRADES NO. 5½ AND 6		2.40		4.22	6.55	27.64
HEAVY STAINED						
GRADES NO. 3 AND LARGER		6.40			11.85	
GRADES NO. 4 AND 5		3.20		.34	5.45	1.85
GRADES NO. 5½ AND 6		1.60		1.25	4.00	5.00
TOTALS			$			$

TOTAL YIELD AND VALUE [ ] RUBY [X] NONRUBY (*Half trim plus full trim*) 9.81 LBS. $ 114.80

ADJUSTED VALUE WHEN LESS THAN 18% GS & B (ABOVE VALUE $ _____ X _____ ÷ 18) $

FOR PROGRAM B, DEDUCT $4.00 PER POUND FOR RIFTING AND TRIMMING

FINAL BASIS FOR PAYMENT $ 114.80

LESS: INITIAL PAYMENT VOUCHER NUMBER SCHEDULE NUMBER 62.61

BALANCE DUE [X] SELLER [ ] GOVERNMENT $ 52.19

NAME AND LOCATION OF MINE

Hawk, Mitchell County, N. C.

T 68 & B 28.03

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

J. E. Wilson
% Mitchell Lumber Co.
Spruce Pine, N. C.

PROCESSED FOR PAYMENT (LBS.)	9.81
PROCESSED - NO PAYMENT (LBS.) THINS	
BLACK (*Dots, Spots, Stained*)	
UNDERSIZED	
PROCESSING LOSS	.06
TOTAL POUNDS PURCHASED	9.87

APPROVED

DEPOT SUPERINTENDENT

DATE 4-14-39

GSA WASH D C 58-3177

GSA FORM 1013a SEPTEMBER 1957

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

GENERAL SERVICES ADMINISTRATION

FINAL SETTLEMENT - MICA PURCHASE

MICA PURCHASE DEPOT - Spruce Pine, N. C.

PROGRAM: [X] A [ ] B

DATE PURCHASED: 7-9-39

ACCEPTANCE NUMBER: A03-12(a)

CERTIFICATE AUTHORIZATION NUMBER: [redacted]

LOT NUMBER: S[redacted]-12(a)

VOUCHER NUMBER:

SCHEDULE NUMBER:

EVALUATION DATA

RUBY

QUALITY	HALF TRIM POUNDS	HALF TRIM PRICE PER LB.	HALF TRIM AMOUNT	FULL TRIM POUNDS	FULL TRIM PRICE PER LB.	FULL TRIM AMOUNT
GOOD STAINED AND BETTER						
GRADES NO. 3 AND LARGER		$	$		$ 70.00	$
GRADES NO. 4 AND 5					40.00	
GRADES NO. 5½ AND 6					17.70	
STAINED						
GRADES NO. 3 AND LARGER		12.00			31.90	
GRADES NO. 4 AND 5		5.00			18.25	
GRADES NO. 5½ AND 6		3.00			7.55	
HEAVY STAINED						
GRADES NO. 3 AND LARGER		8.00			14.80	
GRADES NO. 4 AND 5		4.00			6.85	
GRADES NO. 5½ AND 6		2.00			4.00	
TOTALS			$			$

NONRUBY

QUALITY	HALF TRIM POUNDS	HALF TRIM PRICE PER LB.	HALF TRIM AMOUNT	FULL TRIM POUNDS	FULL TRIM PRICE PER LB.	FULL TRIM AMOUNT
GOOD STAINED AND BETTER						
GRADES NO. 3 AND LARGER		$	$	.09	$ 70.00	$ 6.30
GRADES NO. 4 AND 5				3.92	40.00	156.80
GRADES NO. 5½ AND 6				13.30	17.70	236.30
STAINED						
GRADES NO. 3 AND LARGER		9.60		.42	25.55	10.99
GRADES NO. 4 AND 5		4.00		5.12	14.60	74.75
GRADES NO. 5½ AND 6		2.40		14.84	6.55	97.20
HEAVY STAINED						
GRADES NO. 3 AND LARGER		6.40			11.85	
GRADES NO. 4 AND 5		3.20		.44	5.45	2.40
GRADES NO. 5½ AND 6		1.60		1.97	4.00	7.88
TOTALS			$			$

TOTAL YIELD AND VALUE [ ] RUBY [X] NONRUBY (Half trim plus full trim) 40.21 LBS. $ 594.62

ADJUSTED VALUE WHEN LESS THAN 18% GS & B (ABOVE VALUE $ _____ X _____ ÷ 18) $

FOR PROGRAM B, DEDUCT $4.00 PER POUND FOR RIFTING AND TRIMMING

FINAL BASIS FOR PAYMENT $ 594.62

LESS: INITIAL PAYMENT VOUCHER NUMBER SCHEDULE NUMBER 383.62

BALANCE DUE [X] SELLER [ ] GOVERNMENT $ 209.00

NAME AND LOCATION OF MINE

Bank, Mitchell County, N. C.
% GS & B 43.30

PROCESSED FOR PAYMENT (LBS.)	40.21
PROCESSED - NO PAYMENT (LBS.) THINS	
BLACK (Dots, Spots, Stained)	
UNDERSIZED	
PROCESSING LOSS	.23
TOTAL POUNDS PURCHASED	40.44

SELLER'S NAME AND ADDRESS (Type or print)

J. E. Wilson
% Mitchell Lumber Co.
Spruce Pine, N. C.

APPROVED

DEPOT SUPERINTENDENT

DATE 7-24-39

GSA WASH D C 58-3177

GSA FORM 1013a SEPTEMBER 1957

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

GENER SERVICES [redacted]INISTRATION

FINAL SETTLEMENT - MICA PURCHASE

MICA PURCHASE DEPOT - [redacted], N. C.

PROGR[redacted] A [redacted] B

DATE PURCHASED: 8-12-50

ACCEPTANCE NUMBER: A03-51(a)

CERTIFICATE AUTHORIZATION NUMBER: [redacted]-4-1004A

LOT NUMBER: [redacted]-51(a)

VOUCHER NUMBER:

SCHEDULE NUMBER:

EVALUATION DATA

RUBY

QUALITY	HALF TRIM POUNDS	HALF TRIM PRICE PER LB.	HALF TRIM AMOUNT	FULL TRIM POUNDS	FULL TRIM PRICE PER LB.	FULL TRIM AMOUNT
GOOD STAINED AND BETTER						
GRADES NO. 3 AND LARGER		$	$		$ 70.00	$
GRADES NO. 4 AND 5					40.00	
GRADES NO. 5½ AND 6					17.70	
STAINED						
GRADES NO. 3 AND LARGER		12.00			31.90	
GRADES NO. 4 AND 5		5.00			18.25	
GRADES NO. 5½ AND 6		3.00			7.55	
HEAVY STAINED						
GRADES NO. 3 AND LARGER		8.00			14.80	
GRADES NO. 4 AND 5		4.00			6.85	
GRADES NO. 5½ AND 6		2.00			4.00	
TOTALS			$			$

NONRUBY

QUALITY	HALF TRIM POUNDS	HALF TRIM PRICE PER LB.	HALF TRIM AMOUNT	FULL TRIM POUNDS	FULL TRIM PRICE PER LB.	FULL TRIM AMOUNT
GOOD STAINED AND BETTER						
GRADES NO. 3 AND LARGER		$	$	.09	$ 70.00	$ 6.30
GRADES NO. 4 AND 5				5.68	40.00	227.20
GRADES NO. 5½ AND 6				14.72	17.70	260.54
STAINED						
GRADES NO. 3 AND LARGER		9.60		.50	25.55	12.78
GRADES NO. 4 AND 5		4.00		17.90	14.60	261.34
GRADES NO. 5½ AND 6		2.40		28.47	6.55	186.48
HEAVY STAINED						
GRADES NO. 3 AND LARGER		6.40		.34	11.85	4.03
GRADES NO. 4 AND 5		3.20		12.88	5.45	70.20
GRADES NO. 5½ AND 6		1.60		10.47	4.00	41.88
TOTALS			$			$

TOTAL YIELD AND VALUE [ ] RUBY [x] NONRUBY (Half trim plus full trim) 91.05 LBS. $ 1070.75

ADJUSTED VALUE WHEN LESS THAN 18% GS & B (ABOVE VALUE $ _____ X _____ ÷ 18) $

FOR PROGRAM B, DEDUCT $4.00 PER POUND FOR RIFTING AND TRIMMING

FINAL BASIS FOR PAYMENT $ 1070.75

LESS: INITIAL PAYMENT VOUCHER NUMBER SCHEDULE NUMBER 651.38

BALANCE DUE [x] SELLER [ ] GOVERNMENT $ 419.37

NAME AND LOCATION OF MINE

Bonger, Yancey County, N. C.; Ground Hog, Avery County, N. C.
Hawk & Sullins, Mitchell County, N. C.; Charlie Ridge, Avery County, N. C.
% GS & B 22.30

See [illegible] Report

Hawk [illegible]
Total [illegible]

PROCESSED FOR PAYMENT (LBS.): 91.05

PROCESSED - NO PAYMENT (LBS.): Unqualified

THINS: 2.00

BLACK (Dots, Spots, Stained):

UNDERSIZED:

PROCESSING [illegible]: .36 Gain

TOTAL POUNDS PURCHASED: 92.69

SELLER'S NAME AND ADDRESS (Type or print)

977

J. E. Wilson
Route 4
Lenoirville, N. C.

[illegible] = 95.1

APPROVED

DEPOT SUPERINTENDENT

DATE: 8-24-50

GSA WASH D C 58-3177

GSA FORM 1013a SEPTEMBER 1957

FORM APPROVED BY [illegible], U.S. [illegible] 1957

GENERAL SERVICES ADMINISTRATION

WARRANTY AND ACCEPTANCE

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

MICA PURCHASE DEPOT - Spruce Pine, N. C.

DATE PURCHASED: 8-[illegible]-[illegible]

ACCOUNTING NUMBER: 403-[illegible]

CERTIFICATE AUTHORIZATION NUMBER	LOT NUMBER	VOUCHER NUMBER	SCHEDULE NUMBER
DMS-4-1096A	SPAO-51		

BASIS FOR FINAL SETTLEMENT: [X] PROGRAM A [ ] PROGRAM B [ ] ALTERNATE PROGRAM B (Under Regulation 7, Revision 3, as amended)

NAME AND LOCATION OF MINE: Harper, Yancey County, N. C. 8.93# Hawk, 16.93#, Sullins, 25.81# Mitchell County, N. C. Grand Hog, Avery County, N. C. 13.56#, and 20.46# Charlie Ridge

TYPE OF MICA: [ ] RUBY [X] NONRUBY

PRELIMINARY PAYMENT

TOTAL POUNDS PURCHASED	AMOUNT OF INITIAL PAYMENT
92.69	$ 651.28

WARRANTY

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

SELLER'S NAME AND ADDRESS (Type or print)

J. B. Wilson
Route 4
Newrsville, N. C.

SELLER OR PERSON AUTHORIZED TO SIGN FOR SELLER

SIGNATURE: [signature]

NAME (Type or print): J. B. Wilson

TITLE (Type or print): Owner

ACCEPTANCE

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

GENERAL SERVICES ADMINISTRATION

BY (Type name): Ed S. Burleson

SIGNATURE: [signature]

TITLE: Buyer

GSA WASH D C 58-[illegible]

GSA FORM 1013
SEPTEMBER 1957

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

GENERAL SERVICES ADMINISTRATION

FINAL SETTLEMENT - MICA PURCHASE

MICA PURCHASE DEPOT - Spruce Pine, N. C.

PROGRAM: [X] A [ ] B

DATE PURCHASED: 10-3-61

ACCEPTANCE NUMBER: A03-89(a)

CERTIFICATE AUTHORIZATION NUMBER: DMS-4-10064

LOT NUMBER: SPAO-89(a)

VOUCHER NUMBER:

SCHEDULE NUMBER:

EVALUATION DATA

RUBY

QUALITY	HALF TRIM POUNDS	HALF TRIM PRICE PER LB.	HALF TRIM AMOUNT	FULL TRIM POUNDS	FULL TRIM PRICE PER LB.	FULL TRIM AMOUNT
GOOD STAINED AND BETTER						
GRADES NO. 3 AND LARGER		$	$		$ 70.00	$
GRADES NO. 4 AND 5					40.00	
GRADES NO. 5½ AND 6					17.70	
STAINED						
GRADES NO. 3 AND LARGER		12.00			31.90	
GRADES NO. 4 AND 5		5.00			18.25	
GRADES NO. 5½ AND 6		3.00			7.55	
HEAVY STAINED						
GRADES NO. 3 AND LARGER		8.00			14.80	
GRADES NO. 4 AND 5		4.00			6.85	
GRADES NO. 5½ AND 6		2.00			4.00	
TOTALS			$			$

NONRUBY

QUALITY	HALF TRIM POUNDS	HALF TRIM PRICE PER LB.	HALF TRIM AMOUNT	FULL TRIM POUNDS	FULL TRIM PRICE PER LB.	FULL TRIM AMOUNT
GOOD STAINED AND BETTER						
GRADES NO. 3 AND LARGER		$	$		$ 70.00	$
GRADES NO. 4 AND 5				1.15	40.00	46.00
GRADES NO. 5½ AND 6				6.06	17.70	107.26
STAINED						
GRADES NO. 3 AND LARGER		9.60			25.55	
GRADES NO. 4 AND 5		4.00		1.77	14.60	25.84
GRADES NO. 5½ AND 6		2.40		15.75	6.55	103.16
HEAVY STAINED						
GRADES NO. 3 AND LARGER		6.40			11.85	
GRADES NO. 4 AND 5		3.20		.38	5.45	2.07
GRADES NO. 5½ AND 6		1.60		4.51	4.00	18.04
TOTALS			$			$

TOTAL YIELD AND VALUE [ ] RUBY [X] NONRUBY (Half trim plus full trim) 29.62 LBS. $ 302.37

ADJUSTED VALUE WHEN LESS THAN 18% GS & B (ABOVE VALUE $ _____ x _____ ÷ 18) $

FOR PROGRAM B, DEDUCT $4.00 PER POUND FOR RIFTING AND TRIMMING

FINAL BASIS FOR PAYMENT $ 302.37

LESS: INITIAL PAYMENT VOUCHER NUMBER SCHEDULE NUMBER 174.45

BALANCE DUE [X] SELLER [ ] GOVERNMENT $ 127.92

NAME AND LOCATION OF MINE

Hawk, R. R. Phillips, Raven Cliff, Sullins Rock and Jenny Cut Mines, Mitchell County, N. C.

% GS & B 24.34

See Production Report

PROCESSED FOR PAYMENT (LBS.)	29.62
PROCESSED - NO PAYMENT (LBS.) THIN	R.R.
BLACK (Dots, Spots, Stained)	Scrap 2.11
UNDERSIZED	
PROCESSING LOSS	.15
TOTAL POUNDS PURCHASED	31.88

SELLER'S NAME AND ADDRESS (Type or print)

Hawk: 1 oo lb 3.137 %
Total 31.88 lb

J. E. Wilson
Route 4
Spruceville, N. C.

APPROVED

DEPOT SUPERINTENDENT

DATE 1-9-62

GSA WASH D C 90-3177

GSA FORM 1613a SEPTEMBER 1957

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

GENERAL SERVICES ADMINISTRATION

WARRANTY AND ACCEPTANCE

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

MICA PURCHASE DEPOT - Spruce Pine, N. C.

PURCHASE: [redacted]-3-61

ACCEPTANCE NUMBER: A03-09

CERTIFICATE AUTHORIZATION NUMBER	LOT NUMBER	VOUCHER NUMBER	SCHEDULE NUMBER
[redacted]	[redacted]		

BASIS FOR FINAL SETTLEMENT: [X] PROGRAM A [ ] PROGRAM B [ ] ALTERNATE PROGRAM B (Under Regulation 7, Revision 3, as amended)

NAME AND LOCATION OF MINE

[redacted], 100 lbs., Seven Cliff 3.00 lbs., Sullins Rock 7.00 lbs.
R. R. Phillips 1.00 lb. Jimmy Gut 19.00 lbs. Mitchell County, N. C.

TYPE OF MICA: [ ] RUBY [X] NONRUBY

PRELIMINARY PAYMENT

TOTAL POUNDS PURCHASED	AMOUNT OF INITIAL PAYMENT
31.00	$ 174.45

WARRANTY

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

SELLER'S NAME AND ADDRESS (Type or print)

977

J. E. Wilson
Route 4
Bakersville, N. C.

SELLER OR PERSON AUTHORIZED TO SIGN FOR SELLER

SIGNATURE: J. E. Wilson

NAME (Type or print): J. E. Wilson

TITLE (Type or print): [redacted]

ACCEPTANCE

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

GENERAL SERVICES ADMINISTRATION

BY (Type name)	SIGNATURE	TITLE
[redacted]	Raleigh Young	[redacted]

GSA BASIC F 50-1127

GSA FORM 1013
SEPTEMBER 1957

OFFICIAL FILE COPY

Date	Surname	Code
		500
		120
		110
		100
		220

Idm-E977

June 27, 1962

Memorandum

To: E. D. Talbert, Acting Chief
Contract Administration and Audit Division

From: C. S. Fisher, OME Auditor

Subject: Audit Trip to Spruce Pine, North Carolina

I left Washington, D. C., via Southern Railway train No. 47 at 9:00 p.m., EST, June 17, 1962. Arrival in Asheville, N. C., was about 10:00 a.m., June 18. There I secured an automobile from Avis Rent-A-Car and drove to Spruce Pine, N. C. Left Spruce Pine at 10:00 a.m., June 23, and arrived back in Washington at 5:10 a.m., June 24, via Southern Railway train No. 14.

Most of the time in Spruce Pine was spent in reviewing the purchase records of the U.S.A. Mica Purchase Depot for the purpose of determining whether any unreported purchases had been made by that Depot of production from mines on which OME had entered into exploration project contracts. A total of 57 contracts were assigned for this investigation.

The last purchase by the Depot under the Mica Purchase Program was made on June 7, 1962. Mr. J. [illegible] McKinney, Depot Superintendent, stated that processing the mica on hand and making final settlements with vendors will take another 60 to 90 days before the Depot is finally closed. Mr. McKinney also advised that 5,972 Participation Certificates were issued and 21,609 lots of mica were purchased during the program. At June 15 the yield of strategic mica amounted to 1,516,755.75 pounds. This will increase some when all processing is completed. As of June 1 the total payments to vendors amounted to $20,526,000. This amount will be increased when final settlements have been completed.

My review of the Depot records disclosed 13 contracts under which the Government may be entitled to royalty as hereinafter discussed. The investigation failed to disclose any purchases of production from the properties covered by the remaining 44 contracts. Memoranda for the files have been prepared for this latter group of contracts.

During the early stages of the exploration program, that is until 1957/8, two or more Government representatives were supervising exploration work in this mica region. They made frequent inspections of the various properties and were aware of what was happening. Mr. Beck made regular trips through the area and reminded the various parties of their royalty obligations. He checked the Depot records and often collected royalty. Several audit trips were made by representatives of this office, the last being my trip in February 1958. Mr. Beck continued his visits to the Depot and to the various operators through 1959 and subsequent investigations have been made by Messrs. Lynch and Lesure.

I believe that the reduction in royalty collections in the past 3 or 4 years may be accounted for by several circumstances:

First, a typical contract resulted in production during the exploration period and sometimes a little longer. Most of the mica exploration contracts were completed prior to 1958.

Second, nine of the mica exploration contracts had repaid their entire Government advance prior to 1958 and, of course, had no further royalty obligation. (For example, Sinkhole Miners, Idm-E364, DMEA-2379, operated right up to the day the Depot stopped buying.)

Third, there was a tendency on the part of the individual miners and some of the larger operators to work properties not subject to the Government lien for royalty. I noticed some instances where the name of the mine indicated that the production came from properties where DMEA had issued letters of no discovery. If the Government was not paying most of the mining expense in the form of contributions to exploration costs, why not work a property not subject to the Government's 5% royalty?

I visited the Spruce Pine Mica Company and met Mr. Lawrence Conley, who has been with that company and in the mica business for many years. He informed me that the only mica from the White Face Mine (Contract Idm-E662, DMEA-3255) his company had purchased were the two lots sold by John Carroll in 1954. Mr. Beck and I collected $13.34 royalty applicable to these sales from the property-owner, W. Howard Simpson, president of Non-Metallic Minerals Corp., on March 16, 1955. Mr. Conley expressed the opinion that no work had been done on the property since John Carroll was there.

The Spruce Pine Mica Company operates a fabricating plant. They primarily depend upon imported mica and this was especially true during the Government purchase program when everyone was

concentrat[illegible] only the local material th[illegible] purchase by the Depot. Mr. Conley state[illegible] in to "talk" about the possibility of contin[illegible] mining and are "considering" the matter. [illegible] indicated that he expected some land-owner farmers would probabl[illegible] punch from [illegible] to time as they felt the need for cash [illegible] weather grop[illegible] the land.

B-K Associates [illegible] contract Idm-[illegible], [illegible]-3000 [illegible] punch to the Spruce Pine [illegible] Company. Mr. Conley hopes they will continue operations as [illegible] Mine is a good source of supply and, further, he would like to see a North Carolina operation continued. He stated that [illegible] Associates own a couple of punch presses (presumably in [illegible]), but that so far as he knew they had not used them on [illegible] production.

Sam Phillips [illegible] for an hour or so on Friday afternoon at the Baker [illegible]. This was after the rest of [illegible] investigation had been completed [illegible] satisfied that there was not much to be gained by [illegible]. Our talk was very general and limited mainly to [illegible] he had been interested. He called my attention [illegible] properties in which he was interested had repaid the Government advance in full. I carefully refrained from mentioning that [illegible] at least [illegible] times as many projects, he, and his associates, had stopped mining almost as soon as the Government contributions ceased. [illegible] mentioned the McKinney Mine (Contract Idm-[illegible]), [illegible] did not see any profit in a discussion of that case.

Mr. Phillips [illegible] that all feldspar operations in the area were large operations [illegible] operations and that it is practically impossible [illegible] small operator to sell feldspar. The big operators have their own adequate supplies and do not wish to be bothered. The price is so low that the little fellow cannot afford to mine and haul his supply. Of course, when most of the mining expense was an exploration cost, some of the feldspar was sold. For example, Contract Idm-[illegible]412, DMEA-2277, Burke John Mica Miners, was certified because of feldspar discovery. According to Mr. Phillips the property has not been operated since completion of the exploration project.

My review of the Depot records indicated possible unpaid royalty in connection with 13 contracts as follows:

Contract Idm-[illegible]311, DMEA-2377, Piedmont Minerals, Inc.

I secured for our files a copy of the final settlement statement for lot No. SPBP-149(a), approved May 14, 1958, covering purchase from

$206.08 and $865.22, respectively, for mica sold by Baird Cove Mining Company, Route 3, c/o Ralph Cunningham, Franklin, N. C. The name and location of the mine are shown as Baird Cove Mine, Macon County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-5495, DMEA-2793, Burns-Spangler Construction Co.

Final settlement sheet SPAR-157(a), approved September 18, 1958, covered payments aggregating $136.64 to Ed Burleson, Box 265, Bakersville, N. C. The name and location of the mine are shown as Lee Cornwell, Cleveland County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-5548, DMEA-2921, Fred Taylor, Julian Greene & Johnnie Greene

Final settlement sheet SPAR-547(a), approved May 9, 1959, covered payment of $214.14 to Lewis Aldridge, Spruce Pine, N. C. The name and location of the mine are shown as Cow Camp, Avery County, N. C., which is in agreement with the description of the mine in the exploration contract.

Contract Idm-5557, DMEA-3000, B. T. R. Mining Company

Check dated June 14, 1962, from B-K Associates brought royalty receipts under this contract up to $4,279.39 or within $130.61 of the total Government contribution.

The Depot records indicated additional purchases from B-K Associates as follows:

Date	Lot No.	Amount	
6/7/62	SPAR-496	$2,145.16	Final
6/15/62	" -512	1,214.58	"
4/5/62	" -523	1,100.98	Preliminary
4/12/62	" -530	1,181.30	"
4/19/62	" -537	950.82	"
4/26/62	" -542	875.89	"
5/3/62	" -547	966.57	"
5/10/62	" -560	842.05	"
5/18/62	" -566	917.21	"
6/1/62	" -591	435.49	"
6/5/62	" -599	236.26	"
6/7/62	" -607	279.04	"
4/3/62	SPAO-156	222.24	"
4/12/62	" -161	296.28	"

Contract Idm-E618, DMEA-3132, Dixie Mines, Inc.

Royalty has not been paid to the Government in connection with the following settlement statements:

Lot No.	Date Approved	Seller	Amount
SPAR-257(a)	11/5/58	S. P. Lett, Rt. 3, Linville, Ala.	$2,019.20
" -270(a)	12/30/58	" " " "	455.37
" -333(a)	12/19/58	" " " "	861.37
" -414(a)	3/16/59	L. T. Rounds, Rt. 2, Columbiana, Ala.	157.82
" -511(a)	3/25/59	" " "	649.37
" -780(a)	6/23/59	" " "	356.95

Contract Idm-E664, DMEA-3247, Newland Buchanan, et al.

Final settlement sheet for lot No. SPBR-163(a), approved August 24, 1960, covered payments aggregating $854.94 to M. S. Burleson & Frank W. Phillips Co., c/o Mitchell Lumber Co., Spruce Pine, N. C. The name and location of the mine are shown as Johnson Mine, Mitchell County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-E814, DMEA-3740, Roy Grindstaff, et al.

Final settlement sheet for lot No. SPAO-154(a), approved January 27, 1960, covered payments aggregating $263.65 to Persley & Grindstaff, Route 3, c/o Roy Grindstaff, Bakersville, N. C. The name and location of the mine are shown as Conley, Mitchell County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-E977, DMEA-4337, Hawk Mining Company

Royalty has not been paid to the Government in connection with the following settlement statements:

Lot No.	Date Approved	Seller	Amount
SPAO-475(a)	4/18/59	J. E. Wilson, c/o Mitchell Lumber Co., Spruce Pine, N.C.	$ 114.80
" - 12(a)	7/24/59	" " " "	594.62
" - 51(a)	8/24/59	" " " "	1,070.79*
" - 89(a)	1/9/62	" " " "	302.37*

* Includes production from various mines. Amounts applicable to Hawk Mine are $195.57 and $9.48, respectively.

Contract Idm-3663, DMEA-3216, Hector Mining Company

Final settlement sheets for lots SPAO-10(a) and SPAO-14(a), approved September 7, 1960, covered payments aggregating $195.70 and $141.11, respectively, to Dan Allen, Route 2, Burnsville, N. C. The name and location of the mine are shown as Hector Mine, Yancey County, N. C., which is in agreement with the description of the mine in which exploration was performed.

Contract Idm-3734, DMEA-3452, Howard Boone & John Jarrett

Final settlement sheet for lot SPAR-399(a), approved December 5, 1959, covered payments aggregating $101.31 to Parsley & Grindstaff, c/o Ray Grindstaff, Route 3, Bakersville, N. C. The name and location of the mine are shown as Putnam, Mitchell County, N. C., which is in agreement with the description of the mine in which exploration was performed.

The following is furnished for your use in the unlikely event you may find it necessary to secure additional information regarding purchases by the Spruce Pine Depot.

Mr. McKinney stated that he does not know what is to become of the Spruce Pine Depot records when the Depot is finally closed. He is recommending that the copies of settlement statements and supporting papers maintained at the Depot be destroyed as they are duplicates of original documents on which disbursements were made. The original documents are in the custody of:

General Services Administration, Region 3
Office of Regional Comptroller
Document Control and Collections Section
Room 5238, Regional Office Building
7th and D Streets, S. W.
Washington 25, D. C.

During the purchase program it was the practice to furnish copies of all settlement sheets to:

Mr. Avery H. Reed, Jr., Chief
Knoxville Field Office
Division of Mineral Industries
Bureau of Mines
404 Hamilton Bank Building
Knoxville 2, Tennessee

I understand that these copies were used by the Bureau of Mines to compile statistical data relating to production from the various mines. I do not have any information regarding the ultimate disposition made of these copies.

CEFisher/sma 6-27-62

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

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Office of Minerals Exploration, Washington, D. C., pertaining to Contract No. Idm-E977, Docket No. DMEA-4337 (Mica), dated July 23, 1956, with

Hawk Mining Company
c/o Frank W. Phillips
Spruce Pine, North Carolina

for the purpose of determining the amount of royalty due the U. S. Government on sales of minerals from property referred to as Hawk Mine located in Mitchell County, North Carolina, during the period February 20, 1958, through August 4, 1960.

A certification of discovery or development was issued on April 18, 1958, and, in accordance with Article 6 of the contract, royalty is payable on all minerals mined or produced from the land described in Article 2 of the contract for a period of 10 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. A Report of Review in lieu of final audit dated December 10, 1957, indicated accepted costs under the exploration contract amounting to $5,805.71 with the Government's contribution, on a 75 percent basis, being $4,354.28.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review established the total sales of mica for the period to be $58,351.37. Royalty due the Government at rates specified in the contract is $2,917.56.

A prior Report of Royalty Review found the sales subject to Government royalty through February 19, 1958, to be $10,237.75 which added to the sales for this subsequent period make a total of $68,589.12. The royalty account as of February 19, 1958, was:

Total Royalty Due	$ 511.89
Total Royalty Paid	511.89
Balance of Royalty Due	$ -0-

At August 4, 1960, the royalty account of this project was found to be:

Total Royalty Due	$3,429.45
Total Royalty Paid	3,429.45
Balance of Royalty Due	$ -0-

C. E. Fisher

August 4, 1960

C. E. Fisher, OME Auditor

Idm-E977 Hawk Mining Company DMEA-4337

STATUS OF PROJECT, SCOPE OF REVIEW

AND REASONS THEREFOR

Mining operations at this property were discontinued early in 1959. The last sale of production from the property consisted of 95.74 pounds of trimmed mica delivered to the Spruce Pine Mica Purchase Depot on February 6, 1959.

My review included a tabulation and recomputation of copies of settlement sheets filed in the Washington office in support of royalty payments. This tabulation is filed with my audit work-papers and is summarized below:

Product	Sales		Royalty
	Pounds	Value	@ 5%
Sheet mica			
7/23/56 to 2/19/58	542.39	$10,237.75	$ 511.89
2/20/58 to 8/4/60	3,589.66	57,713.51	2,885.67
Totals-Sheet mica	4,132.05	$67,951.26	$3,397.56
Scrap	23,730.00	363.58	18.18
Punch	5,717.00	274.28	13.71
	33,579.05	$68,589.12	$3,429.45

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

(1) Inspection reports by field representatives of the Government and other correspondence in the Washington office files indicate that all production from the property on which royalty is due to the Government during the period covered by this review has been reported and proper royalty has been paid to the Government; and

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

Form 22
Aug. 59

DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

CHECK SHEET OF EXAMINING ENGINEER

Operator's Name Hawk Mining Company

Address c/o Frank W. Phillips

Spruce Pine, North Carolina

Exploration Contract No. Idm-E977 Docket No. DMEA-4337

		Check One Yes	Check One No.
1.	(a) Does the Operator stockpile ore subject to royalty repayment?		X
	(b) If so, is segregation and identification procedure adequate?		
2.	(a) Does Operator commingle production subject to DMEA or OME royalties with exempt production?		X
	(b) If so, do you consider the allocation of the commingled production equitable?		
3.	(a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?		X
	(b) If so, are adequate records maintained on such material to protect the Government's interest?		
4.	Do you consider the assay controls in effect are adequate?	X	
5.	Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	X	
6.	Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA or OME royalties?	X	
7.	Does the Operator buy from or sell to other Operators?		X
8.	Comment on any item 2 (b) to 6 if answer is No.		

This mine has been idle since February 1959.

August 4, 1960
Date

Laurence G. Houck
Mining Engineer

53362

EXTRA COPY
O. M. E
RECEIVED AUG 11 1960
DATE | INITIALS | CODE
900

REGION IV

AUG 11 1960

Hawk Mining Company
c/o Frank W. Phillips
Spruce Pine, North Carolina

Re: DMEA-4337 (Mica)
Hawk Mining Company
Hawk Mine
Mitchell County, North Carolina
Contract Idm-E977

Gentlemen:

Enclosed for your records is a copy of a Report of Royalty Review by the Division of Contract Administration and Audit in which I concur.

Sincerely yours,

Lawrence G. Houk

Lawrence G. Houk
Acting Field Officer, Region IV

Enclosure

LGHouk:gad 8/11/60

Copy to: Wash. Off. (2)
Region IV (2)
Chron.

EXTRA COPY
O. M. E
RECEIVED AUG 11 1960
DATE | INITIALS | CODE
800

REGION IV

August 10, 1960

Memorandum

To: Fiscal Section, Division of Administrative Services, Office of the Secretary

From: Acting Field Officer, Region IV, OME

Subject: Report of Royalty Review
DMEA-4337 (Mica)
Hawk Mining Company
Hawk Mine
Mitchell County, North Carolina
Contract Idm-E977

Attached is the original copy of a Report of Royalty Review on the above project, in which I concur.

Lawrence G. Houk

Attachment

LGHouk:gad 8/10/60
Copy to: Wash. Off. (2)
Region IV (2)
Chron.

April 21, 1959

Memorandum

To: E. D. Talbert, Acting Chief, Contract Administration and Audit Division, Office of Minerals Exploration, Washington, D. C.

From: Administrative Assistant, Morris, Tennessee

Subject: Royalty Audits and Reports of Royalty Review

Reference is made to your memorandum dated April 15, 1959 regarding Royalty Audits and Reports of Royalty Review.

We confirm the information shown in the tabulation with respect to the amount of royalty collected and the date of the last deposit with the exception of Contract Idm-E1089, Docket No. 4554, Sam L. Phillips. The correct amount of royalty collected is $134.51 and the date of last deposit 8/7/58.

According to Mr. George C. Selfridge, Certificates of Deposit No. 84, dated 5/27/58, amount of $0.15, and No. 9, dated 8/7/58, amount $18.85, were posted in error to Idm-E977 - see copy of letter from Mr. Selfridge attached. Records were corrected to read Contract Idm-E1089 as of 9/29/58.

Helen R. Miller

Attachment
/hbm
Copies to R. A. Laurence
V. J. Lynch
Morris files
Day files

RECEIVED MAY 5
DATE | CODE
800

May 1, 1958

Mr. Frank W. Phillips
Hawk Mining Company
Spruce Pine, North Carolina

Re: Docket No. DMEA-4337 (Mica)
Hawk Mine, Mitchell County, N. C.
Contract No. Idm-E977

Dear Mr. Phillips:

A recent check of the records of the above certified project disclosed that you have paid $766.19 in royalty on sales of block mica in the amount of 984.79 pounds for which $15,323.81 was received. These sales were made by yourself, J. E. Wilson, and Sam Thompson from August 2, 1956, to March 18, 1958. In getting the above amount of block from your mine run production there must have been a considerable amount of punch and scrap recovered. This office has never received any royalty on sales of these two products. Please advise us if any sales have been made.

Very truly yours,

V. J. Lynch
Acting Executive Officer
DMEA Field Team
Region V

VJL:pwy
CC: Opr. Com.
Lynch
Laurence

TRIPLICATE
Rev., Supp. 1 (Third Amendment). Promulgated Sept. 11, 1957, by Treasury Department, Fiscal Service.

Treasury Department Circular No. 945 -

CERTIFICATE OF DEPOSIT
Standard Form 219

4/13/59
(Date sent)

14-23-070-65
(Deposit No.)

Identification of Accountable Officer Affected

(1) Office Deposit Symbol: 5369

(2) For Consolidated Abstract of Treasury Regional Office at (city and state): Oak Ridge, Tennessee

Deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

(3) The Sum of $ 605.05

(4) Classification of Deposit

Account Symbol	Amount	Account Symbol	Amount
14X4401	$ 509.67		$
"	95.38		

E-977

(6) Department or Agency and address whose accounts are credited, IF OTHER THAN depositing agency.

(5)
Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen R. Miller, Adm. Asst.
P. O. Box 217, Norris, Tennessee

Depositor's title, Department or Agency and address. If deposit is made for another accounting entity, identify in (6).

(7) SPACE BELOW TO BE USED BY DEPOSITARY ONLY. I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

APR 13 1959
(Date of credit in Treasurer's account)

Depository will date, sign and forward to depositor for his retained copy.

Idn-E977	Hawk Mining Company (Royalty Payment)	$509.67 and
"	" " " " " "	95.38
		$605.05

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 15 1959

DATE	INITIALS	CODE

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Oak Ridge, Tennessee

DEPOSIT NO. 14-23-070-45

For credit of 5369 Dr. Troy, Regional Office, Oak Ridge, Tenn. 12/23/58
(Name, title, and disbursing or [redacted] identification symbol of accountable officer) [redacted] ate sent)

deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

$ 360.66

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X1401	Mar. 1977 Bank Mining (Royalty Payment)	322.92
	" " " " " "	37.74

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen S. Miller, Adm. Asst.
P. O. Box 217
Kerrie, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

DEC 23 1958
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 29 1958

DATE	INITIALS	CODE
12/29	J. J.	225
		800

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Oak Ridge, Tennessee

DEPOSIT NO. 14-23-070-28

For credit of 5369 Br. Trsy. [redacted]ional Office, Oak Ridge, Tenn. [redacted]-30-58
(Name, title, and disbursing or [redacted] identification symbol of accountable officer) [redacted]te sent)

deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

$ 675.02

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-F977 Hawk Mining Company (Royalty Payment)	316.20
	Idm-E1202 Mitchell Lumber Co. (Royalty Payment)	358.82

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen R. Miller, Personal Assistant
P. O. Box 217
Morris, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature) SEP 23

(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 3 1958

DATE	INITIALS	CODE
10/3/58	H.A.	225-800

For Certificate of Deposit No. 11, dated August 19, 1958, giving royalty payment of $469.65, see E-98.

Oak Ridge, Tennessee

THIS DEPOSIT IS NOT SUBJECT TO CHECK

For credit of 5369 Br. Troy, Regional Office, Oak Ridge, Tenn. 8/7/58
(Name, title, and disbursing or [redacted] identification symbol of accountable officer) [redacted]te sent)

DEPOSIT NO. 14-23-070-9

deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

$ 96.86

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-E977 Sam L. Phillips (Royalty Payment)	18.85
	Idm-E 1106 Homer Boone (Royalty Payment)	78.01

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen R. Miller, Personal Assistant
P. O. Box 217
Norris, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

AUG 7 1958
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

ORIGINAL FILE COPY

DMEA

RECEIVED AUG 11 1958

DATE	INITIALS	CODE
8/11	V.G	225
		800

Oak Ridge, Tennessee

THIS DEPOSIT IS NOT SUBJECT TO CHECK

For credit of 5369Br. Trsy. Regional Office, Oak Ridge, Tenn. 7/31/58

(Name, title, and disbursing or o[illegible] identification symbol of accountable officer) [illegible]e sent)

DEPOSIT NO. 14-23-07007

deposited with Hamilton National Bank, Knoxville, Tennessee

(Name and location of depositary)

$ 265.93

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-E977 Hawk Mining Company (Royalty Payment)	265.93

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
Bureau of Mines, Dept of Interior
Helen R. Miller, Personal Assistant
P. O. Box 217
Norris, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

JUL 31 1958

(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

TRIPLICATE

STANDARD FORM 201 (Formerly Cert. of Deposit, Form 1)
Promulgated Oct. 1949 by Treasury Dept., Fiscal Service

THIS DEPOSIT IS NOT SUBJECT TO CHECK

Oak Ridge, Tennessee

DEPOSIT NO. 14-23-070-3

For credit of 5369 Pr. Trsy. Regional Office, Oak Ridge, Tenn. 7/11/58
(Name, title, and disbursing or o[redacted]dentification symbol of accountable officer) [redacted]e sent)

deposited with Hamilton National Bank, Knoxville, Tennessee
(Name and location of depositary)

$ 323.47

for accounts listed below. SCHEDULE NOS.

ACCOUNT SYMBOL	TITLE OF ACCOUNT TO BE CREDITED	AMOUNT
14X4401	Idm-E977 Hawk Mining Company (Royalty Payment)	323.47

(Depositor will insert below his name, title, Department or Agency concerned, and his address)

Defense Minerals Exploration Administration
Bureau of Mines, Dept. of Interior
Helen R. Miller, Personal Assistant
P. O. Box 217
Norris, Tennessee

SPACE BELOW TO BE USED BY DEPOSITARY ONLY

I certify that the above amount has been received for credit in the account of the Treasurer of the United States on the date shown, subject to adjustment for uncollectible items included therein.

(Authorized signature)

JUL 11 1958
(Date of credit in Treasurer's account)

DEPOSITARY WILL DATE, SIGN, AND RETURN THIS TO DEPOSITOR FOR HIS RETAINED COPY

16—59686b-1 GPO

E-977

For Certificate of Deposit No. 84, dated May 27, 1958, giving royalty payments of $322.30 and $0.15, see E-98.

MAIL COPY
DMEA
MAY 5 1958
CODE
800

May 1, 1958

Mr. Sam L. Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-4554 (Mica)
Black Mountain Prospect
Buncombe County, N. C.
Contract No. Ida-2977

Dear Mr. Phillips:

Our records show that sales from the subject mine consist of 3,600 pounds of hand cobbed mica and 55.86 pounds of block mica. Please advise this office if any sales of scrap and punch mica have been made.

Very truly yours,

V. J. Lynch
Acting Executive Officer
DMEA Field Team
Region V

VJL:pww
cc: Gov. Com.
Lynch
Laurence

For Certificate of Deposit No. 80, dated April 22, 1958, giving royalty payment of $254.30, see E-255.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the records of the Executive Officer, DMEA Field Team, Region V, Knoxville, Tennessee, pertaining to Contract Idm-F977, Docket No. DMEA-4337 (Mica), dated July 23, 1956, with

Hawk Mining Company
c/o Frank W. Phillips
Spruce Pine, North Carolina

for the purpose of determining the amount of royalty due the U. S. Government on sale of mica from property referred to as Hawk Mine, located in Mitchell County, North Carolina, during the period July 23, 1956, to February 19, 1958.

Certification of discovery or development has not been issued in connection with this exploration project. However, in accordance with the provisions of Article 6 of the contract, a royalty is due to the Government on the net proceeds realized from production from the land described in the contract from the date of the contract until the lapse of time within which the Government may make such certification (within 6 months after the Operator has rendered a sufficient final report) or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A final report was received from the Operator on December 5, 1957. A report of review in lieu of final audit dated December 10, 1957, indicated accepted costs under the exploration contract amounting to $5,805.71 with the Government's contribution, on a 75 percent basis, being $4,354.28. The scope of this royalty review and the reasons therefor are stated on Schedule "A" attached.

My review established the total sales of mica to be $10,237.75. Royalty due the Government at the 5 percent rate specified in the contract is $511.89. The royalty paid and balance due are as follows:

Total Royalty Due	$511.89
Total Royalty Paid	511.89
Balance of Royalty Due	$ -0-

C. E. Fisher, Auditor

March 12, 1958

SCHEDULE "A"

CONTRACT XDM-E977, DOCKET NO. DMEA-4337 (MICA)

REPORT OF ROYALTY REVIEW

This review consisted of the listing of sales of sheet mica to the Mica Purchase Depot, Spruce Pine, North Carolina, shown by the records of the DMEA Region V office in connection with production from Hawk Mine on which royalty accrued to the Government. This list, which is filed with my audit work papers, was also checked with the purchase records of the Depot. There were 8 sales of sheet mica, aggregating 542.39 pounds, for which the Depot paid $10,237.75 and on which the royalty due the Government, on basis of 5 percent, amounted to $511.89.

It is recommended that the Region V office ascertain the value of any scrap or punch mica which may have been sold and the amount of royalty due in connection therewith.

An on-site royalty audit was not made at this time because the administrative cost to the Government would be excessive in relation to the amount of possible additional royalty which might be disclosed.

MAR 24 1958

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

Re: Docket No. DMFA-4337 (Mice)
Hawk Mining Company
Hawk Mine
Mitchell County, North Carolina
Contract No. Idm-E977

Dear Mr. Laurence:

Thanks for calling my attention to the error in the report of royalty review pertaining to this contract. An original and two copies of a rewritten report are enclosed.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

Enclosures

CEFisher/ama
March 24, 1958

Copy to: Docket
Admr. Reading File
Helen R. Miller
Mr. Chambers

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

March 18, 1958

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 20 1958
DATE
3/20 C 220
800

Memorandum

To: Jay L. Chambers, Director Contract Administration and Audit Division - DMEA

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

Subject: Report of Royalty Review - DMEA-4337, Idm-E977(mica) Hawk Mining Co., c/o Frank W. Phillips, Spruce Pine, North Carolina

We are returning the original and two copies of Mr. Fisher's Report of Royalty Review dated March 7, 1958, pertaining to the subject contract, for correction.

Mr. Beck reports that Frank W. Phillips told him the mica sold on November 11, 1957 in Lot No.374 amounting to 4.75 pounds, for which $53.23 was received, did not come from property covered by the contract, but from the adjacent property.

Our records show that 8 sales of sheet mica were made aggregating 542.39 pounds, for which the Depot paid $10,237.75 and on which the royalty due the Government, on the basis of 5 percent, amounted to $511.89. Royalty has been paid on all of these sales.

Robert A. Laurence

Robert A. Laurence

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

March 18, 1958

Memorandum

To: Jay L. Chambers, Director Contract Administration and Audit Division - DMEA

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

Subject: Report of Royalty Review - DMEA-4337, Idm-E977(mica) Hawk Mining Co., c/o Frank W. Phillips, Spruce Pine, North Carolina

We are returning the original and two copies of Mr. Fisher's Report of Royalty Review dated March 7, 1958, pertaining to the subject contract, for correction.

Mr. Beck reports that Frank W. Phillips told him the mica sold on November 11, 1957 in Lot No.374 amounting to 4.75 pounds, for which $53.23 was received, did not come from property covered by the contract, but from the adjacent property.

Our records show that 8 sales of sheet mica were made aggregating 542.39 pounds, for which the Depot paid $10,237.75 and on which the royalty due the Government, on the basis of 5 percent, amounted to $511.89. Royalty has been paid on all of these sales.

Robert A. Laurence

WAB/zm.
cc
Opr. Com.-2
Files
Lynch

EXTRA COPY
DMEA
RECEIVED MAR 20 1958
DATE | INITIALS | CODE

March 18, 1958

Memorandum

To: Jay L. Chambers, Director Contract Administration and Audit Division - DMEA

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

Subject: Report of Royalty Review - DMEA-4337, Idm-E977(mica) Hawk Mining Co., c/o Frank W. Phillips, Spruce Pine, North Carolina

We are returning the original and two copies of Mr. Fisher's Report of Royalty Review dated March 7, 1958, pertaining to the subject contract, for correction.

Mr. Beck reports that Frank W. Phillips told him the mica sold on November 11, 1957 in Lot No.374 amounting to 4.75 pounds, for which $53.23 was received, did not come from property covered by the contract, but from the adjacent property.

Our records show that 8 sales of sheet mica were made aggregating 542.39 pounds, for which the Depot paid $10,237.75 and on which the royalty due the Government, on the basis of 5 percent, amounted to $511.89. Royalty has been paid on all of these sales.

Robert A. Laurence

WAD/zm.
cc
Opr. Com.-2
Files
Lynch

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the records of the Executive Officer, DMEA Field Team, Region V, Knoxville, Tennessee, pertaining to Contract Idm-1977, Docket No. DMEA-4337 (Mica), dated July 23, 1956, with

Hawk Mining Company
c/o Frank W. Phillips
Spruce Pine, North Carolina

for the purpose of determining the amount of royalty due the U. S. Government on sale of mica from property referred to as Hawk Mine, located in Mitchell County, North Carolina, during the period July 23, 1956, to February 19, 1958.

Certification of discovery or development has not been issued in connection with this exploration project. However, in accordance with the provisions of Article 6 of the contract, a royalty is due to the Government on the net proceeds realized from production from the land described in the contract from the date of the contract until the lapse of time within which the Government may make such certification (within 6 months after the Operator has rendered a sufficient final report) or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A final report was received from the Operator on December 5, 1957. A report of review in lieu of final audit dated December 10, 1957, indicated accepted costs under the exploration contract amounting to $5,805.71 with the Government's contribution, on a 75 percent basis, being $4,354.28. The scope of this royalty review and the reasons therefor are stated on Schedule "A" attached.

My review established the total sales of mica to be $10,290.98. Royalty due the Government at the 5 percent rate specified in the contract is $514.55. The royalty paid and balance due are as follows:

Total Royalty Due	$514.55
Total Royalty Paid	$511.89
Balance of Royalty Due per Schedule "A"	$ 2.66

C. E. Fisher

C. E. Fisher, Auditor

March 12, 1958

SCHEDULE "A"

CONTRACT IDM-4977, DOCKET NO. DMEA-4337 (Mica)

REPORT OF ROYALTY REVIEW

This review was limited to the listing of sales of sheet mica to the Mica Purchase Depot, Spruce Pine, North Carolina, shown by the records of the DMEA Region V office in connection with production from Hawk Mine on which royalty accrued to the Government. This list, which is filed with my audit work papers, was also checked with the purchase records of the Depot. There were 9 sales of sheet mica, aggregating 547.14 pounds, for which the Depot paid $10,290.78 and on which the royalty due the Government, on basis of 5 percent, amounted to $514.55. Royalty was paid on all of the sales except for Lot No. 374 covering 4.75 pounds delivered to the Depot on November 22, 1957. The payment for this lot amounted to $53.23 and the royalty due and unpaid is $2.66.

It is recommended that the Region V office ascertain the value of any scrap or punch mica which may have been sold and the amount of royalty due in connection therewith.

An on-site royalty audit was not made at this time because the administrative cost to the Government would be excessive in relation to the amount of possible additional royalty which might be disclosed.

Check Sheet of Examining Engineer

Operator's Name Hawk[illegible] Mining Company
c/o Frank W. Phillips
Address Spruce Pine, North Carolina

Exploration Contract No. Idm-E977 Docket No. DMEA-4337

	Check One Yes	No
1. (a) Does the Operator stockpile ore subject to royalty repayment?		X
(b) If so, is segregation and identification procedure adequate?		
2. (a) Does Operator commingle production subject to DMEA royalties with exempt production?		X
(b) If so, do you consider the allocation of the commingled production equitable?		
3. (a) Does the Operator stockpile mine or mill rejects (low grade ore, tailing, middlings, etc.) that may have potential value within the royalty payment period?	X	
(b) If so, are adequate records maintained on such material to protect the Government's interest?	X	
4. Do you consider the assay controls in effect are adequate?	X	
5. Do you consider that the manner of disposing of production gives the Government its fair royalty returns?	X	
6. Do your periodic examinations of operations indicate the Operator is properly reporting his production of ores subject to DMEA royalties?	X	
7. Does the Operator buy from or sell to other Operators?		X

8. Comment on any item 2 (b) to 6 if answer is No.

3.(a) Operator stockpiles mica scrap until a sufficient amount is obtained to make a sale.

W. A. Beck, Mining Engineer

Date 2-20-58

82448

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

Re: Docket No. DMEA-4337 (Mica)
Nunk Mining Company
Nunk Mine
Mitchell County, North Carolina
Contract No. Ida-2977

Dear Mr. Lawrence:

I am enclosing the original and two copies of Mr. Fisher's Report of Royalty Review dated March 7, 1958, pertaining to the subject contract.

If you concur with the findings, the original report should be forwarded to the Regional Finance Officer, one copy should be retained in your files, and a copy should be sent to the Operator.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

Enclosures

CEFisher/sma
March 13, 1958

Copy to: Docket
Admr. Reading File
Helen R. Miller
Mr. Chambers

E-977

For Certificate of Deposit No. 53, dated December 20, 1957, giving royalty payments of $273.74 and $238.15, see E-561.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Hawk Mining Company
c/o Frank W. Phillips
Spruce Pine, North Carolina

pertaining to Exploration Project Contract No. Idm-E977, DMFA No. 4337, including Amendment Nos. 1, 2, and 3, for the months of September 1956 to March 1957, inclusive, covering a project for the exploration of mica on property, known as the Hawk Mine located in Mitchell County, North Carolina.

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

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

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

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

Total cost as billed by Operator		$6,156.40
Exceptions (schedule attached):		
Prior to this review	$ -0-	
Herewith	350.69	350.69
Total Accepted Cost		$5,805.71

The contract calls for a 75 percent participation of exploration expenses by the United States Government. Therefore, payment to the Operator by the Government in the amount of Four thousand three hundred fifty-four and 28/100 Dollars is valid and proper, provided that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

Amount payable to Operator	$4,354.28
Amount reimbursed	4,052.45
Balance due Operator	$ 301.83

E. D. Talbert

E. D. Talbert, Auditor

December 10, 1957

SCHEDULE OF EXCEPTIONS

Idm-E977 | Hawk Mining Company | DMEA-4337

Claimed by Operator:					
478'	NX	@	$5.20	$2,485.60	
394'	BX	@	4.70	1,851.80	
428'	AX	@	4.25	1,819.00	$6,156.40
Accepted by Field Team:					
421.3'	NX	@	$5.20	$2,190.76	
395.5'	BX	@	4.70	1,858.85	
413.2'	AX	@	4.25	1,756.10	5,805.71
Disallowed					$ 350.69

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

DEC 13 1957

Re: Docket No. DMEA-4337 (Mica)
Hawk Mining Company
Hawk Mine
Mitchell County, N. C.
Contract No. Idm-E977

Dear Mr. Laurence:

As requested by your memorandum of December 5, 1957, a Report of Review in lieu of a final audit of the referenced project has been prepared. The original and three copies of the report, together with the original of the final MF-104 (March 1957) submitted with your memorandum, are enclosed.

If you concur with the facts stated in this Report of Review, the original and one copy should be released to the regional finance officer, one copy should be forwarded to the Operator, and one copy should be retained in your files. If for any reason you do not concur, please return the original and three copies to this Division with your comments.

The records indicate that the Operator is indebted to the Government for royalty in excess of the balance of $301.83 found by this review to be due the Operator. It is suggested that, unless the Operator has paid the royalty due the Government, the check in settlement of the Government's contribution to project costs be made payable to DMEA and deposited as a partial offset of the royalty due.

Sincerely yours,

(Signed) E. D. Talbert

E. D. Talbert, Acting Director
Contract Administration
and Audit Division

Enclosure

EDTalbert/wb 12/10/57

Copy to: Docket
Admr. Reading File
Helen R. Miller
Mr. Chambers
Mr. Talbert

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 9 1957

DATE	INITIALS	CODE
12/9	C	220
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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 13 POST OFFICE BLDG.
WASHINGTON 25, D.C.
KNOXVILLE 2, TENN.

December 5, 1957

Memorandum

To: Jay L. Chambers, Director, Contract Administration and Audit Division, DMEA

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

Subject: Hawk Mining Co., c/o Frank Phillips, Spruce Pine, N.C. DMEA-4337, Idm-E977-mica. Hawk Mine, Mitchell County, N.C. Final Voucher.

Work on the subject contract was completed March 18, 1957.

The following units of work have been acceptably performed as verified by our Field Examiners:

1. A total of 1230 ft of diamond drilling has been completed. This amount is divided into different size cores as follows:

   NX-size - 421.3 feet
   BX-size - 395.5 "
   AX-size - 413.2 "

An adequate final engineering and geological report has been received.

A Report of Review is requested. Original copy of MF-104 and 104A attached.

NOTE: A mistake was made in the Interim Report of February 5, 1957 on page-2 under "depth" second line it states (282.5' - BX to AX). This should read 286.5' - BX to AX.

Robert A. Laurence

Robert A. Laurence
Executive Officer, DMEA-Region V

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

MIRA COPY
RECEIVED
DATE
11/25 GET 800

November 22, 1957

Mr. Frank W. Phillips
Hawk Mining Co.
Spruce Pine, North Carolina

Re: DMEA-4337-mica
Hawk Mine, Contract Idm-E977
Mitchell County, N.C.

Dear Mr. Phillips:

Please refer to my letters of October 2, August 4, and June 2, none of which has been answered.

Work on this contract was completed last March, yet we have never received your final voucher or your final geologic report. Please give this matter your immediate attention, and send me these reports so that we may complete our records on this project.

Also, we have received no royalties on mica from the Hawk Mine, although I understand there has been considerable production. All mica mined since July 23, 1956 is subject to the royalty payment as specified in Article 6 of the contract.

Very truly yours,

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

RAL/xm
cc
Opr. Com-2
Files

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

ROOM 13 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

October 2, 1957

EXTRA COPY
RECEIVED
DATE
CODE
800

Hawk Mining Company
c/o Frank W. Phillips
Spruce Pine, North Carolina

Re: DMEA-4437-Mica
Hawk Mine, Mitchell County, N.C.
Idm-E977

Dear Mr. Phillips:

Please refer to my letter of June 4 and August 2, to which I have received no reply (except for the last paragraph of the August 2 letter).

Please send me your final voucher for this, and your final engineering and geologic report. The work was completed in March and there has been ample time to prepare and submit these reports.

Also refer to my letter of August 26, requesting payment of royalties due under the contract. No reply to this letter has been received to date.

Very truly yours,

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

RAL/zm
cc
Opr. Com.-2
Lynch
Shirley
Files

Operating Com.

EXTRA COPY
DMEA
RECEIVED 1957

DATE	INITIALS	CODE
		800

August 26, 1957

Hawk Mining Company
c/o Frank W. Phillips
Spruce Pine, North Carolina

Re: DMEA-4337 (mica) Hawk Mine
Mitchell County, N. C.
Contract Idm-E977

Dear Mr. Phillips:

Records at the Spruce Pine Depot indicate that about $11,000 worth of mica from the Hawk mine has been purchased by the Depot since August 1956.

Please note that, as provided in Article 6b of the exploration project contract, the Government is due a 5% royalty on all mica produced from the Hawk mine since July 23, 1956. This applies to scrap and punch as well as to sheet mica of strategic quality.

We have not received any royalty payments. Please give this your immediate attention and forward your check for 5% of all such sales, accompanied by invoices, sales slips or other documentary evidence of the sales.

Sincerely yours,

Robert A. Laurence
Executive Officer, DMEA
Region V

RAL/zm
cc
Lynch-Shirley
Files

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

EXTRA COPY, DMEA
RECEIVED AUG 5 1957

DATE	INITIALS	CODE
		800

August 2, 1957

Hawk Mining Company
c/o Frank W. Phillips
Spruce Pine, N.C.

Re: DMEA-4337, Idm-E977-mica
Hawk Mine
Mitchell County, N.C.

Dear Mr. Phillips:

I have not yet received an answer to my letter of June 4. Please send me, at your earliest convenience, your voucher for the last month of work under the DMEA contract at the Hawk Mine, and also your geological and engineering report covering the entire contract.

This project has been completed since March 1957, and we would like to have the necessary reports.

Also, please refer to my letter of August 28, 1956 to which I have received no answer. We need to have the mailing addresses of the 14 persons who signed the Consent to Lien in connection with this contract.

Sincerely yours,

Robert A. Laurence
Executive Officer, DMEA
Region V

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

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

EXTRA COPY
D M E A
RECEIVED JUN 7 1957

DATE	INITIALS	CODE
		800

June 4, 1957

Mr. Frank W. Phillips

Spruce Pine, N. C.

Re: DMEA-4337, Idm-E977-Mica
Hawk Mining Company
Hawk Mine, Mitchell County,
North Carolina

Dear Mr. Phillips:

Although drilling at the Hawk Mine was completed some time ago, we have not received a voucher or report from you since the February voucher, which was received on March 11 and forwarded for payment March 13.

Please send me, at your earliest convenience, your final voucher (MF-104 and 104A) and your final engineering and geologic report, giving your evaluation of the results of the project. We will also be interested in knowing your plans for additional work, if you expect to develop the pegmatite indicated by the drilling.

Very truly yours,

Robert A. Laurence
Executive Officer, DMEA
Region V

RAL/zm
cc
Lynch
Shirley
Opr. Com.-2
Files

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

RECEIVED DEC 23 1957 D.M.E.A.

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-31

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of March, 1957 Docket No. DMEA 4337 Contract No. Idm-E 977

Operator's Name Hawk Mining Co. Minerals mica

Address c/o Frank W. Phillips, Spruce Pine, N. C.

Contract Amount, $ 6,760.00 Government Participation: 75 % Amount, $ 5,070.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	766.15	5390.25	6156.40	402.44	5403.27	5805.71
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	766.15	5390.25	6156.40	402.44	5403.27	5805.71

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

Date 8-27-57 *Payee Hawk Mining Co.

Per Frank W. Phillips Title per order

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

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

(Instructions on reverse)

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

$ 301.83

Signature Helen R. Meli (Authorized Certifying Officer)

Date DEC 20 1957 Vou. No. 102

(See other side)

42 + 7 C 3/18/57 100.61

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E977 in accordance with the terms of the contract.

Signature S. Feitler Title MINING ENGINEER ~~U. S. BUREAU OF MINES~~ Date DEC 18 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature V. J. Lynch Title ACTING EXECUTIVE OFFICER DMEA - REGION V Date DEC 18 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED DEC 23 1957 D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of March 1957 Docket No. DMEA 4337 Contract No. Idm-E 977
Operator's Name Hawk Mining Co. Minerals mica
Address c/o Frank W. Phillips, Spruce Pine, N. C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core NX	ft.	364.00	70	2485.60	478	5.20		
Churn NX	ft.	538.40	72	1851.80	394	4.70		
Auger AX	ft.	63.76	15	1819.00	428	4.25		
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		766.15	157	6156.40				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		766.15		6156.40				

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

Date 8-27-57 Operator Hawk Mining Co.

Per Frank W. Phillips Title partner

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

(Instructions on reverse)

Remarks:

(For Government use only)

S Feiler
MINING ENGINEER
U. S. BUREAU OF MINES

INSTRUCTIONS

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

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

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

GPO 872894

Hawk Mining Co. DMEA No. 4337 Contract No. Idm-E 977

Date	From	To	Footage	Core	Material drilled	6
3- 5-57	290	316	26	26	slate (BX)	
3- 6-57	316	342	26	26	" "	
3- 7-57	342	362	20	20	" "	
3-11-57	362	377	15	15	slate and vein (AX)	

Above is the balance of the log on the fourth hole drilled, Hole No. 1. From 290 feet to 369.5 feet we had very hard slate. We cut through 3 feet of good pegmatite and on to 377 feet in slate.

I certify that the above information is correct.

Frank W. Phillips partner

Hawk Mining Co. DMEA 43317 Contract Idm-E 977

Date	From	To	Footage	Core	Material Drilled	
10-10-56	0	62	62	3	surface	(NX)
10-11-56	62	74	12	3	surface, flint, slate	"
10-12-56	74	79	5	5	slate	"
10-15-56	79	82	3	3	"	"
10-16-56	82	84	2	2	"	"
10-25-56	84	111	27	27	"	(BX)
10-29-56	111	120	9	9	"	"
10-30-56	120	139	19	19	"	"
10-31-56	139	154	15	15	"	"
11-1- 56	154	158	4	4	"	"
11- 2-56	158	188	30	28	" sand flint mixed	"
11- 5-56	188	207	19	19	" " " "	"
11- 6-56	207	209	2	2	" " " "	"
11- 7-56	209	212	3	3	" " " "	"

This is the log on Hole No. 1, the second hole drilled and lost, but since our loss called for a maximum of 1300 feet and we have turned in for only 1270 feet we are asking for 70 feet of NX on this lost hole. Also contract does not call for completed hole.

I certify that the above information is correct.

Frank W. Phillips partner

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHEDULE OF PAYMENTS X- 57

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of February, 1957 Docket No. DMEA 4537 Contract No. Idm E-977

Operator's Name Frank W. Phillips, Spruce Pine, N C Minerals mica

Address

Contract Amount, $ 6,760.00 Government Participation: 75 % Amount, $ 5,070.00

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	1429.50	3960.75	5390.25	1429.50	3973.77	5403.27
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1429.50	3960.75	5390.25	1429.50	3973.77	5403.27

RECEIVED MAR 25 1957 D.M.E.A.

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

Date 3-6-57 *Payee HAWK MINING CO.

Per Frank W. Phillips Title partner

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

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

(Instructions on reverse)

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

$ 1072.12

Signature Helen R. Melin
(Authorized Certifying Officer)

Date MAR 22 1957 Vou. No. 149
(See other side)

3

357.38

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-977 in accordance with the terms of the contract.

Signature V. J. Lynch Title MINING ENGINEER U. S. BUREAU OF MINES Date MAR 13 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION V Date MAR 13 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED MAR 25 1957 D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of February 1957 Docket No. DMEA 4337 Contract No. Idm E-077
Operator's Name Frank W. Phillips, Spruce Pine, N C Minerals mica
Address

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core NX	ft	691.60	133	2121.60	408	5.20		
Churn BX	"	737.90	157	1513.40	322	4.70		
Auger AX	"			1755.25	413	4.25		
Stripping								
Trenching					11.43			
Test Pits								
Roads and Trails								
Total Distributed Costs		1429.50	290.00	5390.25	1143			Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		1429.50	290.00	5390.25				

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

Date 3-6-57 Operator Frank W. Phillips

Per Frank W. Phillips Title partner

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

(Instructions on reverse)

Remarks:

(For Government use only)

V. J. Lynch
MINING ENGINEER
U. S. BUREAU OF MINES

INSTRUCTIONS

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

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

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

GPO 872894

HAWK MINE

February 1957 Docket No. 4337 Contract No. Idm E-977

Date	From	To	Footage	Core	Material Drilled
2- 8-57	0	39	39	none	surface
2-11-57	39	69	30	"	slate
2-13-57	69	85	16	10	"
2-14-57	85	105	20	20	"
2-19-57	105	123	18	18	"
2-20-57	123	133	10	10	"
2-21-57	133	157	24	24	"
2-22-57	157	190	33	33	"
2-23-57	190	208	18	18	"
2-25-57	208	233	25	25	"
2-26-57	233	250	17	17	"
2-27-57	250	290	40	40	"

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 25 1957

DATE	INITIALS	CODE

Changed from NX to BX at 133 feet because we lost water and needed to case the hole.

Above is a record of daily progress.

I certify that the above is correct.

Frank W. Phillips partner

RECEIVED
MAR 11 195.

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K- 44

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of Nov. Dec.'56 Jan.'57, 195 Docket No. DMEA 4337 Contract No. Idm E-977
Operator's Name Frank W. Phillips Minerals mica
Address Spruce Pine, N C
Contract Amount, $ 6,760.00 Government Participation: 75% Amount, $ 5,070.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	2326.67	1647.10	3973.77			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	2326.67	1647.10	3973.77	2326.67	1647.10	3973.77

RECEIVED FEB 6 1957 D.M.E.A.

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

Date 1-22-57 *Payee HAWK MINING CO. (Big Hawk Mine)

Per Frank W. Phillips Title partner

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

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

(Instructions on reverse)

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

$ 1745.00

Signature Helen R. Miller
(Authorized Certifying Officer)

Date FEB 6 1957 Vou. No. 119
(See other side)

2

581.67

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-177 in accordance with the terms of the contract.

Signature S. C. Bergman Title GEOLOGIST, U. S. G. S. Date FEB 1 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature V. J. Lynch Title ACTING EXECUTIVE OFFICER DMEA - REGION V Date FEB 1 1957

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED FEB 8 1957 D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of Nov. Dec. Jan 7 195 — Docket No. DMEA 4337 — Contract No. Idm E-977

Operator's Name Frank W. Phillips — Minerals mica

Address Spruce Pine, N C

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core BX	ft.	624.00	120 ft.	1497.60	288	5.20		5.20
Core BX	"	782.55	166½ "	782.55	166½	4.70		4.70
Core AX	"	920.12	216½ "	1693.62	398½	4.25		4.25
Chaun								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
		2326.67	503	3973.77				
Total Distributed Costs								Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
		2326.67		3973.77				
Total Costs								

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

Date 1-22-57 Operator Frank W. Phillips

Per Frank W. Phillips Title partner

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

(Instructions on reverse)

Remarks:

(For Government use only)

S. C. Bergman
GEOLOGIST, U. S. G. S. FEB 1 1957

INSTRUCTIONS

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

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

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

GPO 872894

BIG HAWK MINE

Nov. Dec. 1956 Jan. 1957 Market No. DMEA 4337 Contract No. [illegible]m E-977

Date	From	To	Footage	Core	Material Drilled
11-26-56	0'	20'	20'	0'	surface
11-28-56	20	77	57	4	surface and slate
11-29-56	77	107	30	30	slate
11-30-56	107	120'6"	13'6"	13'6"	slate, chng from NX to BX
12- 4-56	120'6"	142	21'6"	21'6"	slate
12- 5-56	142	166	24	24	"
12- 6-56	166	182	16	16	"
12-12-56	182	192	10	10	"
12-13-56	192	210	18	18	"
12-17-56	210	226	16	16	" and flint
12-18-56	226	243'6"	17'6"	17'6"	"
12-19-56	243'6"	250	6'6"	6'6"	"
12-20-56	250	272	22	22	"
12-26-56	272	288	16	16	" chng from BX to AX
12-27-56	288	317'6"	29'6"	29'6"	" at 166.5 ft.
12-28-56	317'6"	343	25'6"	25'6"	"
12-31-56	343	383	40	40	"
1- 2-57	383	413	30	30	"
1- 3-57	413	433	20	20	"
1- 4-57	433	443	10	10	"
1- 5-57	443	462	19	19	"
1- 7-57	462	503	41	41	"
1- 8-57	503	513	10	10	"
1- 9-57	513	543	30	30	"
1-11-57	543	563	20	20	"
1-14-57	563	593	30	30	"
1-15-57	593	602	9	9	"

RECEIVED FEB 8 1957 D.M.E.A.

On 11-30-56 changed from NX to BX because we lost the water in seams.
On 12-26-56 changed from BX to AX because of a small cove in which fouled up a bit.
Above is a record of daily progress.

I certify that the above is correct.

Frank W. Phillips partner

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

FOR VOUCHER & SCHEDULE OF PAYMENTS K-

RECEIVED NOV 13 1956 D.M.E.A.

Month of September, 195 6 Docket No. DMEA Contract No.
Operator's Name Frank W. Phillips Minerals E-377
Address Spruce Pine, N.C.
Contract Amount, $ Government Participation % Amount, $

ITEMS OF COSTS	FOR OPERATOR'S USE: Monthly Total	Totals Previously Reported	Totals To Date	FOR GOVERNMENT USE ONLY: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	1647.10		1647.10			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1647.10		1647.10	1647.10		1647.10

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

Date 10-19-56 *P Big Hawk Mining Co.

Per Frank W. Phillips Title partner

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

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

(Instructions on reverse)

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

$ 1235.33

Signature Helen R. Miller
(Authorized Certifying Officer)

Date NOV 8 1956 Vou. No. 66
(See other side)

S 9/10

411.77

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-977 in accordance with the terms of the contract.

Signature T. J. Zupanc Title Mining Eng. Date 10-29-56

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION V Date OCT 29 1956

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED NOV 13 1956 D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of September 195 6 Docket No. DMEA 4537 Contract No. Idm E-077

Operator's Address Frank W. Phillips, Spruce Pine, N.C.

Minerals mica

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
~~Churn~~ MX	foot	873.60	168	873.60	168	5.20		
Core AX	"	773.50	182	773.50	182	4.25		
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		1647.10						Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs								

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

Date 10-19-56 Operator Big Hawk Mining Co. Frank W. Phillips

Per Frank W. Phillips Title partner

Remarks:

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

(Instructions on reverse)

(For Government use only)

V. J. Lynch.
Bureau of Mines
10-29-56

INSTRUCTIONS

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

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

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

GPO 872894

RECEIVED
NOV 13 1956
D.M.E.A.

BIG HAWK MINE

September 1956 Docket No. DMEA 4337 Contract No. Idm E-977

Date	From	To	Footage	Core
9-10-56	0	34	34	surface
9-11-56	34	51	17	6"
9-12-56	51	64	13	2'
9-13-56	64	97	33	19'
9-14-56	97	113	16	16'
9-16-56	113	127	14	14'
9-17-56	127	139	12	12'
9-18-56	139	153	14	14'
9-19-56	153	157	4'	4'
9-20-56	157	162	5	5'
9-21-56	162	168	6	6'
9-22-56	168	175	7	7'
9-24-56	175	180	5	5'
9-25-56	180	209	29	29'
9-26-56	209	239	30	30'
9-28-56	239	259	20	20'
9-29-56	259	275	16	16'
9[illegible]-56	275	291	16	12'
10-3-56	291	311	20	12' 54" vein core at 376'
10-4-56	311	331	20	20'
10-5-56	331	350	19	19'

I certify that the above information is correct

Frank W. Phillips

Frank W. Phillips, operator

BIG HAWK MINE

September 1956 Docket No. 4337 Contract No. Ldm. E-977

Hole No. 2 was drilled to 51 feet and fouled up, machine was advanced 2 feet, a new hole started and drilled to 51 feet and fouled up again. Then machine was moved 10 feet in direction of Hole No. 1, started and log of operations is attached.

I certify that the above information is correct.

Frank W. Phillips

Frank W. Phillips, operator

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

Mr. Charles Buchanan
Mr. Richard Lanking
Winifred G. Lanking
Mr. James Berry
Mrs. Barbara G. Berry

Mr. C. E. Blevins
Mrs. Ethel V. Blevins
Mr. Earle Buchanan
Mrs. Ruby Buchanan
Mrs. Viola Buchanan
Mr. W. E. Buchanan

Mr. Hook
Certification File
Mrs. Laura Wilson
Mrs. Grace M. Wilson
Mr. & Mrs. E. A. Buchanan

Field Team, Region V
Finance Office
Mr. Lillegaard, 5222
Mr. Lamb, 3649

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

To: Hawk Mining Company
c/o Mr. Frank J. Phillips
Spruce Pine, North Carolina

Pursuant to the provisions of Exploration Project Contract No. IDM-[illegible]77, dated July 23, 1956, Docket No. [illegible]37, hereinafter called the "contract", between the Hawk Mining Company and the United States of America, hereinafter called the "Government", to establish and fix the Government's percentage royalty on production and its lien therefor and on the land described in the contract, the Government considers and therefore certifies that discovery or development from which production may be made has resulted from the exploration work.

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

> Diamond drill holes from the surface penetrated a strategic mica-bearing pegmatite enclosed in hornblende-biotite gneiss. Sufficient data were obtained to indicate a substantial reserve of strategic mica.

THE UNITED STATES OF AMERICA

By C. F. Mitterdorf
Administrator, Defense Minerals
Exploration Administration

Dated APR 28 1958

Canderson:rsi 4/15/58
Copy to: Admr. A. File
Mr. Johnson
Operating Committee
Mr. Chambers
Mr. Fredell, GSA

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

APR 21 1958

Hawk Mining Company
c/o Mr. Frank W. Phillips
Spruce Pine, North Carolina

Re: Contract No. DMEA-4337-Hem
Hawk Mining Company
Hawk Mine
Mitchell County, North Carolina
Contract No. Idm-2777

Mr. Charles Buchanan
Mr. Richard Locking
Winifred G. Locking
Mr. James Barry
Mrs. Barbara G. Barry

Gentlemen:

Enclosed is a certification of discovery or development under Contract No. Idm-2777 on the Hawk Mine, Mitchell County, North Carolina.

By the terms of the exploration project Contract, all minerals mined or produced from July 21, 1956, to July 21, 1966, are subject to the Government's percentage royalty as set forth in the contract until the sum of $4,354.28 is repaid to the Government.

You should continue to make royalty payments to the Executive Officer, DMEA Field Team, Region V, Room 13, Post Office Building, Knoxville 2, Tennessee, as you have in the past and checks should be drawn payable to the Defense Minerals Exploration Administration.

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

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

Mr. C. E. Elevins
Mrs. Ethel V. Elevins
Mr. Earle Buchanan
Mrs. Ruby Buchanan
Mrs. Viola Buchanan
Mr. W. E. Buchanan

Sincerely yours,

C. O. Mittendorf

Administrator

Enclosure

Mr. Killegaard, 5222
Mr. Hawk
Certification File
Mrs. Laura Wilson
Mrs. Grace M. Wilson
Mr. & Mrs. E. A. Buchanan

WCAnderson:rsi 4/15/58
Copy to: Admr. R. File
Mr. Johnson
Operating Committee
Mr. Chambers
Mr. Fredell, GSA
Field Team, Region V
Finance Office
Mr. Lamb, 3649

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

MAY 21 1959

Mr. Clarence A. Fredell, Acting Director
Technical Services Division
Defense Materials Service
General Services Administration
7 th and F Streets, S. W.
Washington 25, D. C.

Re: Docket No. DMA-4337-Mica
Hawk Mining Company
Frank W. Phillips, et al.
Hawk Mine
Mitchell County, North Carolina
Contract No. Idm-5977

Dear Mr. Fredell:

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

The exploration contract was signed on July 23, 1956, with the Government participating to the extent of 75 percent of $6,760.00 or $5,070.00. The project was started during the second week of August, 1956, and completed on March 18, 1957, after the expenditure of $5,805.71, which is the total net accepted cost according to the Audit Review. The Government paid 75 percent of the total accepted cost or $4,354.28.

The work performed on this project consisted of diamond drilling of 3 angle holes (- 45 degrees), aggregating 1230 feet allowable under the contract. The Operator drilled an additional 328 feet at his own expense. The pegmatite was cut in each of the completed holes with two intersections of significant thickness and other physical characteristics.

During the project and up to the present the Operator has sold $15,323.81 worth of mica, which was produced from development to the southwest on the lowest levels of the old works. No reasonable accurate reserve estimate can be made because no specific information is available as to the ratio of country rock to pegmatite within the zone or the ratio of mica-rich to barren pegmatite. However, it can be inferred that there exists a reserve of large magnitude.

The DMEA concurs in the Field Team's evaluation of the work performed and has, therefore, certified that a discovery or development has resulted from the work under the contract.

Sincerely yours,

Enclosure

C. O. Mittendorf

Administrator

WCAnderson:rsl 5/20/58
Copy to: Admr. R. File
Mr. Johnson
Mr. Chambers
Mr. Killsgaard, 5222
Mr. Dietrich, 3061
Mr. Lamb, 3649
Operating Committee
Field Team, Region V
Mr. Houk (2)
Certification File

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

MAY 2 1958

Mr. and Mrs. James Berry
Mr. and Mrs. C. E. Blevins
Mr. and Mrs. Lane A. Wilson
~~Mrs. XXXXXXXXXXXXXXXXXX~~
Mr. and Mrs. Richard Lueking
Mr. and Mrs. EarleBuchanan
Mr. and Mrs. Earnest A. Buchanan
Mr. and Mrs. Will Edd Buchanan
Mr. Charles Buchanan

Re: Docket No. DMEA-4337-Mica
Hawk Mining Company
Hawk Mine
Mitchell County, North Carolina
Contract No. Idm-2977

Enclosed are copies of a certification of discovery or development, with copy of covering letter to the Operator, which has been issued pursuant to the terms of the above-cited contract.

This correspondence relates to the Consent to Lien signed by you on December 5, 1955. The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of the letter to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferree or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

C. O. Mittendorf

Administrator

WCAnderson:rsi 4/28/58
Copy to: Admr. R. File
Mr. Johnson
Mr. Chambers
Operating Committee
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

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

MAY 2 1958

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

Re: Docket No. DMEA-4337-Mica
Hawk Mining Company
Hawk Mine
Mitchell County, North Carolina
Contract No. Idm-E977

Dear Mr. Laurence:

Enclosed are eight letters to be forwarded to the signers of the Consent to Lien under the subject contract.

Kindly complete the addresses and forward, retaining your copies and returning the remaining copies.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee

Approved:

Frank D. Lamb
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

Enclosures 8

WCAnderson:rsi 4/28/58
Copy to: Admr. R. File
Mr. Chambers
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

Government Copy

EXPLORATION PROJECT CONTRACT

Hawk Mining Company

Docket No. DMEA-4337 - Mica

AMENDMENT No.3

It is agreed this 16 day of January, 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Hawk Mining Company, that Contract No. Idm-E977 (Docket No. DMEA-4337), dated July 23, 1956, is further amended as follows:

> Under ARTICLE 3. To be amended to read....."The Operators on or before April 23, 1957(unless the Operator's obligation to complete the work is terminated) shall complete the work."

This amendment shall note be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Robert T. A. Lawrence
Executive Officer, DMEA
Field Team, Region V

HAWK MINING COMPANY

By Frank W. Phillips
(Partner)

By John E Wilson
(Partner)

By George Reid
(Partner).

OFFICIAL FILE COPY
D M E A
RECEIVED JAN 30 1957

DATE	INITIALS	CODE
1-30	ew	220
		800

z

Government Copy

EXPLORATION PROJECT CONTRACT
HAWK MINING COMPANY

Docket No. DMEA-4337

AMENDMENT No.2

It is agreed this 26th day of October, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Hawk Mining Company, that Contract No. Idm-E977 (Docket No. DMEA-4337), dated July 23, 1956, Is further amended as following:

In Amendment No. 1, under item (a), and immediately following the sentence "Reduction in hole size shall be made from NX to BX to AX" add the following: " except in hole No.2 which may be reduced in size from NX to AX."

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Robert A. Lawrence
Executive Officer, DMEA
Field Team, Region V

HAWK MINING COMPANY

By Frank W. Phillips
Partner

By John E Wilson
Partner

By George Reid
Partner

z

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

NOV 7 , 1956

Memorandum

To: Operating Committee, DMEA - Washington
From: DMEA Field Team, Region V - Knoxville, Tenn.
Subject: DMEA-4337, Idm-E977-Mica. Hawk Mining Co. N. C.

Enclosed are the original and two copies of Amendment No.2 to the subject contract.

This amendment is to justify only on the basis of successful completion of Hole No.2, the last 182 feet of which was drilled with AX equipment. In difficult ground conditions it is not adviseable to reduce direct from NX to AX, but in this case the AX drilling was successfully completed and full core recovery was made from the pegmatite zone. Cost of the 182 feet of AX drilling is $773.50 as compared with $855.40 for BX, resulting in a saving of $61.43 to the Government.

Robert A. Laurence
EXECUTIVE OFFICER
DMEA REGION V

V. J. Lynch, Member
Bureau of Mines

RAL/zm
cc
Opr. Com.3
Lynch
Finance
Files Shirley

Government's Copy

RECEIVED
OCT 24 1956

EXPLORATION PROJECT CONTRACT
HAWK MINING COMPANY
DOCKET NO. DMEA-4337

Amendment No. 1

It is agreed this 8th day of October, 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Hawk Mining Company, that Contract No. Idm-E977 (Docket No. DMEA-4337), dated July 23, 1956, is amended as follows:

(a) In Exhibit A under the heading Description of the Work, add the following to the second paragraph:

"When ground conditions are encountered that make it impossible to complete a hole with NX bit, the hole may be completed with BX bits or with BX and AX bits, in lieu of NX bit. Reduction in hole size shall be made from NX to BX to AX."

(b) In Exhibit A under the heading Fixed Unit Costs, add the following after the second line:

"Diamond drilling with BX bit - $4.70/ft.

Diamond drilling with AX bit - $4.25/ft."

- - - - - - - - - - - - -

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O Mitchenor
Administrator, Defense Minerals Exploration Administration

HAWK MINING COMPANY

By Frank W. Phillips (Partner)

By John E Wilson (Partner)

By George Reid (Partner)

DMEA Form 14

Contract No. Idm-E 977

Docket No. 4337

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
July 23, 1956	V	North Carolina	Mica

Name and Address of Operator: Hawk Mining Company
c/o Frank W. Phillips
Spruce Pine, North Carolina

	Reserve	Obligation
Prior Amount	0	5,070.00
Increase	0	0
Decrease	0	715.72
Revised Amount	0	4,354.28

Remarks:

ALLEN S. DAKAN
(Name)

Allen S. Dakan, Chief
Operations Control and
Statistics Division
(Title)

Date delivered to Bureau of Mines, Washington 12.19.57

22845

Government's copy

MF-200A
(Rev. April 1956)

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

DMEA No.	*Commodity*	*Contract No. Idm–E*	*County*	*State*
4337	Mica	977	Mitchell	North Carolina

It is agreed JUL 23 1956, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and HAWK MINING COMPANY, a partnership comprised of Frank W. Phillips, George Reid, and Johnny Wilson,

whose mailing address is % Frank W. Phillips
Spruce Pine, North Carolina
hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority and project.*—(a) 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 Annex I (land description), Exhibit A (work and costs), and the maps and documents listed therein. The project work is a search for indicated or undeveloped deposits of the commodity designated above. The Operator shall begin the work on or before Sept. 1, 1956 #, and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 6 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the project work is $6,760.00. The Government will contribute 75 percent of the fixed unit cost of the work performed, not exceeding $ 5,070.00, in accordance with the provisions of Articles 4 and 5.

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

ARTICLE 2. *Operator's property rights.*—(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's rights of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances: None

(b) 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: Consent to Lien of lessors

(c) 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. 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

RECEIVED
JUL 1 1956

Per Eg. Off. Ltr. 7/25/56 to Opr.

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. Two copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. *Performance of the work.*—(a) Operator's responsibility.—The work shall be performed diligently, efficiently, expertly, in a workmanlike manner, and in accordance with good mining standards and State regulations governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work, as specified in Article 1 (a).

(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 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 4. *Contribution by the Government.*—The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5 (b); but all payments by the Government are provisional only, subject to audit, and until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been rendered, the Government may withhold such sums as it sees fit but not in excess of 10 percent of the estimated total cost of the work. 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 will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. *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 all pertinent books, documents, papers, and records of the Operator.

(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 6. *Repayment by Operator.*—(a) *Certification.*—If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered a sufficient final report (see Article 5), 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 (for example, if the Operator either transfers or fails to retain his interest in the land), shall pay to the Government a royalty on all minerals mined or produced from the land, as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

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

(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 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 7. *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 Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and liens to secure the payment thereof, and such rights shall be fully preserved.

ARTICLE 8. *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 the mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 9. *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 10. *Changes and added provisions.*—

.....

.....

.....

.....

.....

.....

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

HAWK MINING COMPANY
(Operator)

By George Reid
George Reid (Partner)

By Frank W. Phillips
Frank W. Phillips (Partner)

By John Wilson
Johnny Wilson (Partner)

By Frank E. Johnson
ACTING Administrator, Defense Minerals Exploration Administration

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: 1956—O-383069

EXPLORATION PROJECT CONTRACT
HAWK MINING COMPANY
DOCKET NO. DMEA-4337

ANNEX I

The land referred to in Article 2 of the contract is known as the Hawk Mine. It is located one mile northeast of the Hawk Post Office near the head of Cane Creek. It contains 10 acres, more or less, and is bounded by the property lines shown on the attached map entitled "Hawk Mine - June 4, 1955."

The nature of the Operator's rights of property and possession in the land is that of lessee under a Mining Lease Agreement dated March 22, 1954, entered into with all the heirs at law of Stokes Buchanan and Bertie Wilson.

MF-203
Revised March 24, 1955

4337

RECEIVED
DEC 12 1955

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Hawk Mining Company
Docket No. DMEA- ~~3779~~ 4337
Contract No. Idm-E 977
Contract Date JUL 23 1956

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/ A Certain tract of land in cane creek township, Mitchell County, N. C, known as the Hawk Mine, and adjoining the lands formerly owned by R. B . Buchanan, the Heap and Clapp interest and others and containing 11 acres more or less and being all the Hawk Mine Lands now owned in fee by the parties of the first part.

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/

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 MARCH 22, 1954, and recorded in book 14 page 451 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 5th day of December, 1955.

Charles Buchanan [Seal]

E. A. Buchanan [Seal]

Mrs. E. A. Buchanan [Seal]

Lane A. Nelson
Grace Meyers
L. E. Blevins
Ethel W. Blevins
Eagle A. Buchanan
Ruby Buchanan
Viola Buchanan
W. E. Buchanan

Richard Lucking
Winifred Harvin Lucking
James Berry
Barbara Harvin Berry

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]

EXPLORATION PROJECT CONTRACT
HAWK MINING COMPANY
DOCKET NO. DMEA-4337

EXHIBIT "A"

Description of the Work

Exploration for concentrations of strategic mica shall be accomplished by diamond drilling, as indicated on the 3 maps entitled "Geological Map of the Hawk Mine," "Vertical Longitudinal Section VW Hawk Mine," and "Superimposed Longitudinal Sections," attached hereto.

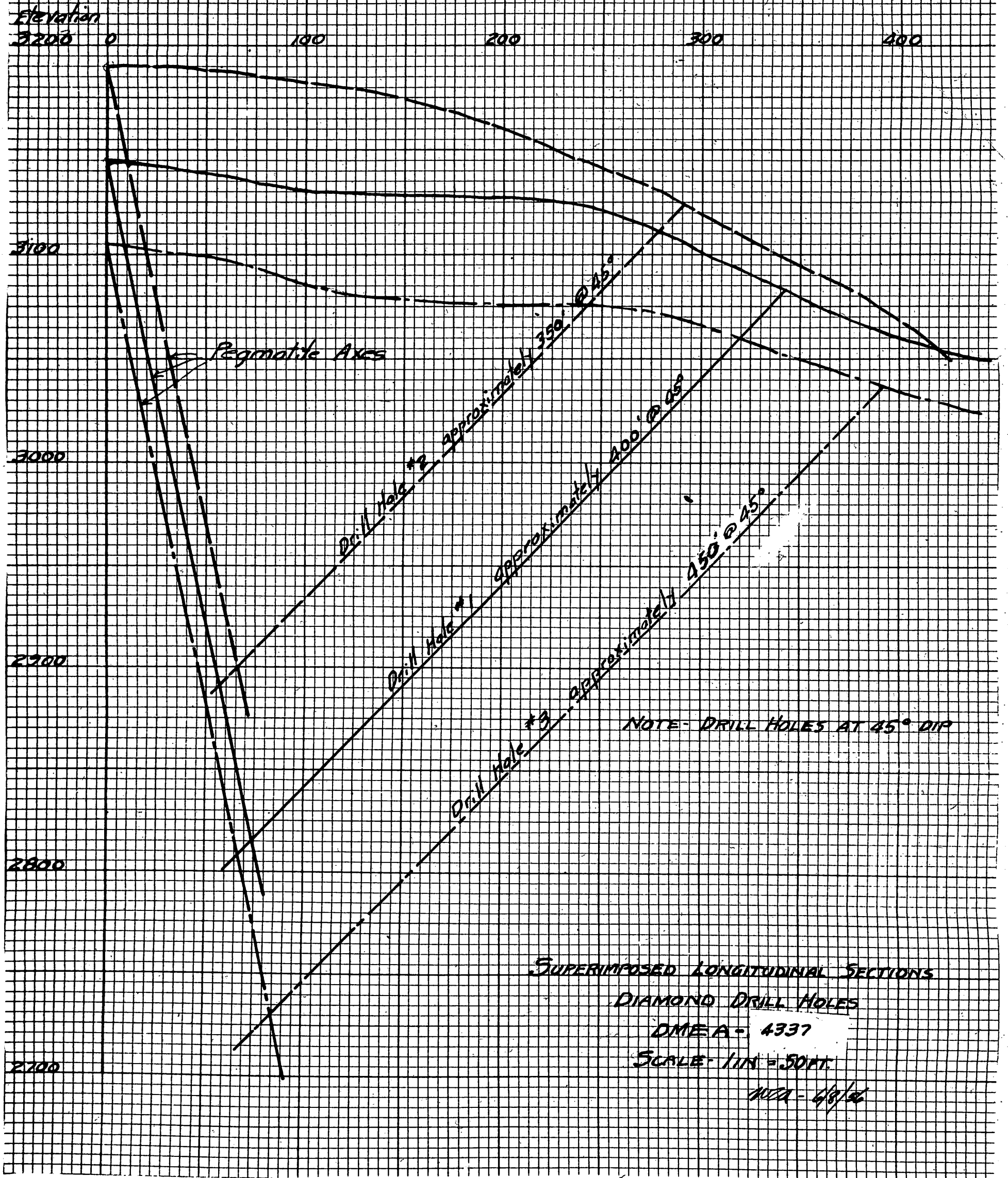
The work is intended to establish the extension of the pegmatite beyond the old workings, on the dip and along the strike. This shall be accomplished by drilling not more than 1300 feet of (NX) diamond-drill holes to penetrate the extension of the pegmatite.

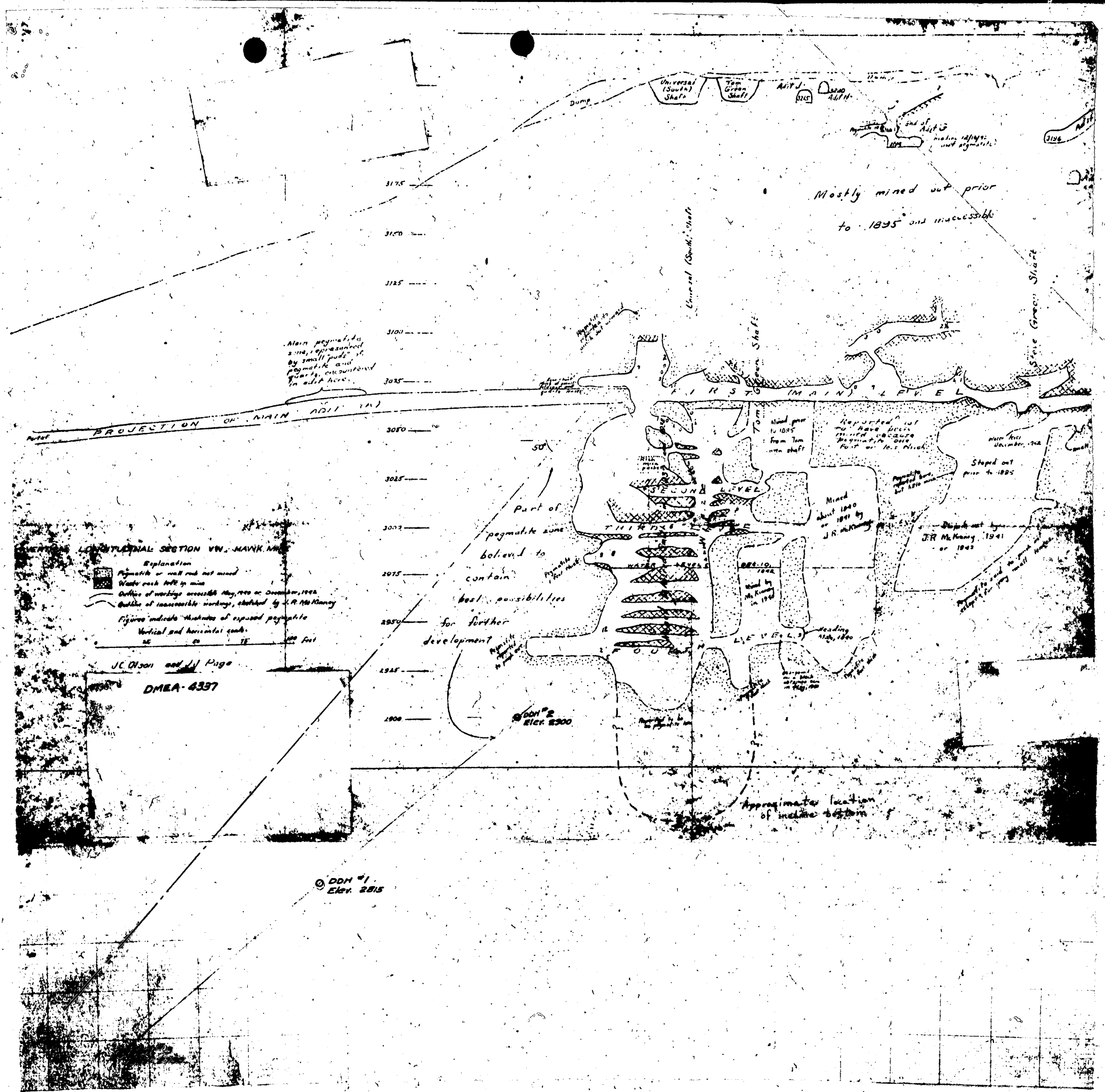
Holes shall be reamed, cemented, and cased as necessary.

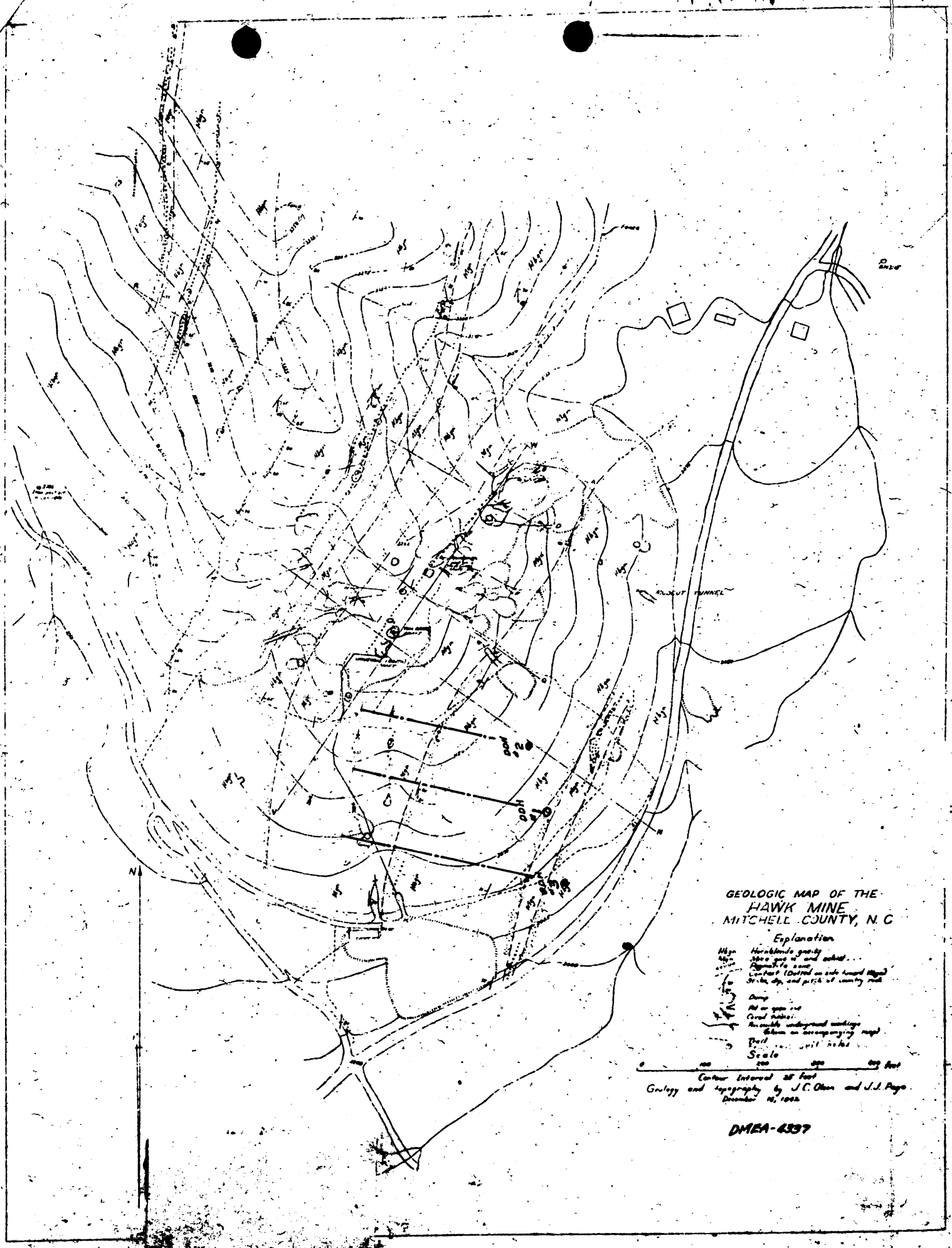
The attitudes, directions, locations, and extent of the drill holes are subject to approval by the Government.

Fixed Unit Costs

Diamond drilling with NX bit, 1300 feet @ $5.20/ft.	$6,760.00
Includes supervision, reaming, cementing, setting and pulling casings, transportation of men and equipment in and out, boxing 2-1/8 inch core, and all other costs whatsoever connected with the drilling.	
Estimated Total Cost of Project	$6,760.00
Government's Participation @ 75%	$5,070.00


Elevation
3200
0
100
200
300
400
3100
3000
2900
2800
2700
Pegmatite Axes
Drill Hole #2 approximately 350' @ 45°
Drill Hole #1 approximately 400' @ 45°
Drill Hole #3 approximately 450' @ 45°
NOTE- DRILL HOLES AT 45° DIP
SUPERIMPOSED LONGITUDINAL SECTIONS
DIAMOND DRILL HOLES
DME A- 4337
SCALE- 1IN = 50FT.


Universal (South) Shaft
Tom Green Shaft
Adit J.
Dump
Adit G
Mostly mined out prior to 1895 and inaccessible
Universal (South) Shaft
Tom Green Shaft
Main pegmatite zone, represented by small pods of pegmatite and quartz, encountered in adit here.
PROJECTION OF MAIN ADIT (A)
FIRST (MAIN) LEVEL
Mined prior to 1895 from Tom Green shaft
Reported not to have been mined because pegmatite zone too thin or lens block
Stoped out prior to 1895
Mined about 1940 or 1941 by J.R. McKinney
J.R. McKinney 1941 or 1942
SECOND LEVEL
THIRD LEVEL
WATER LEVEL
FOURTH LEVEL
Part of pegmatite zone believed to contain best possibilities for further development
DDH #2 Elev. 2300
DDH #1 Elev. 2815
Approximate location of incline bottom
3175
3150
3125
3100
3075
3050
3025
3000
2975
2950
2925
2900
50
VERTICAL LONGITUDINAL SECTION VW. HAWK MINE
Explanation
Pegmatite or wall rock not mined
Waste rock left in mine
Outline of workings accessible May, 1940 or December, 1942
Outline of inaccessible workings, sketched by J.R. McKinney
Figures indicate thickness of exposed pegmatite
Vertical and horizontal scale
25 50 75 100 feet
J.C. Olson and J.J. Page
DMEA-4337


GEOLOGIC MAP OF THE
HAWK MINE
MITCHELL COUNTY, N.C.
Explanation
Hbgn Hornblende gneiss
Hbgn Hbgn gneiss and schist
Pegmatite zone
Contact (Dashed where inferred)
Strike, dip, and pitch of country rock
Dump
Adit or open cut
Crest tunnel
Accessible underground workings
Shown on accompanying map
Trail
Test pit or drill hole
Scale
0 100 200 300 400 feet
Contour interval 20 feet
Geology and topography by J.C. Olsen and J.J. Page
December 16, 1942
DMEA-4397
N
BLOWOUT TUNNEL

Contr[illegible] No. Idm-E 977

Docket No. 4337

DEPARTMENT OF THE INTERIOR

Executed contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

TO: Chief, Finance Section, Budget and Finance Branch, Bureau of Mines

Please make the following entry on the records of the Defense Minerals Exploration Administration under the Strategic and Critical Minerals Exploration Program.

Date of Contract	Region	State	Commodity
July 23, 1956	V	North Carolina	Mica

Name and Address of Operator: Hawk Mining Company
c/o Frank W. Phillips
Spruce Pine, North Carolina

	Reserve	Obligation
Prior Amount	0	0
Increase	0	85,070.00
Decrease	0	0
Revised Amount	0	85,070.00

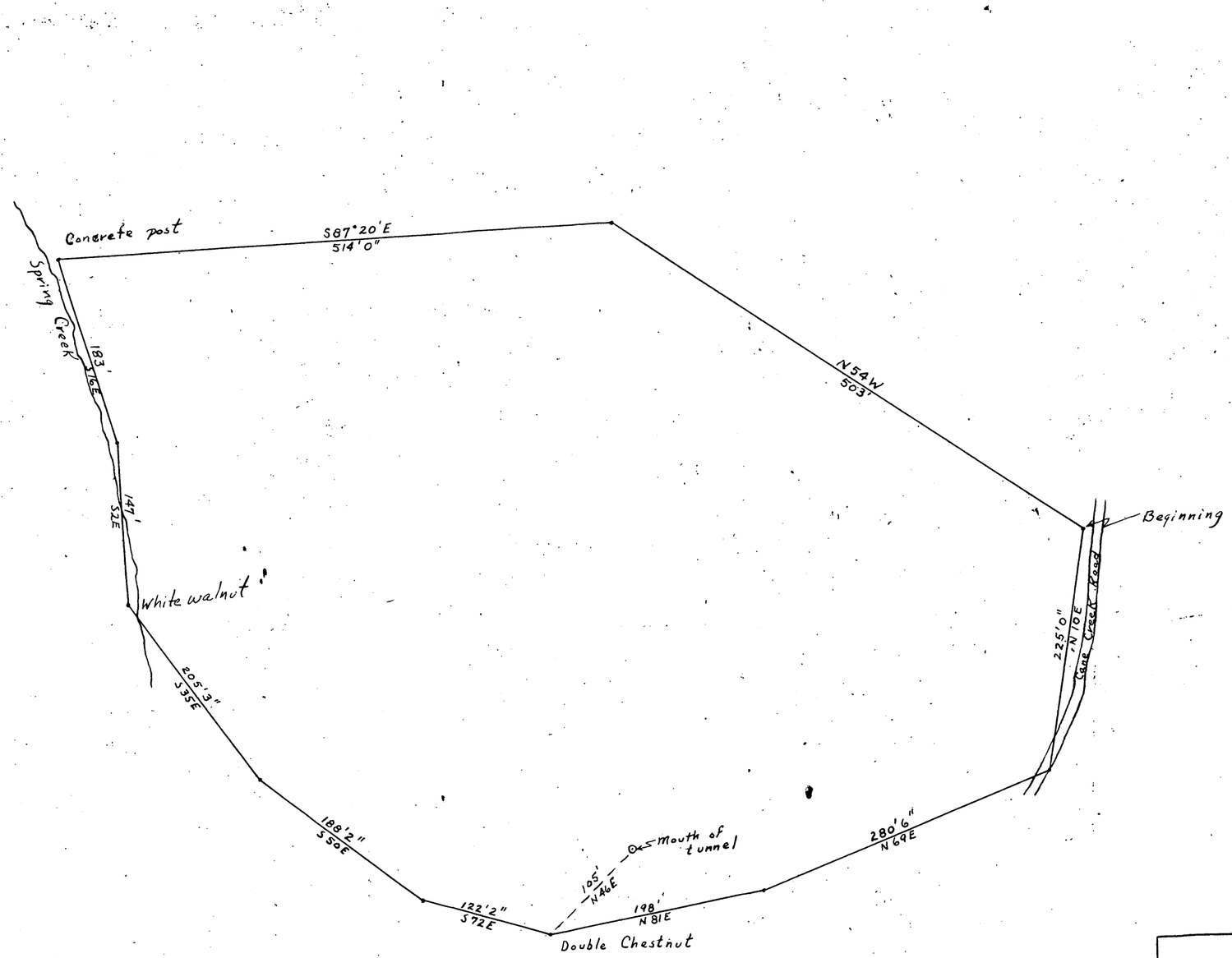
Remarks:

(Name)
Robert E. Adams, Chief
Operations Control and
Statistics Division
(Title)

Date Delivered to Bureau of Mines, Washington 7/23/56

98963

DMEA-[redacted]-4337



HAWK MINE

SCALE = 1:100

JUNE 4, 1955

RECEIVED
JUN 10 1955