MF-205
(Combines and supercedes MF-201 and MF-203)
June 1956

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

RECEIVED
SEP - 7 1956

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

To the United States of America:

Referring to that certain land in the County of Mitchell, State of North Carolina, described as follows: 2/ Beginning on an iron stake at the center of what is known as the Frank Prospect and running 250' North; thence 250' West; thence 500' South; thence 500' East; thence 500' North; thence 250' West to a point of closing. This property lying approximately 1½ miles West of Ledger, in Mitchell County, N.C.,

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

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

2. Grants to the Government a lien upon all of the undersigned's right, title, and interest in the land and upon any production of minerals therefrom, to secure the payment to the Government of a percentage royalty on production as may be provided for by the Contract;

3. Subordinates the undersigned's right, title, claim, or interest in or against the land and in any production therefrom to the rights of the Government under the contract with respect to royalty on production and liens to secure same;

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6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None (State "None" or "See Annex No.____")

Dated this 23rd day of August, 1956.

R. B. Phillips [Seal] Bakersville, B.C. [Address]
R. B. Phillips

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

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6. Consents to all amendments (including an agreement of termination) and assignments of the contract without notice thereof, and undertakes and agrees that this Agreement shall extend and apply thereto.

7. Added provision: None (State "None" or "See Annex No.____")

Dated this 28th day of August, 1956.

R B Phillips [Seal] Bakersville, N.C. [Address]
R. B. Phillips

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

_____ [Seal] _____ [Address]

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R. B. Phillips

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R. B. Phillips

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_____
[Corporate Seal]

cw

Docket Copy
Surname:

Hopkins
Houk
Lamb
Kelyn
Selfridge
Jefferson

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

DEC 7 1956

Southern Mineral Development Co., Inc.
Box 847
Spruce Pine, North Carolina

Re: Docket No. DMEA-4454-Mica
Southern Mineral Development
Co., Inc.
Frank Prospect
Mitchell County, North Carolina

Gentlemen:

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

JHopkins:gad 12/5/56
Copy to: Admr. R. File
Docket
Field Team, Region V
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

R.C.S.

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

December 5, 1956

Memorandum

To: Administrator

From: L. G. Houk, Chief, Nonmetallic Minerals Division

Subject: A denial of application for exploration assistance and summary report.

By: James Hopkins

1. Docket No. DMEA-4454-Mica
Property: Frank Prospect
Mitchell County, North Carolina
Applicant: Southern Minerals Development Co., Inc.
Box 847
Spruce Pine, North Carolina
Application: Dated August 28, 1956
Work Proposed:

6 Hours Bulldozing Access Road @ $10.00	$60.00
20 Hours Bulldozing Overburden @ $10.00	200.00
80 Feet Shaft Sinking @ $50.00	4,000.00
80 Feet of Drifting @ $35.00	2,800.00
Total estimated cost	$7,060.00

2. Contract: None. Application denied.

3. Comments:
Geology:
Two small feldspathic, kaolinized pegmatites (one 3½ feet to 5 feet thick and one 2 feet thick) containing small scattered quartz and disseminated muscovite are exposed in a cut 30'x10'x8' deep. The cut is along strike between two filled shafts.

The exposures are on the western rim of the large open cut of the Old Susie Mine.

Two feet of soft weathered mica schist separates the two pegmatites, the remainder of the country rock in the cut is a brownish-red soil.

The Applicant reports recovery of 50 pounds of muscovite in the block from the trench work. The examiners believe that this would have to be sold as scrap.

The off-color muscovite in the loose material and in the pegmatites is of a very poor quality, being stained and badly bent.

Because of the non-strategic quality of the muscovite, the field examiners and the Field Team recommend that the application be denied.

The Nonmetallic Minerals Division and the Commodity Divisions of the Bureau of Mines and the Geological Survey concur in the recommendation.

James Hopkins
Nonmetallic Minerals Division

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

RECEIVED
DEC 4 1956
D.M.E.A.

December 4, 1956

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

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

Subject: DMEA-4454 (mica)

Applicant: Southern Mineral Development Co., Inc.

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

Date of Field Team Report: 11/23/56

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 11/27/56

Field Team Recommendation: Recommend denial of application.

Comments:

1. This prospect is located only 30 feet from the Old Susie mine adit portal (DMEA-4134) on which an application was denied.

2. Only a small amount of muscovite was observed in the pegmatites and its quality was very poor.

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

Recommendation:

I concur with the recommendation of the field team for denial.

W. F. Dietrich

W. F. Dietrich

IN REPLY REFER TO:

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

H

RECEIVED 30 1956 D.M.E.A.

November 29, 1956

Re: DMEA 4454
Southern Mineral Devel. Co.
Frank Prospect
Mitchell Co., N. C.
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 12-foot pegmatite on which work was done years ago in the Old Susie mine.

Instead of a 12-foot pegmatite the examiners found two pegmatites, one 2 feet thick, the other 3½ to 5 feet thick separated by 2 feet of mica schist. They are apparently an unworked part of the Old Susie pegmatite(s) as the exposure is between two old workings of that mine and may be undercut. Little or no strategic mica was seen and the examiners and Field Team recommend that the application be denied.

I concur with the recommendation.

N. E. Nelson

N. E. Nelson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 1 POST OFFICE BLDG.
WASHINGTON 25, D.C.
KNOXVILLE 2, TENN.

November 23, 1956

Memorandum

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

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

Subject: Examination Report - Docket No. DMEA-4454 (Mica)
Southern Mineral Development Company, Inc.
Box 847, Spruce Pine, North Carolina
Frank Prospect, Mitchell County, North Carolina

Transmitted are the original and three copies of the subject examination report. The Field Team concurs with the Field Examiners that this application should be denied.

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

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

Enclosures 4

Reviewed by
DMEA OPERATING COMMITTEE
11-28-56
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXAMINATION REPORT, REGION V

On

DMEA-4454, FRANK PROSPECT (Mica)
Mitchell County, N. C.

By

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

and

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

Examined
October 16, 1956

Reviewed by
DMEA OPERATING COMMITTEE
11-28-56
(date)

RECEIVED
NOV 26 1956
D.M.E.A.

FIELD EXAMINATION REPORT

On

DMEA-4454, FRANK PROSPECT (Mica)

Mitchell County, N. C.

Applicant: Southern Mineral Development Company, Inc., Box 847, Spruce Pine, North Carolina

Summary

Two small pegmatites separated by a narrow schist zone are exposed in a trench about 60 feet west of, and 30 feet higher than the Old Susie mine adit portal (DMEA-4134). The small amount of muscovite observed in the kaolinized pegmatites and its very poor quality lead the field examiners to recommend denial of the application.

Introduction

Location

The Frank prospect is 5.85 airline miles N. 40° E. of Micaville, North Carolina, and adjacent to the Old Susie mine (DMEA-4134)(Micaville, N. C., TVA, Quad., 209-NW, 1/24,000).

Examination

The prospect was examined on October 16, 1956, by L. E. Shirley, U. S. Bureau of Mines, and A. R. Taylor, U. S. Geological Survey. The examiners were accompanied by Mr. Arthur Wells and Mr. Robert Maclay, Geologist, Ground Water Branch, U. S. Geological Survey, in the one hour examination.

No facilities or equipment exist at the site.

Geology

Two small, feldspathic, kaolinized pegmatites (one 3½ ft to 5 ft thick and one 2 ft thick) containing small scattered quartz and disseminated muscovite are exposed in a cut which is 30 feet long, 10 feet wide and 8 feet deep. The trend of the cut (N. 20° E.) is along the strike of the pegmatites between two old filled shafts.

The exposures are on the western rim of the large open cut of the Old Susie mine and may be considered a part of that mine since the cut is only 60 feet west of, and about 30 feet higher than the adit portal of the Old Susie.

Two feet of soft, weathered mica schist separates the two pegmatites, the remainder of the country rock in the cut is a brownish-red soil.

The hanging wall contact of the easternmost pegmatite, the larger body, strikes N. 20° E. and dips 65° SE.

The Applicant reports that he recovered about 50 pounds of muscovite in the block from the trench work; however, judging from that which was observed in place, he probably had to sell it as scrap. The off color muscovite in the loose material and in the pegmatites is of a very poor quality, being stained and badly bent.

Recommendations

Because of the non-strategic quality of the muscovite the field examiners recommend that the application be denied.

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

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

Examined October 16, 1956

g

Docket Copy
Surname:
Hopkins
Anderson
Selfridge
Jameson.

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

SEP 26 1956

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

Subject: Docket No. DMEA-4454-Mica
Southern Mineral Development Co., Inc.
Frank Prospect
Mitchell County, North Carolina

Dear Mr. Laurence:

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

Copies of memoranda dated September 11 and 20, 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 (S/S)

Approved:

Frank D. Lamb
Member, Bureau of Mines (S/S)

Thor H. Kiilsgaard
Member, Geological Survey (S/S)

Enclosures 4

JHopkins:gad 9/24/56
Copy to: Admr. R. File
Docket
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

Docket Copy
Surname:
Hopkins
Anderson
Lamb
Kilsgaard
Selfridge
K Johnson

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

SEP 26 1956

Southern Mineral Development Co., Inc.
Box 847
Spruce Pine, North Carolina

Re: Docket No. DMEA-4454-Mica
Southern Mineral Development
Co., Inc.
Frank Prospect
Mitchell County, North Carolina

Gentlemen:

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

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

Sincerely yours,

C. O. Mittendorf

Administrator

JHopkins:gad 9/24/56
Copy to: Admr. R. File
Docket
Field Team, Region V
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

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

September 20, 1956

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

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

Subject: DMEA-4454 (mica)

Applicant: Southern Mineral Development Co., Inc.

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

Date Application Rec'd. by Br. of Ceramic & Fertilizer Materials: 9/10/56

Comments:

1. This prospect is in a good mica-producing area and applicant states that mica was produced from this pegmatite many years ago.

2. It appears a field examination is necessary to determine the feasibility of a project.

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

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

RECEIVED
SEP 14 1956

September 12, 1956

Memorandum

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

From: Executive Officer, DMEA Field Team, Region V

Subject: Southern Mineral Development Co., Inc.
Docket Nos. DMEA-4454 and DMEA-4457 (Mica)

Enclosed are the original and two copies each of a letter and map submitted by the Applicant in response to my letter of September 5 requesting tie-ins for the two lease areas.

Robert A. Laurence
Robert A. Laurence

Enclosures 3

SOUTHERN MINERAL DEVELOPMENT CO.
INCORPORATED

Box 526
CLARKSVILLE, TENNESSEE

ADDRESS REPLY TO:
Box 847
SPRUCE PINE, NORTH CAROLINA

RECEIVED
SEP 14 1956

September 10, 1956

DMEA 4457
" 4454

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

Dear Mr. Laurence:

In accordance with your letter of September 5th, enclosed is a rough sketch showing the approximate sites of the Billy Mine and Frank Prospect, and the relationship of the lease areas.

Tie-ins for the respective leases are as follows:

BILLY MINE: Center stake is 630' N.W. of point where branch crosses pasture fence line. This point has been marked with an iron stake.

FRANK PROSPECT: Center stake is 325' N.N.E. of S.E. corner of lake.

I shall be glad to supply any additional information that may be needed.

Sincerely yours,

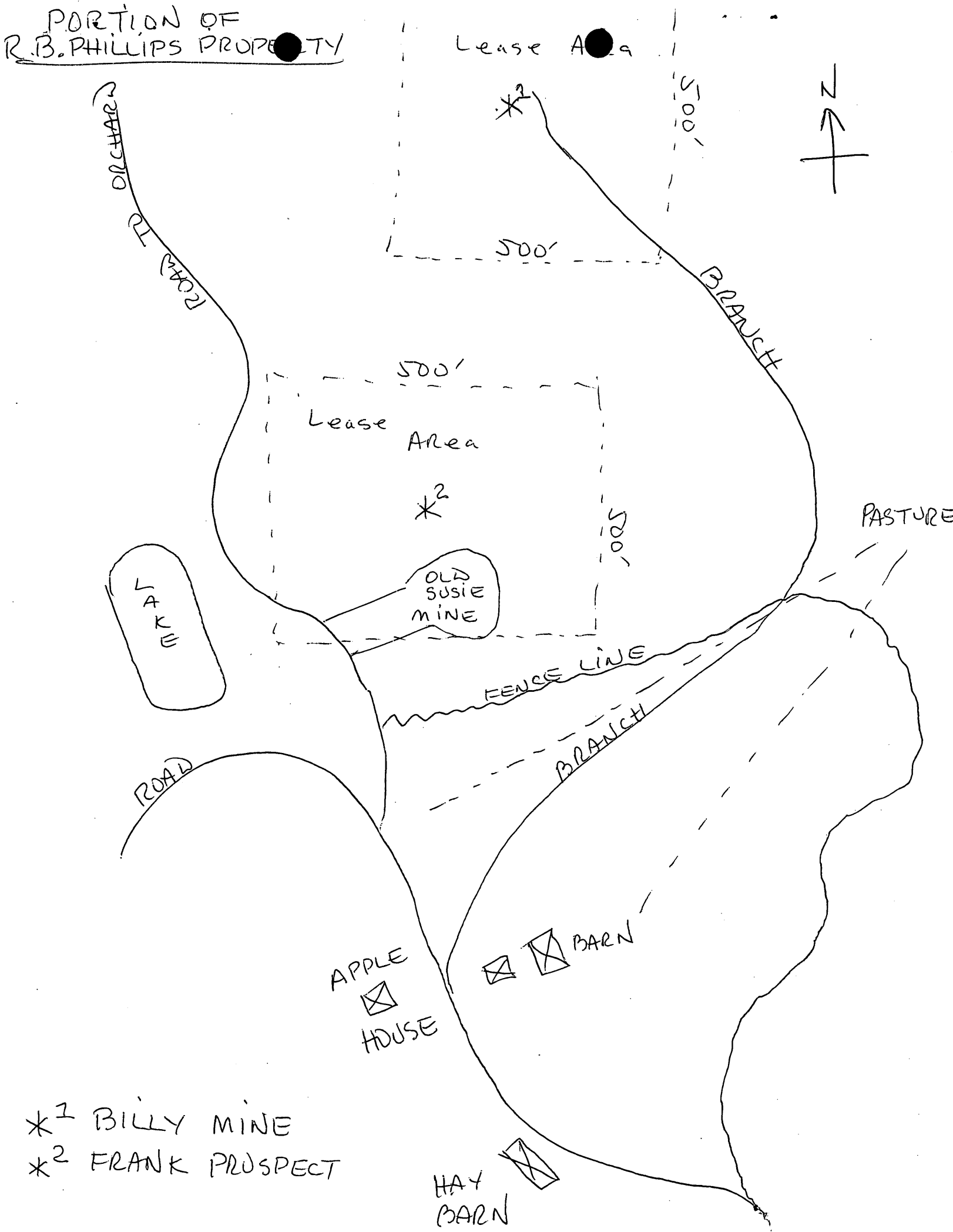
Arthur M. Wells

Arthur M. Wells
Secretary-Treasurer

RECEIVED
SEP 12 1956
U. S. Geological Survey
Geologic Division
Knoxville, Tenn.

HAY
BARN

PORTION OF
R.B. PHILLIPS PROPERTY



*1 BILLY MINE
*2 FRANK PROSPECT

IN REPLY REFER TO:

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

RECEIVED
SEP 12 1956

September 11, 1956

Re: DMEA 4454
Southern Mineral Development Co.,
Frank Prospect
Mitchell Co., N. C.
$7,060.00 - 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 12-foot pegmatite by bulldozing, shaft sinking and drifting. The pegmatite is near the Old Susie mine and was worked years ago. The project involves work between two old caved shafts.

Referral of the application to the Field Team is recommended.

N. E. Nelson

N. E. Nelson

September 10, 1956

Southern Mineral Development,Co, Inc.
P. O. Box 847
Spruce Pine, N. C.

Subject: DMEA-4454
Re: Exploration Assistance
Frank Prospect

Gentlemen

The receipt of your application dated August 28, 1956 for exploration assistance under the Defense Production Act of 1950, as amended, is hereby acknowledged.

Your application has been assigned Docket Number DMEA-4454 and referred to the Nonmetallic Minerals Division.

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

Sincerely yours,

Allen S. Dakan
~~[illegible]~~, Chief
Operations Control and
Statistics Division

00932

September 10, 1956

Memorandum

To: Executive Officer, DMEA Field Team, Region V

From: Chief, Operation's Control and Statistics Division

Subject: Assignment of Docket Number

There is listed below the assigned docket number to an application recently received from Region V.

DMEA
- 4454 Southern Mineral Development Co, Inc.
Frank Prospect

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

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

RECEIVED
SEP - 7 1956

September 5, 1956

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: Application from Southern Mineral Development Cp., Inc.
Frank Prospect, Mitchell County, N. C. (Mica)

Enclosed are 3 copies of the subject application, accompanied by six signed copies of the Consent to Lien, three copies of the lease, and three copies of my letter to the Applicant.

The fourth copy of each application is is being retained for our file.

Robert A. Laurence
Robert A. Laurence

RECEIVED
SEP - 7 1956

September 5, 1956

Mr. Arthur M. Wells, Sec'y & Treas
Southern Mineral Development Co., Inc.
P.O. Box 847
Spruce Pine, North Carolina

Dear Mr. Wells:

Your applications for aid in exploration for strategic mica at the Billy Mine and the Frank Prospect, in Mitchell County, North Carolina have been forwarded to our Washington office, in accordance with established procedure.

As these two prospects appear to be on the same property, it will aid in processing the applications if you will submit a map showing the relation of the two prospects and their respective lease areas to each other. Also, the legal descriptions are inadequate, as the beginning iron stake of each is not tied to any permanent landmark. Please submit a tie-in (distance, and magnetic bearing in degrees) from the iron stake to such a permanent landmark for each property.

Very truly yours,

Robert A. Laurence
Executive Officer, DMEA
Region V

RAL/sm
cc:
Opr. Com.6
Lynch
Shirley
Files

MF-103
(Revised April 1952)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

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

RECEIVED
SEP - 7 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. 4454
Metal or Mineral Mica
Date Received 9-7-56
Estimated Cost $7060
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: Southern Mineral Development Company, Inc.
Box 847, Spruce Pine, N.C.

Corporation - Tennessee

(*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. See sheet

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

RECEIVED
SEP 4 1956

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. "Frank Prospect"

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

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

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

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

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

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

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

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

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

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

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

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

(*d*) State the operating experience and background of the applicant with relation to the ability to carry out such exploration project, and also that of the person or persons who will supervise the operations. 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. Will furnish required 25 %.

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

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

Explain in detail on acompanying paper.

CERTIFICATION

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

Dated August 28, 1956

Southern Mineral Development Co., Inc.
(Applicant)

By Arthur M. Wells

Secretary-Treasurer

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

SOUTHERN MINERAL DEVELOPMENT CO.
INCORPORATED

RECEIVED
SEP - 7 1956

ADDRESS REPLY TO:

Box 526
CLARKSVILLE, TENNESSEE

Box 847
SPRUCE PINE, NORTH CAROLINA

MF-103 (continuation sheet)

1. (c) John H. Ledbetter, Pres.
Buford B. Ledbetter, Vice-Pres. & Gen.Mgr.
Arthur M. Wells, Secretary-Treasurer and Supt.

4. (a) This prospect consists of freshly exposed pegmatite situated midway between two old shafts (now filled in) on the same vein that were worked for mica by hand 40-50 years ago, and reportedly produced good quality mica. Several hours' bulldozing has been done inorder to expose this pegmatite which is of good appearance, and contains small strategic quality mica. This pegmatite is located approximately 150 feet Northeast of the Old Susie Mine which in recent months has been producing consistantly large amounts of strategic quality mica. In our estimation the overall appearance warrants further exploration and assistance by the DMEA. This prospect is easilly accessible for examination purposes.

(b) Past production in the two shafts mentioned above was many years ago and cannot be verified, but reportedly the mica in this vein was of ample quantity and good quality.

(c) Appearance of pegmatite is good. The pegmatite is approximately 12 feet wide with rock wall visible on both sides and a 5 foot rock wall located in the center of the pegmatite dividing it in two. Composition of pegmatite is feldspar, quartz, and muscovite with rare traces of biotite.

(d) Project is accessible to roads and shipping and needs only about 6 hours bulldozing to provide road directly to mine.

(d) Manpower, materials, supplies and equipment are available; power is within 200 feet.

5. (b) We propose to bulldoze 6 hours on access road, bulldoze off overburden in 20 hours, lower a 5 x 7 ft. shaft 80'; then drift 80 feet with vein.

6. <u>Estimate of costs</u>:

6 hours Bulldozing access road @ 10.00 hr.	$ 60.00
20 hours Bulldozing overburden at site	200.00
80 feet 5 x 7 shaft @ $ 50.00 per ft.	4000.00
80 feet 5 x 7 drift @ $ 35.00 per ft.	2800.00
Total estimated cost of project	$ 7060.00

SOUTHERN MINERAL DEVELOPMENT CO.
INCORPORATED

Box 526
CLARKSVILLE, TENNESSEE

ADDRESS REPLY TO:
Box 847
SPRUCE PINE, NORTH CAROLINA

Mr. Arthur M. Wells, Sec.-Treas. for the Southern Mineral Development Company, Inc., is their Superintendent as well. He will supervise the workkon the Frank Prospect. Below is a personal sketch on Mr. Wells:

Born: 1924, in New York.

Attended High School and graduated; Chattanooga, Tenn., 1941

Honorable Discharge from U.S. Army - Served 1943 to 1946

Received B.S. Degree from University of Tennessee 1951.

Did Post-Graduate Work University of Tennessee 1951-1952.

Mr. Wells has been employed by Gateway Engineering Company, Beneficial Standard Life Insurance Company, Combined Insurance Company, and is at present with Southern Mineral Development Co., Inc.

Mr. Wells has been in this area since October, 1955, and has done work at the Old Susie Mine, Buzzard Roost Mine, and is at present contemplating work at several others. Both the named mines have produced a considerable amount of strategic mica under his supervision. He has gained considerable knowledge about mining, and is a reliable and respected man. He lists the following references:

Mr. C. E. Boone
Explosives Supply Co.
Spruce Pine, N.C.

Mr. Sam L. Phillips, Pres.
Domestic Mica Miners Assn.
Spruce Pine, N.C.

R. B. Phillips
Bakersville, N.C.

Mr. David Lawson
Spruce Pine, N.C.

Mr. Herb M. Hall
Newdale, N.D.

RECEIVED
SEP - 7 1956

MINING LEASE

State of North Carolina Mitchell County:

This indenture made this 28th day of August, 1956

between R. B. Phillips

of Mitchell County and State of North Carolina as party of the first part, and known as lessor, and Southern Mineral Development Company, Inc.

of Montgomery County and State of ~~North Carolina~~ Tennessee, party of the second part and known as lessee.

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

Beginning at the center of what is known as the Frank Prospect on an iron stake, and running North 250'; thence West 250'; thence South 500'; thence East 500'; thence North 500'; thence West 250' to a point of closing, this property lying approximately 1½ miles West of Ledger, in Mitchell County, N.C.

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

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

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

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

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

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

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

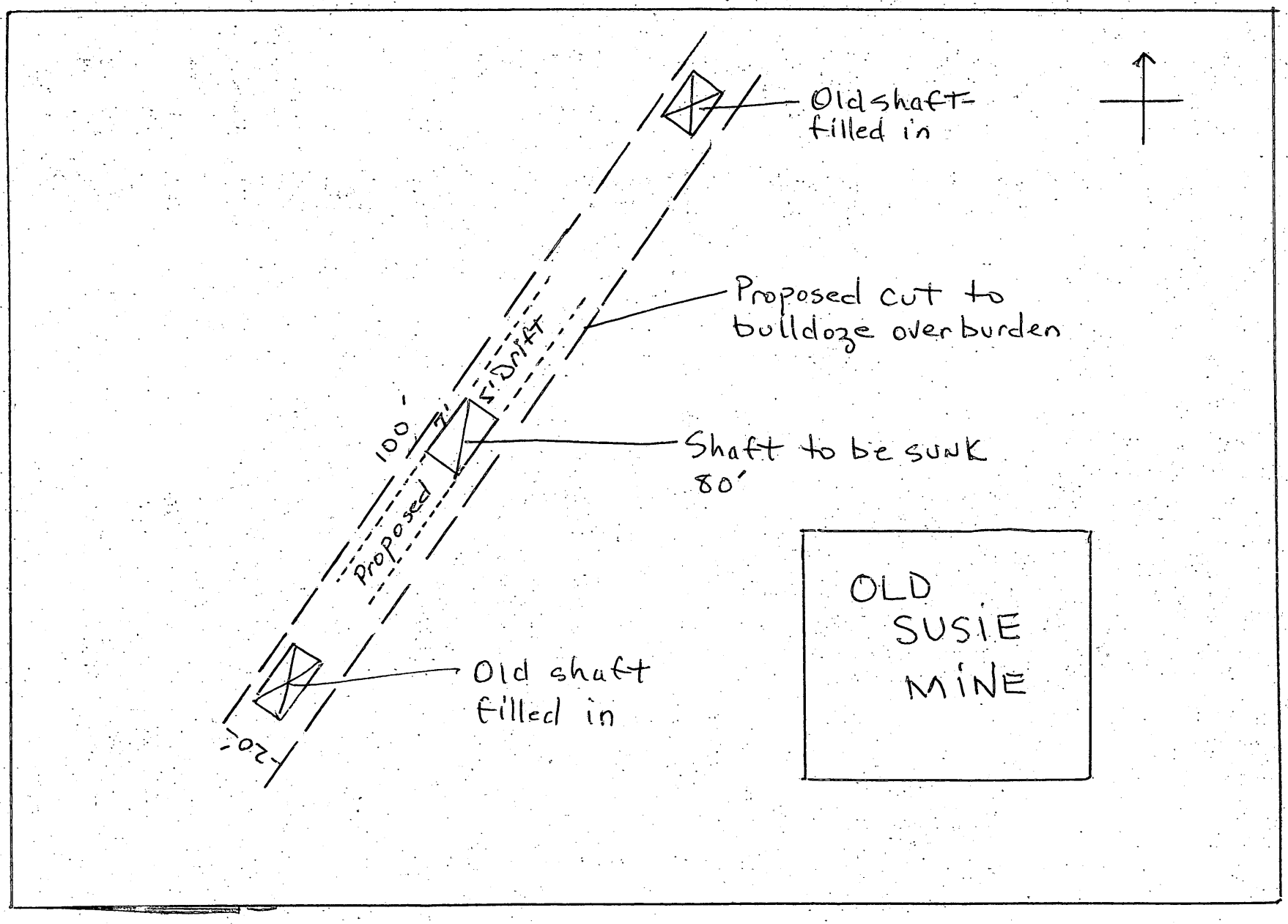
Witness: Bi D. McKinney Notary Public
I Bi D. McKinney N.P. do hereby certify that R B Phillips & Arthur Wells the makers personally appeared before me this 29th day of Aug. 1956 & acknowledged the due execution of this instrument

R B Phillips (Seal)
Southern Mineral Development Co., Inc.
Arthur M. Wells (Seal)
Sec.-Treas.
(Seal)

Witness: My hand & Seal this 29 the day of Aug. 1956
My Com. Exp. Pires: 8-29-1957

FRANK PROSPECT
MITCHELL COUNTY, N.C.

RECEIVED
SEP - 7 1956



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