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

DOCKET COPY
Surname:
Anderson
Houk
Lamb
Kiilsgaard
Selfridge

OCT - 4 1956

Mr. Sam L. Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-4414-mica
Sam L. Phillips
Clinch Prospect
Mitchell County, North Carolina

Dear Mr. Phillips:

Your application for aid for an exploration project and other reports available to us in Washington relating to the subject property have been reviewed.

Projects approved by the Defense Minerals Exploration Administration must, in its judgment, show definite promise of yielding materials of acceptable grade in quantities that will significantly improve the mineral supply position for the National Defense Program.

Careful study of all our information indicates to us that the probability of disclosing significant reserves of mica is not sufficiently promising to justify Government participation. We regret to advise you, under these circumstances, that your application for exploration assistance is denied.

We wish to thank you for your interest in the Defense Minerals Program and for bringing your property to our attention.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

WCAnderson:ms 10/3/56
Copy to: Docket
Operating Committee
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Admr. R. File

A.C.S.

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

October 3, 1956

Memorandum

To: Mr. C. O. Mittendorf, Administrator

From: Lawrence G. Houk, Chief
Nonmetallic Minerals Division

Subject: Evaluation of application and Field Examination Report
Docket No. DMEA-4414-mica
Sam L. Phillips
Clinch Prospect
Mitchell County, North Carolina

Denial of application is recommended

Two Prospects

Mica: Prospect #1. . .No strategic mica. Few, small sheets, flat, stained, cracked and ruby colored.
Prospect #2. . .Few pieces brownish-green, flat, clear sheets up to 2 by 4 inches, some small black tourmaline.

Pegmatite:
Prospect #1. . .Unweathered, fine to medium-grained, average thickness, 6 feet, consisting of potash and soda feldspar, quartz, small ruby muscovite and sericite. Lies between two dolomitic marble layers.
Prospect #2. . .No pegmatite observed. A pod 10 to 20 feet long recently excavated.

Old Workings:
Prospect #1. . .Several pits and dumps along strike. Pegmatite exposed by a railroad cut 30 to 40 feet high.
Prospect #2. . .Arcuate trench in weathered gneiss, 100 feet long by 25 feet deep. No pegmatite.

Method of exploring:
Applicant proposed 40 hours of bulldozing @ $10.00/hr., 80 feet of shaft @ $50.00/ft. and 100 feet of drifts @ $35.00/ft., total cost of project $7,400.00.

Recommendations: The Field Team recommends denial of the application, because No. 1 Prospect has small mica associated with a large percentage of potash feldspar and No. 2 Prospect has no pegmatite. The Geological Survey and Bureau of Mines Commodity members concur. The Nonmetallic Minerals Division also concurs in the recommendation of the Field Team.

Walter C. Anderson

Walter C. Anderson

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

RECEIVED
OCT - 3 1956

October 1, 1956

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

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

Subject: DMEA-4414 (mica)

Applicant: S. L. Phillips

Name and Location of Property: Clinch Prospects 1 & 2, Mitchell Co., N. C.

Date of Field Team Report: 9/4/56

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 9/20/56

Field Team Recommendation: Recommend denial of subject application.

Comments:

1. Geological factors show that this deposit is unlikely to produce any sizable quantities of strategic mica.

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

Recommendation:

I concur with the field team's recommendation for denial.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

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

RECEIVED
SEP 24 1956

September 21, 1956

Re: DMEA 4414
Sam L. Phillips
Clinch Prospects 1 & 2
Mitchell Co., North Carolina
$7,400 - Mica

Memorandum

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

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

Subject: Review of Field Team report.

The applicant requested assistance in exploring a "new" pegmatite, about ¼ mile from the Sink Hole and Abernathy mines. I presume the examiners saw the prospect mentioned in the application, but you would not know it from comparison of the two documents. One prospect is not mentioned in the stereotyped application.

Little or no mica was seen in place at either prospect. The examiners and the Field Team recommend denial of the application.

I concur with the recommendation.

N. E. Nelson

N. E. Nelson

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

RECEIVED
SEP 17 1956

September 14, 1956

Memorandum

To: Operating Committee, DMEA, Washington, D. C.

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

Subject: Field Examination Report, DMEA-444 (Mica)
Sam L. Phillips, Spruce Pine, North Carolina
Clinch Prospect 1 & 2, Mitchell County, North Carolina

Enclosed are the original and three copies of the subject examination report.

We agree with the recommendation for denial.

Robert A. Laurence
Robert A. Laurence
Executive Officer

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

Enclosures 4

Reviewed by
DMEA OPERATING COMMITTEE
9-21-56
(date)

RECEIVED
SEP 17 1956

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD EXAMINATION REPORT, REGION V

On

DMEA-4414 (mica) CLINCH PROSPECTS 1 and 2
Mitchell County, North Carolina

BY

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

September 4, 1956

Processed by
DMEA [illegible]
9-21-56
(Date)

RECEIVED
SEP 17 1956

FIELD EXAMINATION REPORT

On

DMEA-4414 (mica) CLINCH PROSPECT 1 & 2
Mitchell County, North Carolina

Applicant: Sam L. Phillips, Spruce Pine, N. C.

Summary

Two prospects were examined. In No. 1, a pegmatite lies between and crosscuts two dolomitic marble beds. The mineralogy of the pegmatite, as seen in the dumps and outcrops, does not indicate a significant strategic muscovite potential. No pegmatite is exposed at Prospect No.2. No exploratory work is warranted, therefore, it is recommended that the application be denied.

Location

The Clinch Prospect No. 1 is 9 airline miles N 32° W from Bandana, Mitchell County, North Carolina, cross the hollow from No.2.

No.2 Prospect is one airline mile N 23°W from Bandana, Mitchell County, North Carolina (Micaville, N.C. TVA. Quad. 209-NW, 1/24,000- North-Central Sect.).

Mr. John Jarrett accompanied the examiners on the examination which required two and one-half hours. The Prospects were examined September 4, 1956.

Geology and Workings

Prospect No. 1 : Several pits and dumps trend northeastward along the strike of a pegmatite and the enclosing dolmitic marble from a railroad cut on the eastern side of the North Toe river. The pits are aligned along a stepp, wooded slope and are roughly the same elevation.

The best exposure is in a railroad cut which exhibits a concordant, fine-to medium-grained, unweathered pegmatite that has an average thickness of 6 feet. The pegmatite, consisting of potash and soda feldspar, quartz, small ruby muscovite, and sericite, lies between two dolomitic marble layers and a band of mica gneiss 10 feet thick at the top of the cut, but crosscuts the dolomitic marble near the cut bottom where its southeastward dip becomes lower.

The cut is about 30 to 40 feet high at the outcrop of pegmatite, but drops abruptly to the north where the branch enters the river.

No strategic grade muscovite was observed. The few small sheets observed were stained, and cracked, flat ruby muscovite.

The marble beds are about 8 and 10 feet thick respectively in the railroad cut. They strike northeast and dip to the southeast. It has been reported that no marble has been found on the western side of the river.

The dolomitic marble is white, coarsely crystalline (3 mm dia.) and appears relatively free from impurities. It has been traced for 2500 feet northeastward (Olson, 1944). The soil over the dolomitic marble has the appearance of a surface after a heavy hailstorm, but in most places is masked by vegetation.

Some drill core was observed near the river. It was probably left from a core drilling operation some years ago, on which no information is now available.

Prospect No.2: A N 60° E trending arcuate trench in weathered mica gneiss is 100 feet long and 25 feet deep. No pegmatite is visible; however, a pod of pegmatite about 10 or 20 feet long apparently has been cut out by recent excavating. Four-inch stringers pinching out at two places support the assumption of a pod.

The dump discloses a few pieces of excellent off-color (brownish-green) flat, clear muscovite sheets up to 2 inches by 4 inches wide, and some small black tourmaline.

The foliation of the gneiss strikes N 60° E and dips about 45° SE.

Recommendations

It is recommended that the application be denied. The first prospect has small muscovite associated with a large percentage of potash feldspar, and the second exhibits no pegmatite.

Ref. Olson, J.C., 1944, Economic Geology of the Spruce Pine pegmatite District, N. C. Bull.43, Part I page 19.

A. R. Taylor

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

Z

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

600

DOCKET COPY
Surname:
Anderson
Houk
Nelson
Lamb
Selbridge
Stephenson

AUG 17 1956

Mr. Sam L. Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-4414-mica
Sam L. Phillips
Clinch Prospect
Mitchell County, North Carolina

Dear Mr. Phillips:

Your application for assistance in exploring the subject property has been reviewed by the Nonmetallic Minerals Division of the Defense Minerals Exploration Administration and has been referred to Mr. Robert A. Laurence, Executive Officer, DMEA Field Team, Region V, Room 13, Post Office Building, Knoxville, 2, Tennessee, for further consideration and possibly a field examination.

The Regional Office will contact you at an early date if an examination is to be made. Any assistance you may give the members of the Field Team during the examination will be appreciated.

We note that you have a lease on the property and that you are unable to get a signed Consent to Lien. Please be informed that in such cases, we usually require a Performance Bond from a recognized bonding company. If a contract is granted, we will send you copies of a standard Performance Bond form for execution.

Sincerely yours,

C. O. Mittendorf

Administrator

WCAnderson:ms 8/15/56
Copy to: Docket
Operating Committee
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Admr. R. File

DOCKET COPY
Surname: Anderson Houk Selfridge Hefferman

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

AUG 17 1956

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

Re: Docket No. DMEA-4414-mica
Sam L. Phillips
Clinch Prospect
Mitchell County, North Carolina

Dear Mr. Laurence:

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

Copies of memoranda dated August 8 and 10, 1956, by Mr. N. E. Nelson, USGS, and Mr. W. F. Dietrich, USBM, respectively, relating to the project are enclosed.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2/3)

WCAnderson:ms 8/15/56

Copy to: Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Admr. R. File

Approved:

FRANK D. LAMB (2/3)
Member, Bureau of Mines

N. E. Nelson (2/3)
Member, Geological Survey

Enclosures: 4

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

DOCKET COPY
Surname: Anderson
Houk

Mr. Sam L. Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-4414-mica
Sam L. Phillips
Clinch Prospect
Mitchell County, North Carolina

Dear Mr. Phillips:

Your application for assistance in exploring the subject property has been reviewed by the Nonmetallic Minerals Division of the Defense Minerals Exploration Administration and has been referred to Mr. Robert A. Laurence, Executive Officer, DMEA Field Team, Region V, Room 13, Post Office Building, Knoxville, 2, Tennessee, for further consideration and possibly a field examination.

The Regional Office will contact you at an early date if an examination is to be made. Any assistance you may give the members of the Field Team during the examination will be appreciated.

We note that you have a lease on the property and that you are unable to get a signed Consent to Lien. Please be informed that in such cases, we usually require a Performance Bond from a recognized bonding company. If a contract is [illegible], we will send you copies of a standard Performance Bond form for execution.

Sincerely yours,

Administrator

WCAnderson:ms 8/15/56
Copy to: Docket
Operating Committee
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Admr. R. File

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

RECEIVED
AUG 13 1956

August 10, 1956

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

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

Subject: DMEA-4414 (mica)

Applicant: S. L. Phillips

Name and Location of Property: Clinch Prospect, Mitchell County, N. C.

Date Application Rec'd. by Br. of Ceramic & Fertilizer Materials: 8/7/56

Comments:

1. This is a new prospect and no data available in this office on this property.

2. No evidence was given in application to show possibilities of occurrence of mica or pegmatite except in the mica belt.

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

Recommendation:

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

W F Dietrich

W. F. Dietrich

Attachment

IN REPLY REFER TO:

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

August 8, 1956

Re: DMEA 4414
Sam L. Phillips
Clinch Prospect
Mitchell Co., N. C.
$7,400 - Mica

Memorandum

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

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

Subject: Review of application.

The applicant requests assistance in exploring a "new" pegmatite about 1/4 mile from the Sink Hole and Abernathy mines. No mica is exposed but the prospect is in a "mica area" and work is expected to show the pegmatite is mica bearing.

Referral of the application to the Field Team for appropriate action is recommended.

N. E. Nelson

N. E. Nelson

August 7, 1956

Mr. Sam L. Phillips
Spruce Pine,
North Carolina

Subject: DMEA-444
Re: Exploration Assistance
Clinch Prospect

Dear Mr. Phillips

The receipt of your application dated August 2, 1956 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-444 and referred to the Nonmetallic Minerals Division.

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

Sincerely yours,

Robert E. Adams, Chief
Operations Control and
Statistics Division

00932

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1035.2.

AUG - 6 1956

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

Not to be filled in by applicant

Docket No. 4414
Metal or Mineral Mica
Date Received 8-6-56
Estimated Cost $7400
Participation (Government %)

INSTRUCTIONS

1. *Name of applicant.*—(*a*) State here your full legal name, in the form in which you will wish to contract, and your mailing address:

Sam L. Phillips
Spruce Pine, N.C.

(*b*) If other than an individual, add to your name above whether a corporation, partnership, etc., and the name of the State in which incorporated or otherwise organized.

(*c*) If a corporation, add to above statement, titles, names and addresses of officers.

(*d*) If a partnership, add to the above statement the names and addresses of all partners.

2. *General.*—Read DMEA Order 1, "Government Aid in Defense Exploration Projects," before completing this application. Submit this application and all accompanying papers in quadruplicate (four copies), with your name and address on each sheet of the application and on all accompanying papers. Where sufficient space is not provided on the form for all required information, state it on an accompanying paper, with a reference in each case to the instruction to which it refers by number. Comply with all applicable instructions; or, if not applicable, so state. File the application with Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest field executive officer thereof.

3. *Applicant's property rights.*—(*a*) State the legal description of the land upon which you wish to explore, including all land which you possess or control that may be benefited by the exploration, and excluding any land or interest in land which is not to be included in the exploration project contract Legal Description given on attached lease.

(*b*) State any mine name by which the property is known. Clinch Prospect

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

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

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

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

4. *Physical description.*—(*a*) Describe in detail any mining or exploration operations which have been or now are being conducted upon the land, including existing mine workings and production facilities. State your interest, if any, in such operations. Also describe accessibility of mine workings for examination purposes. See Sheet.

(*b*) State past and current production, and ore reserves, if any, giving quantities and grades.

(*c*) Describe the geologic features of the property, including mineralization, type of deposit (vein, bedded, etc.), and your reasons for wishing to explore. Illustrate with maps or sketches. Send with your application (but not necessarily as a part of it) any geologic or engineering report, assay maps, or other technologic information you may have, indicating on each whether you require its return to you.

(*d*) State the facts with respect to the accessibility of the project: Access roads, distances to shipping, supply and residence points.

(*e*) State the availability of manpower, materials, supplies, equipment, water, and power.

5. *The exploration project.*—(*a*) State the mineral or minerals for which you wish to explore Mica

(*b*) Describe fully the proposed work, including a map or sketch of the property showing a plan (and cross sections if needed) of any present mine workings, and the location of the proposed exploration work as related to such features as contacts, veins, ore-bearing beds, etc. See Sheet.

(*c*) The work will start within 30 days and be completed within ..... months from the date of an exploration project contract.

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations. See Sheet.

6. *Estimate of costs.*—Furnish a detailed estimate of the costs of the proposed work (you will have to use a separate sheet), under the following headings. Add the totals under all headings to give the estimated total cost of the project: See sheet.

(*a*) *Independent contracts.*—(Note.—If the applicant does not intend to let any of the work to contractors, write "none" after this item. To the extent that the work is to be contracted, do not repeat the cost of the contract-work in subsequent items.) State the cost of any proposed independent contracts for the performance of all or any part of the work, expressed in terms of units of work (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved, etc.).

(*b*) *Labor, supervision, consultants.*—Include an itemized schedule of numbers, classes and rates of wages, salaries or fees for necessary labor, supervision and engineering and geological consultants.

(*c*) *Operating materials and supplies.*—Furnish an itemized list, including items of equipment costing less than $50 each, and power, water and fuel.

(*d*) *Operating equipment.*—Furnish an itemized list of any operating equipment to be rented, purchased, or which is owned and will be furnished by the Operator, with the estimated rental, purchase price, or suggested use-allowance based on present value, as the case may be.

(*e*) *Rehabilitation and repairs.*—Furnish a detailed list showing the cost of any necessary initial rehabilitation or repairs of existing buildings, installations, fixtures, and movable operating equipment, now owned by the Operator and which will be devoted to the exploration project.

(*f*) *New buildings, improvements, installations.*—Furnish a detailed list showing the cost of any necessary buildings, fixed improvements, or installations to be purchased, installed or constructed for the benefit of the exploration project.

(*g*) *Miscellaneous.*—Furnish a detailed list showing the cost of repairs to and maintenance of operating equipment (not including initial rehabilitation or repairs of the Operator's equipment), analytical work, accounting, workmen's compensation and employers' liability insurance, and payroll taxes.

(*h*) *Contingencies.*—Give an estimate of any necessary allowances for contingencies not included in the costs stated above.

NOTE.—No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. (*a*) Are you prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation (Sec. 7, DMEA No. 1)? Yes

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

[x] Money [ ] Use of equipment owned by you [ ] Other

Explain in detail on acompanying paper.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

Dated 8-2-56, 195...

Sam L. Phillips
(Applicant)

By Sam L. Phillips

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

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

RECEIVED
AUG - 6 1956

Spruce Pine, North Carolina
August 3, 1956

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

Dear Mr. Houk:

The Clinchfield Railroad Company owns the land covered by the lease in this application, and we were unable to get a signed Consent to Lien. Therefore, I will personally guarantee the royalty in the event a loan is granted. Please mail the necessary forms to me to be signed.

Sincerely,

Sam L. Phillips

Sam L. Phillips

P/b

RECEIVED
AUG - 6 1956

MF-103 (Continuation Sheet)

4. (a) New prospect, this property has never been mined.

(b) In good ruby mica belt, approximately one fourth mile from Sink Hole Mine and one fourth mile from Abernathy Mine.

(c) We belive that exploration work would uncover strategic mica.

(d) Project is now accessible except for short distance. Some bulldozing road work must be done.

(e) Manpower, equipment and supplies are available. Power is about 200 yards away.

5. (b) We propose to bulldoze road access, bulldoze away overburden in order to best locate shaft; lower a 5' x 8' shaft to a depth of 80'; then drift with vein a distance of 100 feet.

6. Estimate of costs:

40 Hrs. Bulldozing @ $10.00 per hour . . .	$ 400.00
80' Shaft @ $50.00 per ft.	4000.00
100' Drift @ $35.00 per ft.	3500.00
Total estimated cost of project:	$ 7400.00

6-25-56/d
GC 14270

RECEIVED
AUG - 6 1956

THIS LEASE, made and entered into this the 25th day of June, 1956, by and between HOLSTON LAND COMPANY, INCORPORATED, a corporation organized and existing under the laws of the State of Virginia, and authorized to hold property in the State of North Carolina, party of the first part, hereinafter called the "Lessor", and SAM L. PHILLIPS, of Spruce Pine, North Carolina, party of the second part, hereinafter called the "Lessee".

WITNESSETH:

That for and in consideration of the sum of One Dollar ($1.00), cash in hand paid, at and before the time of the en-sealing and delivery of these presents, the receipt of which is hereby acknowledged, and of the royalty herein provided for, the Lessor does demise and lease to the Lessee, for the term hereinafter stated, the following described tract or parcel of land, for the purpose of mining mica thereon:

A certain tract or parcel of land in Mitchell County, Snow Creek Township, North Carolina, adjoining the lands now or formerly of Holston Land Company, Incorporated, Isaac McKinney, Patterson Howell, William Howell and others, and more particularly bounded and described as follows: BEGINNING at a locust stake on top of the ridge where a locust tree once stood, corner of a thirty-three (33) foot strip of land now owned by Holston Land Company, Incorporated, and a point in the John Buchanan line, and running with said Buchanan's line north sixty-six degrees twenty-five minutes east (N 66 25 E) one thousand forty and seven-tenths (1040.7) feet to a locust on top of a ridge; thence continuing with said Buchanan's line north eighty-six degrees sixteen minutes east (N 86 16 E) five hundred eighty-two and eight-tenths (582.8) feet to a stake in Isaac McKinney's line, and where a spotted oak once stood; thence with the Isaac McKinney and Patterson Howell's line south fifteen degrees fifty-three minutes west (S 15 53 W) three hundred and seven-tenths (300.7) feet to a white oak, an old corner; thence with Patterson Howell's line north eighty-six degrees thirty minutes east (N 86 30 E) two hundred and fifty-two (252) feet to a stake and old chestnut pointers, where a stump once stood; thence continuing with the Patterson Howell line south no degrees fifty-five minutes east (S 00 55 E) three hundred fifteen (315) feet to a fence post, corner to the Patterson Howell, William Howell and Walden Johnson tract; thence with the William Howell line north eighty-seven degrees fifty-five minutes west (N 87 55 W) four

A K McIntyre
Chicago, Illinois

hundred sixty-two (462) feet to a chestnut; thence south one degree fifty-three minutes east (S 01 53 E) three hundred seventy-two (372) feet to a large rock on left bank of Sinkhole Creek; thence south eighty-six degrees thirty minutes east (S 86 30 E) three hundred and seven (307) feet to an ash, corner to William Howell and Intermont China Clay Company's tract; thence with said Company's tract south two degrees thirty-five minutes West (S 2 35 W) five hundred sixty-one (561) feet to a stake, in the Chandler line; thence with the Chandler line north seventy-four degrees twenty-three minutes west (N 74 23 W) two hundred seventy and seven-tenths (270.7) feet to a hornbeam, corner to Holston Land Company; thence with the Holston Land Company line north two degrees thirty-five minutes east (N 2 35 E) ninety-six (96) feet to a beech tree; thence continuing with Holston Land Company line north eighty-seven degrees thirty-five minutes west (N 87 35 W) twelve hundred ninety-three (1293) feet to a stake, corner to Holston Land Company; thence continuing with the Holston Land Company line north one degree seven minutes west (N 01 07 W) eight hundred twenty-three (823) feet to the BEGINNING, containing 52.8 acres, more or less, and being the same tract of land conveyed to Walden Johnson by Simeon Slagle, by deed dated January 29, 1903, recorded in Deed Book 45, page 72, and being the same tract on which the mineral was conveyed to Holston Corporation by W. L. Lambert and wife, Charles R. Greene and wife, and Walden Johnson and wife, by deed dated October 7, 1916, and recorded in the office of the Register of Deeds for Mitchell County, North Carolina, in Deed Book 68, page 447, and conveyed by Holston Corporation to Holston Land Company, Incorporated, by deed dated April 30, 1929, of record in said Register's office in Deed Book 86, page 521.

This lease is subject, however, to the following conditions and agreements:

1. The Lessee shall have the right to enter upon said land at any and all times during the term of this lease, for the purpose of prospecting for and mining mica and/or feldspar, and removing and transporting same off of said land.

2. This lease is for the term of one (1) year from and after this date, with the option to the Lessee to renew the same on a year-to-year basis for the next following five (5) years. However, such renewals shall be contingent upon the Lessee performing all the conditions and terms of the lease in a manner acceptable to the Lessor.

3. The Lessee agrees to pay to the Lessor one eighth (1/8) of the selling price of all the mica mined on the said land and 50¢ per ton (2,000 lbs.) for all feldspar removed from the said

land. The Lessee shall deliver to the Lessor, or its agent, at Erwin, Tennessee, on the tenth day of each month, copies of all invoices covering sales of mica and/or feldspar from the leased premises during the preceding month. Minerals other than mica or feldspar shall not be removed from the said land unless a further written agreement is entered into and the royalty mutually agreed upon between both parties.

The Lessor will render monthly bills against the Lessee for the royalty, based upon the invoices, which bills the Lessee shall pay within fifteen (15) days after the receipt thereof.

All invoices from the Government mica depot or any other legal buyer of mica shall be clearly marked "from Holston Land Company property".

At no time shall mica be sold in the bulk or run of the mine form, except to the U. S. Government.

All scrap mica refused by the Government depot or other legal buyer of mica shall be sold to the highest bidder.

The Lessee agrees to give to the Lessor all precious stones which he may mine on the said premises. The said precious stones shall be delivered to the Lessor or its agent, at the railway station at Spruce Pine, North Carolina, on the first and fifteenth days of each month.

4. The Lessee further agrees that he will not dig, mine or prospect at any place upon the said property until the place for said mining, digging or prospecting is pointed out to him by the Lessor, and that all mining, digging and prospecting on said premises will be done in such manner as the Lessor approves.

5. The Lessee agrees that he will not assign this lease without the consent in writing of the Lessor.

6. The Lessee agrees that the Lessor shall have access to his books, at any and all times, in order to determine the amount of mica and/or feldspar mined or removed from the said premises.

7. It is agreed that if the Lessee shall become insolvent, or shall suspend mining operations on said land for the period of four (4) months, then this lease shall be ipso facto terminated, and the Lessor shall have the right to enter upon and take possession of the premises, without any liability as a trespasser, and without liability in any respect to the Lessee.

8. It is agreed that if the Lessee shall refuse or fail to pay the royalty above specified, at the time above specified, then this lease shall be ipso facto terminated.

9. The Lessee agrees to save the Lessor harmless from all claims or causes of action arising in any manner from the operations or use of the premises under this lease.

10. In the event of the violation of any of the provisions of this lease by the Lessee, then this lease shall be ipso facto terminated, and the Lessor shall have the right to enter upon and take possession of the premises, without liability as a trespasser, and without liability in any respect to the Lessee.

IN WITNESS WHEREOF the parties hereto have executed this agreement, in duplicate, as of the date first above written.

HOLSTON LAND COMPANY, INCORPORATED,

By A. S. Sanderson
President

Attest: C. B. Beasley
Secretary

Witness: H. H. Grubb

Sam L. Phillips

Witness: Mary P. Banner

STATE OF TENNESSEE,)
) To-wit:
COUNTY OF UNICOI.)

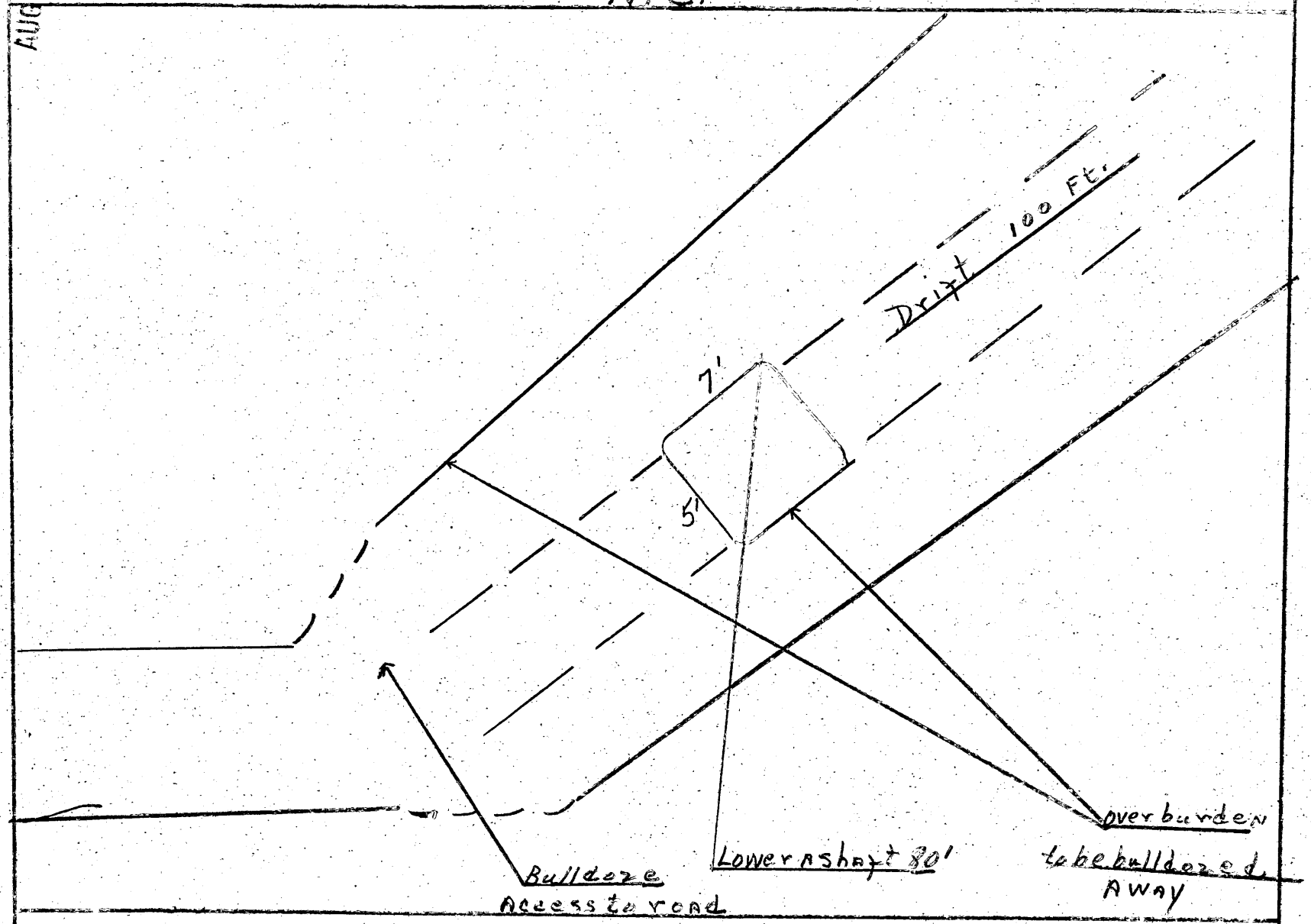
This is to certify that on the 30th day of July, 1956, before me personally came C. S. Sanderson, with whom I am personally acquainted, who, being by me duly sworn, says that he is the President and E. B. Beasley is the Secretary of Holston Land Company, Incorporated, the corporation described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal; and the name of the corporation was subscribed thereto by the said President, and that said President and Secretary subscribed their names thereto, and said common seal was affixed, all by order of the Board of Directors of said corporation; and that the said instrument is the act and deed of said corporation.

WITNESS my hand and official seal at office in Erwin, Unicoi County, Tennessee, this the 30th day of July, 1956.

My Commission Expires
April 17, 1957.

W. W. Grubb
Notary Public.

W. W. Grubb

RECEIVED
AUG - 6 1956

Clinch Prospect
Mitchell County
N. C.