DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

Idm-E NO._____

DMEA NO. 4807

Application
- [ ] Denied
- [ ] Withdrawn

Contract 8 OCT 1957 1140
- [ ] Terminated - Not Certified
- [ ] Terminated - Certified

- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [ ] Certification of Discovery
- [ ] Closing Letter
- [x] Cost Audits
- [x] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [x] Contract with all exhibits and annexes
- [x] Owner's Consent to Lien and Subordination Agreement
- [x] Application and attachments

Right Side

- [ ] Project summary (final)
- [ ] Work Completed analysis (final)

All other material filed in chronological order including the following reports if checked:

- [ ] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab)
- [x] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [x] On-site Exam Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No._____: Reports
- [ ] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

- [ ] Field Team Semi-Annual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] Operator's Monthly Reports with transmittal, narrative and maps.

Folders No._____: Maps (Use pocket folder or envelope)

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty material

17963

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
6/26	Anderson	600
6/26	Houk	600
6-26	Chambers	800
6/30	Selfridge	120
"	Johnson	110
"	Mittendorf	100
7/1	C O	220
		600

600

JUL 1 1958

Mr. Paul McMahan
c/o Mr. Sam L. Phillips
Spruce Pine, North Carolina

Re: Docket No. DMEA-4807-Mica
Paul McMahan, et al.
Paul Prospect
Mitchell County, North Carolina
Contract No. Idm-E1140

Dear Mr. McMahan:

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

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

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

Sincerely yours,

C. O. Mittendorf (for)

Administrator

WCAnderson:rsi 6/17/58
Copy to: Admr. R. File
Mr. Chambers
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Operating Committee
Mr. Houk
Mr. and Mrs. J. E. Butt

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
6/26	Anderson	600
6/26	Houk	600
"	Chambers	800
6/30	Selfridge	120
"	Sherman	110
"	Mittendorf	100
		220

600

JUL 1 1958

Mr. and Mrs. J. E. Butt

Bakersville, North Carolina

Re: Docket No. DMEA-4807-Mica
Paul McMahan, et al.
Paul Prospect
Mitchell County, North Carolina
Contract No. Idm-11140

Dear Mr. and Mrs. Butt:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the above-cited contract.

This correspondence relates to the Consent to Lien and Subordination Agreement signed by you on October 18, 1957.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

Enclosure

WCAnderson:rsi 6/17/58
Copy to: Admr. R. File
Mr. Chambers
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk
Operating Committee

8623

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 15 1958
DATE | CODE
600

Government's copy

Lawyer
Anderson
Chambers
Selfridge

TERMINATION AGREEMENT

It is agreed this 3rd day of January, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Jeter Boone, Paul McMahan, Sam L. Phillips, and John Phillips, partners, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E1140 (Docket No. DMEA-4807), dated October 8, 1957, hereinafter called the "Contract," that:

1. Effective December 11, 1957, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the fixed unit costs of work performed prior to said effective date.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final report and final account.

4. All of the rights of the Government respecting Certification of Discovery or Development, percentage royalty and liens to secure payment thereof, reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayment, are hereby preserved.

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

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

THE UNITED STATES OF AMERICA

By C. Mittendorf
Administrator, Defense Minerals Exploration Administration

Jeter Boone
Peter Boone (Partner)

Paul McMahan
Paul McMahan (Partner)

Sam L. Phillips
Sam L. Phillips (Partner)

John Phillips
John Phillips (Partner)

Extra copy

TERMINATION AGREEMENT

It is agreed this 3rd day of January, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Jeter Boone, Paul McMahan, Sam L. Phillips, and John Phillips, partners, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-X1146 (Docket No. DMEA-4807), dated October 3, 1957, hereinafter called the "Contract," that:

1. Effective December 11, 1957, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the fixed unit costs of work performed prior to said effective date.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final report and final account.

4. All of the rights of the Government respecting Certification of Discovery or Development, percentage royalty and liens to secure payment thereof, reports (including preservation of Operator's records), accounts, audits, and the right to recover any overpayment, are hereby preserved.

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

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

THE UNITED STATES OF AMERICA

By C. O. Mittendorf
Administrator, Defense Minerals Exploration Administration

Jeter Boone (Partner)

Paul McMahan (Partner)

Sam L. Phillips (Partner)

John Phillips (Partner)

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Jeter Foone, Paul McMahan, Sam L. Phillips
and John Phillips
c/o Sam L. Phillips
Spruce Pine, North Carolina

pertaining to Exploration Project Contract No. Idm-F1140, DMEA No. 4807, for the months of November and December, 1957, covering a project for the exploration of mica on property, known as the Paul McMahan Prospect 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 reasons:

all of the costs incurred were under a contract provision for payment by the Government on the basis of agreed estimated costs and 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 Contractor		$2,516.00
Exceptions:		
Prior to this review	$ -0-	
Herewith	-0-	-0-
Total Accepted Cost		$2,516.00

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 One thousand eight hundred eighty-seven and no/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	$1,887.00
Amount reimbursed	1,531.12
Balance due Operator	$ 355.88

C. E. Fisher
C. E. Fisher, Auditor

December 23, 1957

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 30 1957
MF-200A
Rev. April 1956

DETAILS		CODE

Government's copy

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
4807	Mica	1140	Mitchell	North Carolina

It is agreed 8 OCT 1957, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Jeter Boone, Paul McMahan, Sam L. Phillips, and John Phillips, partners

whose mailing address is c/o Sam L. 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 DEC 1 1957, and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 8 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 $6,288.00. The Government will contribute 75 percent of the fixed unit cost of the work performed, not exceeding $4,716.00, 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: interest of lessor

(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 and Subordination Agreement of lessor

(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

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.*—

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.....

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Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C O Mittendorf
Administrator, Defense Minerals
Exploration Administration

Jeter Boone (partner)
JETER BOONE XXXXX (Operator)

Paul McMahon (partner)
PAUL McMAHAN

XX Sam L. Phillips (partner)
SAM L. PHILLIPS

John Phillips (partner)
JOHN PHILLIPS

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

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DMEA
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DATE	INITIALS	CODE

EXPLORATION PROJECT CONTRACT
JETER BOONE, PAUL MCMAHAN, SAM L. PHILLIPS
AND JOHN PHILLIPS
DOCKET NO. DMEA-4807

ANNEX I

The land referred to in Article 2 of the Contract is an 8.3 acre tract, more or less, known as the Paul McMahan Prospect. The tract is located at an elevation of about 3900 feet on the northwest slope of Lightwood Mountain about one-fourth of a mile northeast of High Knob and one mile N. 32° W. from Hawk, Mitchell County, North Carolina. The land is held by the Operator under a mining lease dated July 31, 1957, from J. E. Butt and Minnie Butt, running for 5 years, and renewable, and more particularly described as follows:

> Beginning on an iron stake located 50' south of what is known as the Paul McMahan Prospect and running south 250' to a stake, thence east 300' to a stake, thence north 600' to a stake, thence west 600' to a stake, thence south 600' to a stake, thence east 300' to the point of closing. The southeast corner of this legal description is located north 61° east 200' from a 10" iron wood in the outside boundary line. This property is located approximately three miles northeast of Bakersville, North Carolina, as recorded in the Register of Deeds Office in Mitchell County, Bakersville, North Carolina, Book #101, Page #525.

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DMEA
RECEIVED OCT 30 1957

DATE	INITIALS	CODE

EXPLORATION PROJECT CONTRACT
JETER BOONE, PAUL McMAHAN, SAM L. PHILLIPS
AND JOHN PHILLIPS
DOCKET NO. DMEA-4807

EXHIBIT A

Description of the Work

Exploration for concentrations of strategic mica shall be performed in the area indicated on the map entitled "Paul McMahan Prospect, Mitchell County, North Carolina, DMEA-4807 (Mica)," attached hereto, as follows:

1. Construct an access road approximately 1500 feet in length by 10 feet wide, averaging approximately 2 feet deep, and aggregating not more than 1110 cubic yards of excavation.

2. Construct:

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

(b) A powder storage magazine, minimum dimensions 4 feet by 3 feet by $2\frac{1}{2}$ feet.

(c) An exploder storage magazine, minimum dimensions 2 feet by $1\frac{1}{2}$ feet by 1 foot.

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

The powder and exploder magazines shall be boxed on all sides; shall be made from 2-inch hardwood or 3-inch softwood lumber; and shall be braced at the corners.

No metal shall be exposed; and the doors shall be equipped with the equivalent of a 5-tumbler jarproof lock.

3. Sink a two-compartment vertical and/or inclined shaft for a distance of not more than 60 feet.

4. Explore the pegmatite by driving from or near the bottom of the shaft, not more than 100 feet of drifts and/or crosscuts.

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

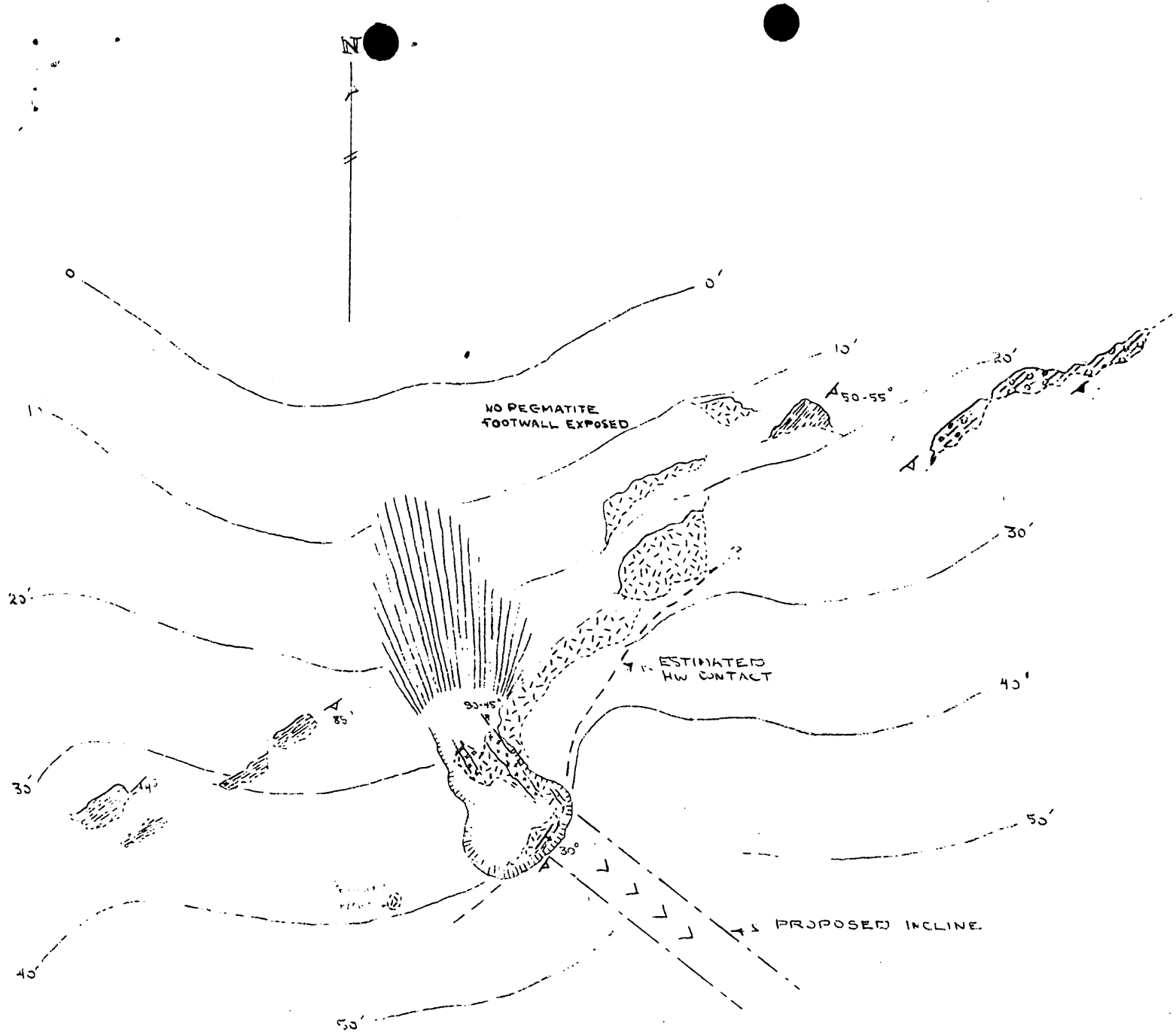
All work shall be performed on the pegmatite or in as close proximity thereto as possible.

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

Fixed Unit Costs

1. Construct access road--1110 cu. yds. @ $0.30/cu.yd.		$ 333.00	
2. Construct--Toolhouse 1/	$75.00		
Powder magazine 1/	$25.00		
Exploder magazine 1/	$15.00	115.00	
3. Sink 60 feet of shaft @ $44.00/ft.		2,640.00	
4. Drive 100 feet of drifts and/or crosscuts @ $32.00/ft.		3,200.00	
Estimated total cost of project			$6,288.00
Government participation @ 75%			$4,716.00

1/ The completed work constitutes the unit.



PAUL McMAHAN PROSPECT

MITCHELL COUNTY, NORTH CAROLINA

DMEA - 4807 (MICA)

LEGEND:

- OUTCROP, PERTHITE PLAGIOCLASE - QUARTZ PEGMATITE
- OUTCROP, HORNBLENDE SCHIST AND GNEISS
- OUTCROP, FELDSPATHIC, QTZ.-BIOTITE GNEISS
- QUARTZ VEIN
- EXCAVATION
- DUMP

SCALE: 1" = 20'

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DMEA
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DATE	INITIALS	CODE

MF-205
(Combines and supercedes MF-2[illegible] and MF-203)
June 1956

For Government's Use Only
EXPLORATION PROJECT CONTRACT
Operator Jeter Boone et al.
Docket No. DMEA- 4807
Contract No. Idm-E 1140
Contract Date 8 OCT 1957

RECEIVED
OCT 30 1957
D.M.E.A.

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 located 50' South of what is known as the Paul McMahan Prospect and running south 250' to a stake, thence east 300' to a stake, thence north 600' to a stake, thence west 600' to a stake, thence south 600' to a stake, thence east 300' to the point of closing. The southeast corner of this legal description is located north 61° east 200' from a 10" iron wood in the outside boundary line. This property is located approximately three miles northeast of Bakersville, N.C., as recorded in the Register of Deeds Office in Mitchell County, Bakersville, N.C., Book #101, page #525.,

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;

4. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none." Do not leave lines blank.)

None

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

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

5. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this Agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land, or any production therefrom furnishing the Government with two copies of such notice; and

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: _____ (State "None" or "See Annex No.____")

Dated this 18th day of October, 1957.

J. E. Butt J. E. BUTT	[Seal]	Baksville, N.C.	[Address]
Minnie Butt MINNIE BUTT	[Seal]	Baksville, N.C.	[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

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]

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 AUG 2 1957 D.M.E.A.

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 in the center of what is known as the Paul Prospect, which is located South 16° West 630' to a corner in a property line between J.E. Butt and Henderson McKinney, and running North 300'; thence East 300'; thence South 600'; thence West 600'; thence North 600'; thence East 300' to a point of closing.

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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;

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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: _____ (State "None" or "See Annex No.____")

Dated this 31st. day of July, 1957.

J. E. Butt	[Seal]	Bakersville Nc	[Address]
Minnie Butt	[Seal]	"	[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

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]

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 AUG 2 1957 D.M.E.A.

CONSENT TO LIEN
and
SUBORDINATION AGREEMENT 1/

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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: _____ (State "None" or "See Annex No.____")

Dated this 31st. day of July, 1957.

J. E. Butt	[Seal]	Baksville, NC	[Address]
Minnie Butt	[Seal]	"	[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

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]

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 AUG 2 1957 D.M.E.A.

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and
SUBORDINATION AGREEMENT 1/

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Dated this 31st. day of July, 1957.

J. E. Butt	[Seal]	Bakersville Ne	[Address]
Minnie Butt	[Seal]	"	[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

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_____

[Corporate Seal]

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. IdmeF
Contract Date

RECEIVED AUG 2 1957 D.M.E.A.

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and
SUBORDINATION AGREEMENT 1/

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

Dated this 31st. day of July, 1957.

J. E. Butt	[Seal]	Bakersville N.C.	[Address]
Minnie Butt	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]
	[Seal]		[Address]

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]

Form Mi 103
Revised Feb. 1957

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1035.3
Approval expires June 30, 1958

APPLICATION FOR AID IN AN EXPLORATION PROJECT

PURSUANT TO DMEA ORDER I, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

NAME OF APPLICANT (Full legal name and mailing address as it should appear on contract if one is executed)

Paul McMahan
Route #1
Bakersville, N.C.

c/o Sam L. Phillips
Spruce Pine, N.C.

RECEIVED AUG 2 1957

APPLICANT NOT TO USE THIS BLOCK

Docket Number: 4807
Date Received: 8/2/57
Government Participation %:
Region: V
Division Code: 600

BUSINESS ORGANIZATION (Check one)

- Individual [ ]
- Corporation [ ]
- Partnership [x]
- Other (Specify) [ ]

State in which firm is organized: N.C.

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

Name	Address	Title
Jeter Boone	Route #3, Bakersville, N.C.	Partner
Paul McMahan	Route #1, Bakersville, N.C.	"
Sam L. Phillips	Spruce Pine, N.C.	"
John Phillips	Spruce Pine, N.C.	"

Mineral(s) for which you wish to explore: Mica

Estimated Cost of Project: $ 6,950.00

LOCATION OF PROPERTY

Name	County	State
Route 1, Bakersville "Paul Prospect"	Mitchell	N.C.

GENERAL INSTRUCTIONS

Before filling out this application, please read DMEA Order—I, Amended, "Government Aid in Defense Exploration Projects." To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit four copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 1, existing mine workings and geology in item 2, and the proposed exploration project in item 4. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 2(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest DMEA Field Office.*

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.

7-31-57
Date

Paul McMahan
BY *(Signature)*

Partner
Title

RECEIVED AUG 16 1957 DMEA

A wilfully false statement or certification to any Department or Agency of the United States Government is a criminal offense. U. S. Code, Title 18, Sec. 1001.

INFORMATION REQUIRED WITH THIS APPLICATION

1. *Applicant's Property Rights:*

(a) State the legal description (section, township, and range; metes and bounds; patent number of claims) of the land upon which you wish to explore and all land adjacent to the proposed project area which you own or control. Describe any part of the project land or workings which should not be subject to Government lien for royalty payments. If the land consists of unpatented claims, state the book and page number for each recorded location notice, including amended locations, and the place where recorded (courthouse, recorder's office, county, and state).

(b) State all the names by which you know the property.

(c) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise. If you are not the owner, submit with this application one exact copy of the lease, contract, or other document (with address of owner) under which you control the property.

(d) Describe all liens, mortgages, or other encumbrances on the property.

2. *Physical Description:*

(a) Describe in detail and illustrate with maps or sketches all mining or exploration operations which you know have been or are being conducted upon the lands, including existing mine workings. Describe all production facilities.

(b) State your interest, if any, in operations stated in 2*(a)*.

(c) State, as far as you know, the past and current production, supporting your statement with copies of settlement sheets, mine records, or published data if available.

(d) Describe known ore reserves on the property giving quantities and grades and sampling methods used, supporting your statement with copies of assay certificates and assay maps if available.

(e) Describe by narrative and maps or sketches the geologic features of the property, including ore minerals, geologic formations if known, and type of deposit (vein, bedded, etc.).

(f) State your reasons for expecting to find ore, and if you have sampled the area you propose to explore, show where the samples were taken, describe sampling methods used, and provide copies of assay certificates.

(g) Send with your application at least *two* copies of all geologic or engineering reports, assay maps, or technologic information which you may have, indicating on each whether you require its return to you.

3. *Accessibility of Project:*

(a) To aid DMEA representatives who may be required to examine the property, state the name and address of the person who will meet the DMEA representative; give directions for reaching the property; and describe accessibility of the property including the mine workings.

(b) Name the shipping and supply points and places where employees reside and state the distances between them and the property.

4. *The Exploration Project:*

(a) Describe fully the proposed exploration project giving individual footages and sizes of openings *for each item of work*. Use narrative, maps, plans, and longitudinal and cross sections as necessary. Show the location of the proposed work as related to geologic features such as veins, ore-bearing beds, contacts of rock formations, etc. Show also the relation of the proposed work to any existing mine workings and to *property boundaries* or to the closest identifiable corner.

(b) If an access road to the project must be built, show the location on the property map and state the length, type, and construction methods proposed.

(c) In the event that an exploration contract with DMEA is executed, how soon will the work start and how many months will be required to complete it? State your anticipated average daily or monthly rate of progress for each type of work.

5. *Experience:*

State your operating experience and background with relation to your ability to carry out this exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of Costs:*

Furnish detailed estimates of the costs *for each item of the work proposed in 4(a)* under the headings listed below with a total for each heading and the estimated total cost of the project. Costs for any work to be performed by an independent contractor should be shown separately under category *(a)* below. Costs for any work that is not to be performed by an independent contractor should be given in detail under categories *(b)* through *(g)*.

(a) Independent contracts. State the cost of any proposed independent contract for the performance of all or any part of the work, expressed in units of work, such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved. Cost estimates should be supported by bids from three contractors if possible. (*Note* – If none of the work is to be contracted, write "none" after this item.)

(b) Personal services. For necessary supervision, engineering and geological services, and labor, include an itemized schedule of numbers, classes, rates of wages, salaries or fees, and periods of employment. State whether these technicians and employees are available.

(c) Operating materials and supplies. List items of material and supplies with their cost. Include under this heading power, water, and fuel, and units of equipment and tools costing less than $50 each.

(d) Operating equipment. List items of operating equipment to be used giving specifications and indicating how each item is to be acquired – i.e., rented, purchased, or provided by the applicant. If it is rented or purchased, state the estimated rental or purchase price. If it is to be furnished by the applicant, give its present fair market value.

(e) Initial rehabilitation and repairs. Describe the type and the cost of necessary *initial* rehabilitation or repair of existing buildings, fixtures, installations (exclusive of mine workings), and movable operating equipment now owned by the applicant, which will be used on the exploration project.

(f) New buildings, fixtures, installations. Describe each building, fixed improvement, and installation to be purchased, constructed, or installed for the exploration project stating specifications and cost including labor, materials and supervision.

(g) Miscellaneous. For the operating equipment listed in 6*(d)*, describe the type and estimate the cost of repairs and maintenance expected during project operations. Do not repeat initial repairs listed in 6*(e)*. Show also the costs of analytical work, accounting, workmen's compensation and employees' liability insurance, payroll taxes, and other required costs that do not fall within the previous categories.

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)* State whether you are prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation stated in Sec. 7 of DMEA Order–I, Amended.

(b) Explain to what extent you propose to furnish your share of the costs by providing money, by use of equipment owned by you, or otherwise.

* * * * *

INT.-DUP. SEC. WASH. D.C. 15539

MF-103 (Continuation Sheet)

OFFICIAL FILE COPY
D M E A
RECEIVED AUG 2 1957

DATE	INITIALS	CODE

1. (a) Description on lease.

   (b) Prospect will be known as Paul Prospect.

   (c) Lessee

   (d) No Lien.

2. (a) This is a new prospect.

   (b) No previous operations.

   (c) No past production.

   (d) There is a significant amount of strategic grade mica in vein material showing.

   (e) Pegmatite vein.

   (f) There is some vein showing, and we beleive that with exploration work, we will recover some good ruby mica.

3. (a) Road access will have to be bulldozed to the mine, and Paul McMahan will meet the D.M.E.A. representatives.

   (b) Road access to be bulldozed, supplies, manpower, and equipment are available.

4. (a) We propose to bulldoze road access, and remove overburden to best locate shaft site, then sink a shaft to a depth of 60', and then drift a distance of 90' with vein.

   (b) 400 yds. of road access to be bulldozed.

   (c) Work can begin within 15 days after contract is received, and project can be completed within 6 months.

5. Now on file with D.M.E.A.

6. Estimate of costs;

35 hrs bulldozing @ $10.00 per hr.	$ 350.00
60' Shaft @ $50.00 per ft.	3000.00
90' Drift @ $40.00 per ft.	3600.00
Total estimated cost of project:	$ 6950.00

7. (a) Will share cost of proposed project.

   (b) Money and equipment.

MINING LEASE

DMEA-4807-
Mica

RECEIVED AUG 2 1957 D.M.E.A.

State of North Carolina Mitchell County:

This indenture made this 31st. day of July, 1957, ~~1957~~,

between J.E. Butt

of Mitchell County and State of North Carolina as party of the first part, and known as lessor, and Paul McMahan

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

WITNESSETH, That the part 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:

Begining on an iron stake located 50' South of what is known as the Paul McMahan Prospect and running South 250' to a stake, thence East 300' to a stake, thence North 600' to a stake, thence West 600' to a stake, thence South 600' to a stake, thence East 300' to the point of closing. The South East corner of this legal description is located North 61° East 200' from a 10" iron wood in the outside boundry line. This property is located approximately three miles North East of Bakersville, N.C., as recorded in the Register of Deeds Office in Mitchell County, Bakersville, N.C., Book #101, Page #525.

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 Royalty (12½%)

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: R. P. Greene
Clerk Superior Court.

J. E. Butt (Seal)
Minnie Butt (Seal)
_____ (Seal)

MINING LEASE

DMEA-4807-
Mica

State of North Carolina Mitchell County:

This indenture made this 31st. day of July, 1957 ~~XXXX~~

between J.E. Butt

of Mitchell County and State of North Carolina as party of the first part, and known as lessor, and Paul McMahan

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

WITNESSETH, That the part 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 on an iron stake in the center of what is known as the Paul Prospect, which is located South 16° West 630' to a corner in a property line between J.E. Butt, and Henderson McKinney, and running North 300'; thence East 300'; thence South 600'; thence West 600'; thence North 600'; thence East 300' to a point of closing.

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 operations 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 Royalty (12½%)

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.

_____ (Seal)

_____ (Seal)

_____ (Seal)

Witness _____

Witness _____

U. S. Government Messenger Envelope

Standard Form No. 65 (Rev. 1/46)

1. Use blocks consecutively, one at a t
2. Void previous block.
3. Write clearly.

NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM		NAME OR TITLE OF PERSON, DEPARTMENT, ADDRESS, AND ROOM	
~~Mrs. Eloise D. King~~ ~~Secretary Office~~ ~~Rm 2661~~	RUN / STOP		RUN / STOP
~~Dora Sims~~ ~~Room 5456~~	RUN / STOP		RUN / STOP
~~[illegible]~~	RUN / STOP		RUN / STOP
Mr. Dakan Room 4456	RUN / STOP		RUN / STOP
	RUN / STOP		RUN / STOP
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	RUN / STOP		RUN / STOP

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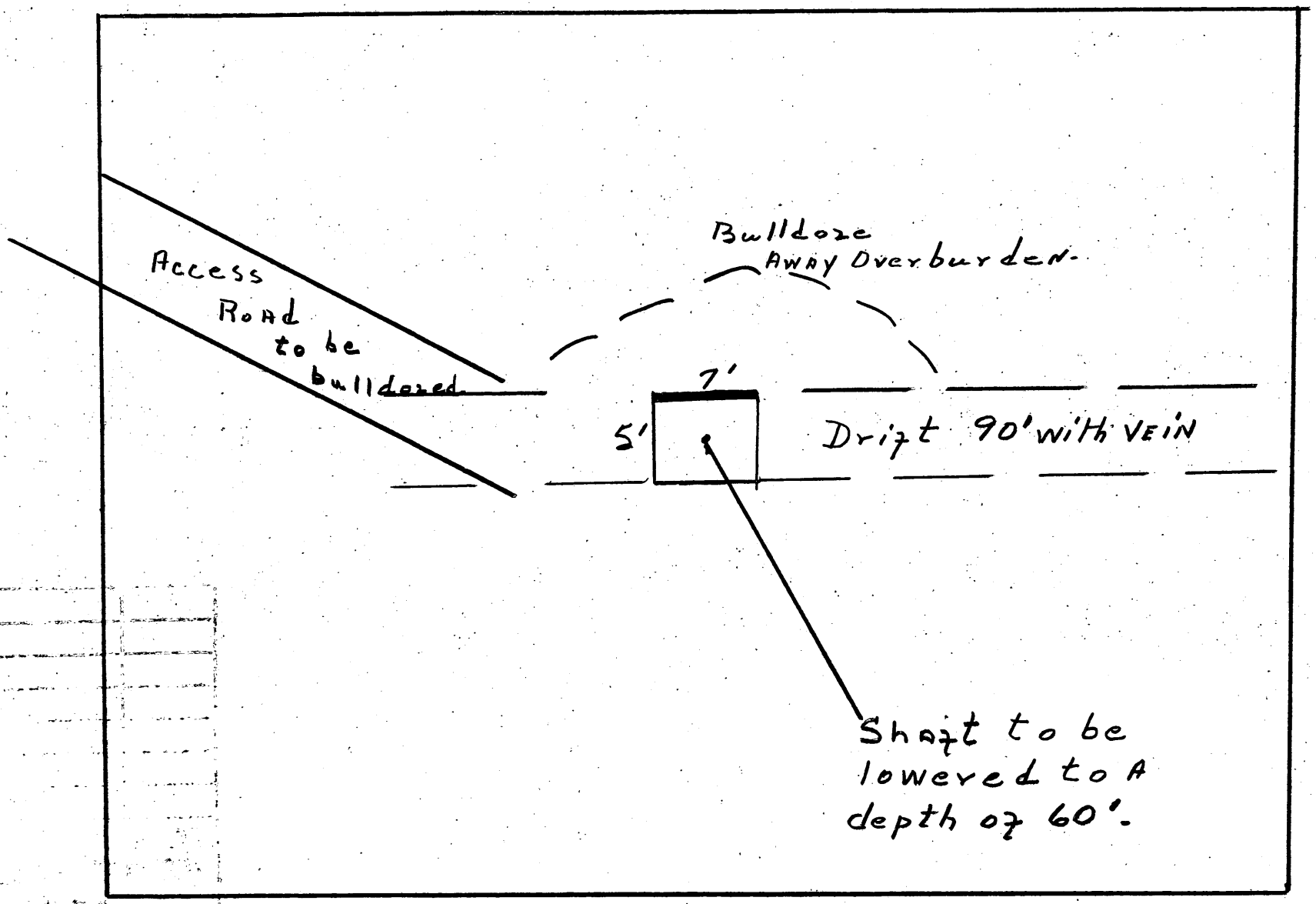
PAUL THOSP...

Mitchell County

N. C.



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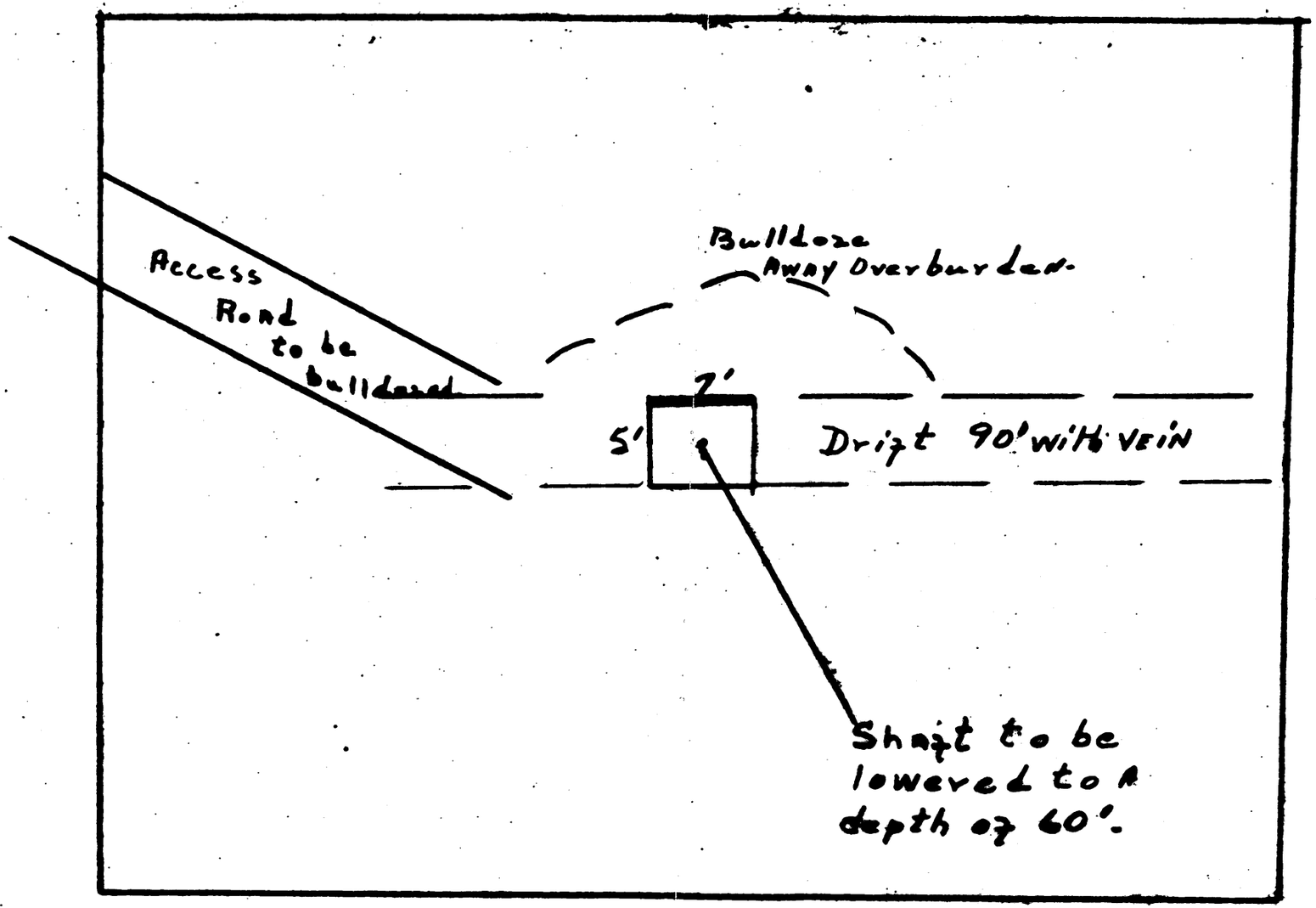
DATE	INITIALS	CODE

Paul Prospect
Mitchell County
N. C.

DMEA-4807-Mica



☐ Audited

☐ Certified

Name Paul McMahan

State No. Car.

WORK ANALYSIS SHEET - DMEA PROJECT

Analysis as of 11-22-58

Incl. Voucher for Dec. 57

Commodity Mica

☐ Actual C

☑ Agreed Unit

Docket No. 4807

Idm-E No. 1140

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	100 ft.	3,200.00			
Raising					
Shafts	60 ft	$2640.00	47	2068.00	
Winzes					
Drilling (Specify)					
Surface Excavation					
Underground Excavation					
Roads and Trails	1110 c.yds	333.00	555 c.yds	333.00	
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.		115.00		115.00	
Other (Specify)					
Totals		$6,288.00		2516.00	

Prepared by Walter C. Anderson

71626

DMEA Form 7
(12-56)

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Date	Surname	Code
6/26	Anderson	600
6/26	Hirsch	600
		110
		100
		220

600

June 17, 1958

Project Summary Report

By: Walter C. Anderson, Division of Nonmetallic Minerals

1. Docket No. DMEA-4807-Mica
Contract No. Idm-E1140
Paul ~~McMahon~~ Prospect
Mitchell County, North Carolina

Application: Form MF-103(February 1957) received August 2, 1957.

Work proposed by applicant:

35 hours bulldozing @ $10.00/hr.	$350.00
60 feet of shaft @ $50.00/ft.	3,000.00
90 feet of drift @ $40.00/ft.	3,600.00
Total amount requested	$6,950.00

Operators: Jeter Boone, Paul McMahan, Sam L. Phillips, and John Phillips, partners.
c/o Sam L. Phillips, Spruce Pine, North Carolina

Operator's property rights: Five year mining lease on the J. E. Butt property consisting of 8.28 acres, dated July 31, 1957. Consent to Lien and Subordination Agreement, dated October 18, 1957.

2. Contract: Form MF-200A(April 1956) dated October 8, 1957.

Work authorized:

Construction - access road	$333.00
Construction - Toolhouse, powder and exploder magazines	115.00
60 feet of shaft @ $44.00/ft.	2,640.00
100 feet of drifts and/or crosscuts @ $32.00/ft.	3,200.00
Estimated total cost of project	$6,288.00
Government participation @ 75%	$4,716.00

Amendments: none.

Work completed:

Access road	$333.00
Construction - Toolhouse, powder and exploder magazines	115.00
47 feet of shaft @ $44.00/ft.	2,068.00
Total accepted cost	$2,516.00
Government participation @ 75%	$1,887.00

The project started on October 31, 1957, and was terminated by mutual agreement, effective December 11, 1957. Field Team Final Report received April 30, 1958. Operator's Final Report received December 18, 1957. No equipment purchased under contract. Value of mineral production during project - none.

8623

3. Audit: Report of Review issued December 23, 1957.

Accepted cost	$2,516.00
Government participation	$1,887.00

4. Certification of Discovery or Development - none issued.

5. Comments:

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

Operation: Good.

Engineering: Work completed was sufficient to fully outline the pegmatite potential.

Geologic Premise: The premise of strategic quality mica along the hanging wall of a minable thick pegmatite discontinued at shallow depth.

Geologic Criteria upon which work was based:

1. Pegmatite: Outcrop width of 18 feet, exposed length of 75 feet, unzoned, medium coarse grained, unweathered, and consisting of perthite, plagioclase, quartz, muscovite and biotite.

2. Mica: Strategic quality seen only near the hanging wall contact. Books up to 4 by 6 inches across, flat, free splitting, and clear. Some cracked, bent, ruled and stained. Some "A" and wedge"A".

3. Past Production: Some produced but no data available.

Geologic Criteria developed during project:

1. Pegmatite: Limited amount is present, and very little favorable for occurrence of strategic mica. Is an elongated lens 18 feet thick, concordantly emplaced in a fine-grained hornblende schist and an interlayered feldspathic quartz-biotite gneiss. Consists of poorly zoned medium coarse grained microcline, fine grained plagioclase, quartz, and relatively small books of poor quality muscovite.

2. Mica: About 200 pounds produced of which none is expected to be prepared for sale. Light greenish-brown, badly cracked, wavy, bent, and with oxide intergrowths. Contains "A" and wedge-"A" structure.

Future Possibilities: None.

Recommendations: The Division of Nonmetallic Minerals and the Commodity Member~~s~~ of the Bureau of Mines ~~and Geological Survey~~ concur in the Field Team's recommendation not to certify.

Walter C. Anderson

Walter C. Anderson
Division of Nonmetallic Minerals

WCAnderson:rsi 6/17/58
Copy to: Admr. R. File
Mr. Houk

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

May 13, 1958

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DMEA
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DATE		
5/13	C	220
5/14	Work	600

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: DMEA-4807 (mica)

Applicant: Paul McMahan, et al.

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

Contract Number: Idm-E 1140

Date of Field Team Final Report: 4/28/58

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 5/1/58

Field Team Recommendation: Certification of discovery is not recommended.

Comments:

1. Work under the contract was terminated after 14 feet of shaft and 33 feet of incline were completed.
2. Sufficient work was done to show only a limited amount of pegmatite is present and practically no mica of strategic value was present.
3. Reserves of strategic mica are estimated to be negligible.
4. Expenditures -

Total approved	$6,288.00
Total cost	2,516.00
Gov't. share of the cost	1,887.00
Value of production during operation	None

Recommendation:

I concur with the recommendation of the field team that no certification of discovery be issued.

W. F. Dietrich

W. F. Dietrich

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

ROOM 13 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

April 28, 1958

DMEA
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DATE	INITIALS	CODE
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"	[illegible]	110
5/8	[illegible]	130
5/6	C	220
5/8	Hoch	600

Memorandum

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

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

Subject: Final Report - Docket No. DMEA-4807, Contract Idm-E1140
Jeter Boone, Paul McMahan, Sam L. Phillips and John Phillips
c/o Sam L. Phillips, Spruce Pine, North Carolina
Paul McMahan Prospect (mica), Mitchell County, North Carolina

Enclosed are the original and two copies of the Field Team final report on the subject project, which was terminated before completion.

Certification is not recommended.

Robert A. Laurence
Robert A. Laurence
Executive Officer

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

Enclosures 3

Field Team
Final Rpt.

Reviewed by
DMEA OPERATING COMMITTEE
5-5-58
(date)

DMEA
RECEIVED APR 30 1958

DATE	INITIALS	CODE
5/5	JB	130
		220

UNITED STATES

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FINAL REPORT

DMEA-4807, Idm-E1140 (mica) PAUL McMAHAN PROSPECT
Mitchell County, North Carolina

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

S. A. Feitler, Mining Engineer
U. S. Bureau of Mines

Reviewed by
DMEA OPERATING COMMITTEE
5-5-58
(date)

April 25, 1958

EXPLORATION PROJECT CONTRACT

FINAL REPORT

DMEA-4807, Idm-E1140 (mica) PAUL McMAHAN PROSPECT
Mitchell County, North Carolina

Operator: Jeter Boone, Paul McMahan, Sam L. Phillips and John Phillips, a Partnership, c/o Sam L. Phillips, Spruce Pine, N. C.

SUMMARY

Work completed under the contract involved building an extensive amount of access road to the prospect, sinking 14 feet of vertical shaft, and inclining 33 feet along the pegmatite keel to the east-northeast. At that point, it became apparent that little could be gained by continuing the project and termination was recommended. The overall environment exposed was poor and practically no mica of strategic quality was recovered. The trace of the pegmatite keel in the incline heading is nearly parallel to the hillside, and a drift from any point on the incline would intersect the surface within 100 feet. Only a limited amount of pegmatite is present and very little of it is favorable for the occurrence of strategic muscovite. No basis for certification of discovery is present and none is recommended.

INTRODUCTION

Location

The prospect is located on the steep northwest slope of Lightwood Mountain, about one mile N. 32° W. from Hawk, Mitchell County, North Carolina. The prospect can be located in the southwest one-ninth of the Carvers Gap, North Carolina-Tennessee quadrangle (208-SE), USGS-TVA Ed. 1934, 1:24,000.

Previous Work

Several years ago, Claude Stamey, George McKinney, and Forn McKinney excavated a shallow hillside cut in the unweathered pegmatite. Some muscovite was reportedly recovered and trimmed, but no specific information is available as to how much or of what quality. There is no evidence or reports of any other prior operation.

Contract Work Completed

Excavation of access road to the prospect from the end of the existing jeep trail, started on October 31, 1957, and attempts to improve the road continued intermittently throughout the project period. The amount of material excavated far exceeds the amount allowed under the contract. From the bottom of the existing shallow opencut, 14 feet of shaft was sunk vertically in pegmatite until the east-northeast plunging keel of the structure was encountered. The pegmatite keel was then followed N. 65° E. on a 40 to 45° incline for 33 feet at which point termination of the contract was recommended. Termination papers were drawn and signed, effective December 11, 1957. Very little cribbing or lagging was necessary except around the shaft collar because of the hard unweathered nature of the pegmatite. All contract openings were larger than that specified in the contract. The work was done efficiently and cooperation between the field examiners and the Operator was good. In addition to the work outlined above, a combination tool and hoist house and powder and exploder magazines were constructed.

GEOLOGY

The Paul McMahan pegmatite is an elongate lens at least 18 feet in maximum thickness, which is concordantly emplaced in a fine-grained hornblende schist, and an interlayered (?) feldspathic quartz-biotite gneiss. The foliation of the country rock strikes N. 40-60° E. and dips 50-85° SE. The axes of minor folding of the foliation plunges steeply to the east. The pegmatite was surficially exposed previously at the southwest end of the exposure and forms bold outcrops for approximately 70 feet northeast.

The axial plane of the lens strikes approximately N 40-50° E., dips 55° SE, and plunges 40-50° ENE. The trace of the pegmatite keel is approximately parallel to the hillslope, so that no more than 35 feet of pegmatite exists at any one point above the back of the incline along the cross-sectional axis of the lens.

Pegmatite consists of a poorly zoned mixture of medium- to medium coarse-grained microcline with minor fine-grained interstitial plagioclase, quartz, and an occasional book of biotite and relatively small books of poor quality muscovite. Thin (up to 6 inches thick) discontinuous zones of plagioclase-quartz rich material occur adjacent to the hanging wall contact with increased proportions of muscovite up to 4 x 6 inches across. A total of approximately 200 pounds of mine-run block was recovered from the shaft work none of which is expected to be prepared for sale. The muscovite recovered from the contract work is a light greenish-brown color and rather badly cracked, wavey, and bent, with a moderate amount of fine oxide intergrowth, and ruling. Some of the muscovite contains "A" and wedge "A" structure. Several steeply northeast dipping, northwest trending veins of quartz (1 to 2 feet thick) cut the pegmatite near the shaft collar. The quartz does not appear to represent pegmatite zoning, but is probably later fracture fillings. The pegmatite can be generally characterized as being a feldspathic, quartz and mica deficient structure.

CONCLUSIONS AND RECOMMENDATIONS

The contract work completed was sufficient to fully outline the mica potential of the subject pegmatite. The environment outlined, both structurally and mineralogically, was not favorable for the occurrence of any quantity of strategic muscovite. No reserves can be estimated and certification of discovery cannot be recommended.

EXPENDITURES

(a)	Total approved	$6,288.00
(b)	Total cost of project	2,516.00
(c)	Government's share of cost	1,887.00
(d)	Government's share unexpended	2,829.00
(e)	Value of production	none
(f)	Royalty paid to date	none

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

S. A. Feitler, Mining Engineer
U. S. Bureau of Mines

...104 (Rev.)
...pril 1952)

JAN 1 1958 D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K- 33
FINAL VOUCHER

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of December, 1957 Docket No. DMEA 4807 Contract No. Idm-E 1140
Operator's Name Paul McMahan Minerals Mica
Address c/o Sam L. Phillips, Spruce Pine, N.C.
Contract Amount, $ 6,288.00 Government Participation: 75 % Amount, $ 4,716.00

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						
555 cu.yds. Bulldozing @ $ .30	166.50	166.50	333.00			
Crosscutting						
Drifting						
7' Incline Shaft @ $44.00	308.00	1760.00	2068.00			
(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.		75.00	75.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
Powder & Exploder Mags/		40.00	40.00			
(8) Contingencies (specify):						
TOTALS	474.50	2041.50	2516.00	474.50	2041.50	2516.00

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

Date 12-16-57 *Payee Paul McMahan

Per Paul McMahan 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:

$ 355 88

Signature Helen R. Miller
(Authorized Certifying Officer)

Date JAN 14 1958 Vou. No. 112
(See other side)

11862

(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 operati[illegible] Minerals Exploration Administration project under Contract No. E1140 in accordance with the terms of the [illegible]act.

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

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Fauver Title 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.

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of December 1957 Docket No. DMEA 4007 Contract No. Ida-E 1140
Operator's Name Paul McMahan Minerals Mica
Address c/o Sam L. 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	Ft.	308.00	7	2068.00	47	44.00	60	44.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Bulldozing	Cu.Yds.	166.50	555	333.00	1110	0.30	1110	0.30
Total Distributed Costs		474.50		2401.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.				75.00				
Powder & Exploder Tags.				40.00				
Total Costs		474.50		2516.00				

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 12-16-57 Operator Paul McMahan

Per Paul McMahan 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 83-38475

FINAL VOUCHER

OPERATOR'S

Monthly Progress Report

DMEA #4807, Idn-E 1140
Paul McMahan Prospect
Mitchell County, North Carolina

Work Accomplished:

We continued to work on the incline shaft, and had completed a total of 47' when the Field Team suggested termination of the contract. We recovered no mica at all.

Daily Notes:

2 - 11 : Continued to work on inclined shaft, shot, drilled and mucked out waste daily. The vein was going toward the outside of the mountain. No mica was recovered.

8 days

7 ft

.87
8) 7.0
6 4
60
56
4

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

January 13, 1958

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 15 1958

DATE	INITIALS	CODE
1/15	gG	220
1/15	[illegible]	600

Memorandum

To: Operating Committee, DMEA - Washington

From: Executive Officer, DMEA - Region V - Knoxville

Subject: Signed Termination Agreement - DMEA-4807, Idm-E1140
Paul McMahan Prospect, Mitchell County, N.C.

Transmitted is the original and one copy of the subject termination agreement on the subject contract.

The usual distribution of the other copies has been made.

Robert A. Laurence

Robert A. Laurence

zm

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
1/2	Anderson	600
1-2	Chambers	800
1/3	GCS	130
	Atwood	110
3	Rutledge	100
1/6	GS	220
		600

600

JAN 6 1958

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

Re: Docket No. DMEA-4807-Mica
Paul McMahan, et al.
Paul McMahan Prospect
Mitchell County, North Carolina
Contract No. Idm-E1140

Dear Mr. Laurence:

Reference is made to the Field Team's memorandum of December 11, 1957, recommending termination of the subject contract by mutual agreement.

Enclosed are the original and four copies of a proposed termination agreement signed by the Administrator for the Government. Two extra copies are enclosed for the use of the Field Team.

If the proposed termination agreement meets with your approval present it to the Operator for execution. If any part of this agreement does not have either your approval or that of the Operator, and cannot be amended within your delegated authority, then the original and all copies are to be returned to this office, together with the proposed changes for consideration.

After execution of the termination agreement, the copies are to be distributed in the usual manner.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2/6)

Approved:
P. F. Yopes (2/6)
Member, Bureau of Mines
Thor H. Kiilsgaard (2/6)
Member, Geological Survey
Enclosures 7

WCAnderson:rsi 1/2/58
Copy to: Admr. R. File
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
12/23	Fisher	
12/24	C	220
		600

DEC 24 1957

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

Re: Docket No. DMEA-4807 (Mica)
Jeter Boone, Paul McMahan,
Sam L. Phillips & John Phillips
Paul McMahan Prospect
Mitchell County, N. C.
Contract No. Idm-E1140

Dear Mr. Laurence:

As requested by Mr. Lynch's memorandum of December 18, 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 (December 1957) submitted with the 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.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

Enclosures
CEFisher/ama
December 23, 1957
Copy to: Docket
Admr. Reading File
Helen R. Miller
Mr. Chambers
Mr. Fisher

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 1315 FEDERAL BLDG.
KNOXVILLE 2, TENN.

WASHINGTON 25, D.C.

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 20 1957

DATE	INITIALS	CODE
12/20	C	220
12/23	[illegible]	800
12/23	[illegible]	600

December 18, 1957

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: Operator's Final Report - DMEA-4807, Idm-E1140-Mica.
Paul McMahan Prospect, Mitchell County, N.C.

Transmitted are three copies of the subject report, received in this office today.

V. J. Lynch

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

Helmuth Wedow, Jr.

Helmuth Wedow, Jr., Geologist
Geological Survey

Operator's Final Rpt

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 20 1957
CODE

Spruce Pine, North Carolina
December 16, 1957

Mr. Robert A. Laurence, Executive Officer
D.M.E.A., Region V
Room 13, Post Office Building
Knoxville, Tennessee

Re: DMEA #4807, Idm-E-1140 (Mica)
Paul McMahan Prospect
Mitchell County, N.C.

Dear Mr. Laurence:

Work began on the above prospect on November 1, 1957, and the Field Team recommended that work be stopped on December 11, 1957.

The work consisted of bulldozing 1110 cubit yards of road access, construction toolhouse, setting up powder and exploder magazines. Then we began to sink a 5' X 7' inclined shaft, and sank it to a depth of 47' at which point the Field Team suggested termination of the contract. No mica was recovered from the entire work on the contract.

The Geological and engineering evaluation of the results of the work preformed under the contract with an estimate of the ore reserves resulting from such work are as follows: after the completion of 47' of inclined shaft the vein seemed to be going toward the outside of the mountain and would have completely run out in a few more feet, therefore, the Field Team has recommended termination of the contract, and it is also the opinion of the operators that this particular pegmatite does not warrant further exploration.

We wish to thank the Field Team for their assistance on the Paul McMahan Project.

Very truly yours,

Sam L. Phillips

Sam L. Phillips

RECEIVED
DEC 18 1957
U. S. BUREAU OF MINES
DEF. MIN. ADM.
Knoxville, Tennessee

RECEIVED
DEC 18 1957
U. S. BUREAU OF MINES
Central Files

DMEA
RECEIVED DEC 16 1957
DATE | INITIALS | CODE
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/17 | Com | 100

INTERIM REPORT

DMEA-4807, Idm-E1140(mica) PAUL McMAHAM PROSPECT

Operators: Jeter Boone, Paul McMahan, Sam and John Phillips, ~~c/o Sam Phillips,~~ Spruce Pine, North Carolina

Location: On the northwest slope of Lightwood Mountain, one ~~mile N32° W from~~ Hawk, Mitchell County, North Carolina.

Additional road building has been done. The total excavation now exceeds the 1110 cubic yards provided in the contract.

Mr. V. J. Lynch, Mining Engineer, USBM, accompanied the examiners on the December 10, 1957 inspection.

The shaft was sunk 18 feet during the interim. From the collar, 14 feet is vertical and 33 feet follows the keel N65°E on about a 45 degree incline.

In the face, the pegmatite is composed of medium-grained perthite with some plagioclase, but very little quartz or muscovite. It now appears definite that the maximum depth attainable would be 35 feet down dip from the surface. The pegmatite is perthitic and the approximately 200 lbs. of mica recovered from the shaft is reported to be too poor to sell at the depot as block.

A drift on the hanging wall, driven from the bottom of the completed shaft would probably intersect the surface in less than 100 feet. It is apparent that the bottom of the pegmatite is near and roughly parallel to the surface of the ground.

The map and data were carefully studied during the evening and the Field Examiners came to the definite conclusion that the work done todate adequately establishes this pegmatite as one in which a significant discovery of muscovite is highly improbable.

Accordingly, the mine was re-visited on December 11 and the operation discussed with Mr. McMahan. He agreed with the field examiners that further work would be unlikely to result in a discovery and that the contract should be terminated. A telephone call was made to S. L. Phillips in Spruce Pine, N.C., one of the partners, he also expressed willingness to terminate now to avoid waste of funds.

It is recommended that a mutual termination agreement be prepared.

Inspected: December 11, 1957

S. A. Feitler, Mining Engineer
Bureau of Mines

S. C. Bergman, Geologist
Geological Survey

zm

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

ROOM
KNOXVILLE 2, TENN.

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 20 1957

DATE	INITIALS	CODE
12/20	C	220
12/20	Hunt	600

December 18, 1957

Memorandum

To: Jay L. Chambers, Director Contract Admin & Audit Division-DMEA

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

Subject: Request for Report of Review on DMEA-4807, Idm-E1140-mica. Paul McMahan Prospect, Mitchell County, North Carolina

Termination of this contract by mutual agreement has been requested.

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

1 - Construction of toolhouse, powder magazine and exploder magazine.

2 - Excavated 1110 cubic yards of material in access road construction.

3 - Sank shaft to a depth of 47 feet.

An adequate final engineering and geological report has been received.

The original of the final voucher is attached, a Report of Review is requested.

V. J. Lynch

VJL/mm
cc
Opr. Con-2
Lynch
Files

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

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 18 1957

DATE	INITIALS	CODE
12/18	gb	220
12/19	[illegible]	130
12/23	[illegible]	600

December 16, 1957

Memorandum

To: Operating Committee, DMEA - Washington

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

Subject: Termination of DMEA-4807, Idm-E1140(mica) Paul McMahan Prospect, Mitchell County, North Carolina

After mapping the work completed todate on the subject contract, the Field Examiners are of the opinion that extent of the pegmatite is too limited to warrant further exploration. It is now apparent that if the pegmatite continues on present strike it will come out on the surface in less than 100 feet.

The Field Team recommends termination of the contract by mutual agreement, effective date as of December 11, 1957. The Operator is in agreement with the Field Examiners that termination should be made.

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

Helmuth Wedow, Jr., Geologist
Geological Survey

Form MR-104 (Rev. April 1952)

RECEIVED DEC 12 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 PAYMENTS K-, 29

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of November, 1957 Docket No. DMEA 4807 Contract No. Idm-E 1140

Operator's Name Paul McMahan Minerals Mica

Address c/o Sam Phillips, Spruce Pine, N.C.

Contract Amount, $ 6,288.00 Government Participation: 75 % Amount, $ 4,716.00

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:						
555 Cu.Yds. Bulldozing @ $ .30	166.50		166.50			
40' Incline Shaft @ $44.00	1760.00		1760.00			
(2) Labor and Supervision:						
(3) Operating Mat'ls. and Supplies:						
(4) Operating Equipment:						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.	75.00		75.00			
(7) Miscellaneous:						
Powder & Exploder Mags.	40.00		40.00			
(8) Contingencies (specify):						
TOTALS	2041.50		2041.50	2,041.50		2,041.50

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

Date 12-2-57 *Payee Paul McMahan

Per Paul McMahan 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:

$1,531.12

$ ~~510.38~~ was

Signature Helen R. Meler
(Authorized Certifying Officer)

Date DEC 10 1957 Vou. No. 96
(See other side)

1 of

11/1 510.38

(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. 14-20-E1140 in accordance with the terms of the contract.

Signature W. T. Beck Title MINING ENGINEER U. S. BUREAU OF MINES Date DEC 4 1957

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Brent A. Lawrence Title EXECUTIVE OFFICER DMEA FIELD TEAM REGION V Date DEC 4 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.

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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.

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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
Approval expires 6-30-53.

RECEIVED DEC D.M.E.A.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November 1957 Docket No. DMEA 4807 Contract No. Idm-E 1140

Operator's Name Paul McMahan Minerals Mica

Address c/o Sam L. 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	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts	Ft.	1760.00	40	1760.00	40	44.00	40	44.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Bulldozing	Cu.Yds.	166.50	555	166.50	555	0.30	1110	0.30
TOTAL DISTRIBUTED COSTS		1926.50		1926.50				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc		75.00		75.00				
Powder & Exploder Mags.		40.00		40.00				
TOTAL COSTS		2041.50		2041.50				

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 12-2-57 Operator Paul McMahan

Per Paul McMahan 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.

REMARKS:

(Instructions on reverse)

(For Government use only)

W. A. Beck
MINING ENGINEER
U. S. BUREAU OF MINES

DEC 4 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 83-38475

OPERATOR'S

Monthly Progress Report

DMEA #4807, Idm-E 1140
Paul McMahan Prospect
Mitchell County, North Carolina

Work Accomplished:

Work begin on November 1st. some of the bulldozing on the access road has been completed, enought to get into the mine. We have constructed toolhouse, powder and exploder magazines, and have completed 40' of incline shaft to date. There is a good size vein, however no mica has been recovered.

Daily Notes:

1 - 8 : Moved in bulldozer, and did some of the road work.

11 - 15 : Constructed toolhouse, powder and exploder magazines, and begin work on incline shaft.

18 - 22 : Continued to work on shaft, drilled, shot and mucked out waste daily.

25 - 29 : Completed 40' of incline shaft to date, no mica has been recovered.

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 12 1957

DATE	INITIALS	CODE
12/13	[illegible]	600

OFFICIAL FILE COPY
DMEA
RECEIVED DEC 6 1957

DATE	INITIALS	CODE
12/6	C	220
9	Cou	100
10	Hank	600

INTERIM REPORT

DMEA-4807, Idm-E1140(mica) PAUL McMAHAN PROS.

Operators: Jeter Boone, Paul McMahan, Sam and John Phillips, c/o Sam Phillips, Spruce Pine, North Carolina

Location : On the northwest slope of Lightwood Mountain, one mile N32°W from Hawk, Mitchell County, North Carolina

The shaft has been deepened 5 ft vertically to 14 feet through the keel of the pegmatite and 15 feet along the keel at minus 45° with the strike (N50°E). Total advance during the interim is 20 feet.

The face exposes 8 feet of pegmatite from the hanging-wall. The footwall has not been encountered in the workings and is nowhere exposed on the surface.

The pegmatite is made up of medium-coarse mixture of plagioclase and microcline with scattered quartz pods.

About 200 lbs of mine-run muscovite has been recovered from the vertical part of the shaft above the keel.

Magazines for power and blasting cap storage have been made.

Sinking will follow along the keel.

Inspected: Nov. 26, 1957.

S. A. Feitler, Mining Engineer
Bureau of Mines

R. A. Laurence, Geologist
Geological Survey

z

INTERIM REPORT

DMEA-4807, Idm-E1140-(mica) PAUL McMAHAN

Operators: Jeter Boone, Paul McMahan, Sam and John Phillips, c/o Sam Phillips, Spruce Pine, North Carolina

Location: On the northwest slope of Lightwood Mountain, one mile N32°W from Hawk, Mitchell County, North Carolina

Work started on this contract October 31, 1957.

Road excavation amounting to about 500 cu.yds. has been completed. The Operator uses a jeep with chains on all 4 wheels on the road in its present condition. Additional work may be done to make access less difficult.

The toolhouse, covered with asphalt paper, has been completed. Hoisting facilities and compressor are in operation. Because of the steepness of the hillside, a catwalk was installed to facilitate dumping the hoisting bucket.

The shaft is down 9 ft in pegmatite near the hangingwall. The feldspar is half plagioclase and half perthite with a quartz core 5 ft thick. Hard muscovite occurs in a streak near the hangingwall. Some of the mica is hard, flat, and of strategic quality. Pegmatite attitude is N50°E 80SE.

The Operator was advised to make contact with the hanging wall by percussion drilling and flatten the dip of the shaft gradually to meet it and keep it in the shaft.

Inspected: Nov. 13, 1957

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DMEA
RECEIVED NOV 25 1957

DATE	INITIALS	CODE
11/25	gb	220
"	CBM	100
11/29	WM	600

Stanley A. Feitler
Mining Engineer, Bureau of Mines

S. C. Bergman, Geologist
Geological Survey

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 10 POST OFFICE BLDG.
WASHINGTON 25, D.C.
KNOXVILLE 2, TENN.

OFFICIAL FILE COPY
DMEA
RECEIVED OCT 30 1957

DATE	INITIALS	CODE
10/30	C	220
		215
10/31	Hah	600

October 28, 1957

Memorandum

To: Operating Committee, DMEA - Washington

From: Acting Executive Officer, DMEA - Region V

Subject: Signed Contract - Idm-E1140, DMEA-4807-mica
Jeter Boone, Paul McMahan, Sam and John Phillips,
c/o Sam Phillips, Spruce Pine, N.C.
Paul McMahan Prospect, Mitchell County, N.C.

Transmitted is the Government and Audit copy of the subject signed contract. The usual distribution of the other copies has been made.

V. J. Lynch

V. J. Lynch

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
10/4	Anderson	600
10/7	Houk	600
10-7	Champion	800
10/7	GCS	130
	Johnson	110
7	Gustafson	100
10/8	B	220
		600

600

OCT 8 1957

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

Re: Docket No. DMEA-4807-Mica
Jeter Boone, Paul McMahan,
Sam Phillips and John Phillips
Paul McMahan Prospect
Mitchell County, North Carolina

Dear Mr. Laurence:

Enclosed are the original and four copies of a proposed short-form contract signed by the Administrator for the Government. It consists of the form, Annex I (1 page), one Consent to Lien and Subordination Agreement, Exhibit A (2 pages), and one map. Also enclosed are two extra copies of Annex I, Exhibit A, and the map for Field Team use.

Execution of the contract is subject to the attachment of the enclosed six copies of the Consent to Lien and Subordination Agreement of lessor, properly completed and executed.

If the proposed contract meets with your approval, present it to the applicant for execution. Please explain to the applicant that the contract is a firm commitment to complete the work outlined at the agreed cost. Copies of the executed contract are to be distributed in the usual manner.

If any part of this proposed contract does not have either your approval or that of the applicant and cannot be amended within your delegated authority, then the original and all copies of the contract and the two extra copies of Annex I, Exhibit A and the maps are to be returned to this office, together with the proposed changes for consideration.

Copies of memoranda dated September 5 and 27, 1957, by Mr. N. E. Nelson, USGS, and Mr. W. F. Dietrich, USBM, respectively, relating to the project are enclosed.

Approved:

Frank D. Lamb (JB)
Member, Bureau of Mines

W. P. Williams (JB)
Member, Geological Survey

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JB)

Enclosures 13

WCAnderson:rsi 10/4/57
Copy to: Admr. R. File
Operating Committee
Mr. Kilsgaard, 5222
Mr. Houk
Mr. Dietrich, 3061

8623

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

OCT - 3 1957

Memorandum

To: The Administrator, DMEA
Attention: Chief, Div. of Nonmetallic Minerals

From: Associate Solicitor, Division of Mineral Resources

Subject: Docket No. DMEA-4807
Jeter Boone, Paul McMahan, Sam L. Phillips and John Phillips
Mitchell County, North Carolina

Pursuant to your request of September 25, 1957, we have prepared the attached Contract in satisfactory legal form for execution subject to the attachment of the Consent to Lien and Subordination Agreement of lessor, referred to therein, describing the land in the same way as in the lease.

Robert P. Dwyer

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

September 27, 1957

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

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

Subject: DMEA-4807 (mica)

Applicant: Paul McMahan

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

Date of Field Team Report: 8/29/57

Date Rec'd. by Br. of Ceramic & Fertilizer Materials: 9/5/57

Field Team Recommendation: Recommend approval of a contract

Comments:

1. It was reported to the field team that some strategic mica was recovered from this prospect several years ago from an 18 by 13 foot excavation.

2. The pegmatite is exposed for a strike length of 75 feet and contains strategic book-mica up to four by six inches.

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

Recommendation:

I concur with the recommendation of the field team for approval of an exploration contract.

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 30 1957

DATE	IN	CODE
10/1	B	220
10/1	mra	600

W. F. Dietrich

W. F. Dietrich

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 23 1957

DATE	INITIALS	CODE
9/24	B	220
9/25	[illegible]	600

Spruce Pine, North Carolina
September 17, 1957

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:

Re: Docket No. DMEA-4807-Mica
Paul McMahan Prospect
Mitchell County, North Carolina

We wish to make an amended legal description for the above named prospect to read as follows;

Beginning on an iron stake located 50' South of what is known as the Paul McMahan Prospect and running South 250' to a stake, thence East 300' to a stake, thence North 600' to a stake, thence West 600' to a stake, thence South 600' to a stake, thence East 300' to the point of closing. The South East corner of this legal description is located North 61° East 200' from a 10" iron wood in the outside boundry line. This property is located approximately three miles North East of Bakersville, N.C., as recorded in the Register of Deeds Office in Mitchell County, Bakersville, N.C. Book #101, Page #525.

Sincerely yours,

Sam L. Phillips

Sam L. Phillips

Enclosures
P/bj

Form 7
(6)

OFFICIAL FILE COPY

Date	Surname	Code
9/11	Houk	600
		110
9/12		220
		600

600

SEP 11 1957

Mr. Sam L. Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-4805-Mica
C. W. Ellis
Avery Prospect
Mitchell County, North Carolina

Docket No. DMEA-4807-Mica
Paul McMahan
Paul Prospect
Mitchell County, North Carolina

Dear Mr. Phillips:

Receipt is acknowledged of your letter of September 9, 1957, enclosing amended legal description, sketch, plat and lease on the Avery Prospect, DMEA-4805.

As requested we are enclosing the plat for the Paul McMahan Prospect, DMEA-4807.

Sincerely yours,

Lawrence G. Houk, Director
Division of Nonmetallic Minerals

Enclosure

LGHouk:gad 9/11/57
Copy to: Admr. R. File
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

8623

Copy
Received 9/11/57

Spruce Pine, North Carolina
September 9, 1957

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:

This will acknowledge receipt of your letter dated September 5, 1957.

Enclosed you will find an amended legal description on the Avery Prospedt - DMEA#4805. I did not receive the plat for the Paul McMahan Prospect, DMEA #4807, and I will appreciate it if you will send it to me as soon as possible.

Thanking you, I am

Yours very truly,

S/ Sam L. Phillips

IN REPLY REFER TO:

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

September 5, 1957
Re: DMEA 4807
Paul McMahan
Paul McMahan Prospect
Mitchell County, North Carolina
Applicant's Estimate $6,950.00
Recommended Estimate $6,872.00 - Mica

Memorandum

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

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

Subject: Review of Field Team Report.

The applicant requested assistance in exploring a 'new' pegmatite by bulldozing, shaft sinking, and drifting. Actually the pegmatite was found several years ago and a shallow excavation 18 x 13 feet was made and some mica was recovered.

By the open cut and natural outcrops the pegmatite is exposed for a strike length of 75 feet. At one place it is at least 15 feet thick and contains some strategic mica. No zoning was noted.

The examiners and Field Team recommend a work program consisting of access road building, buildings, 60 feet of shaft sinking and 100 feet of drifting at an estimated cost of $6,872.00.

I concur with the recommendation.

N. E. Nelson

N. E. Nelson

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 6 1957

DATE	INITIALS	CODE
9/6	Q	220
9/6	Houk	600

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
ROOM 15 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 3 1957

DATE	INITIALS	CODE
9/3	Q	220
		[redacted] 130
9/6	Q	220
9/9	wra	600

August 29, 1957

Memorandum

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

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

Subject: Field Examination Report, DMEA-4807 (Mica)
Paul McMahan, Route 1, Bakersville, North Carolina
Paul McMahan Prospect, Mitchell County, North Carolina

Enclosed are the original and two copies of the subject report, and eight extra copies of the map. We recommend approval of a contract.

The name of this prospect has been changed to the Paul McMahan prospect to avoid confusion with the Paul prospect (DMEA-4513).

Enclosed is a copy of a map submitted by the Applicant, purporting to show the leased area and the entire tract of which it is a part. However, this does not fit the description given in the lease. We have asked the Applicant to submit a correct map of the lease and the entire tract.

Robert A. Laurence
Robert A. Laurence
Executive Officer

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

Enclosures 12

Reviewed by
DMEA OPERATING COMMITTEE
9-6-57
(date)

On-Site Exam Rpt

UNITED STATES

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD EXAMINATION REPORT

OFFICIAL FILE COPY
DMEA
RECEIVED SEP 3 1957

DATE	INITIALS	CODE
		130
		220

DMEA-4807, PAUL McMAHAN PROSPECT (mica)
Mitchell County, North Carolina

L. E. Shirley and S. A. Feitler, Mining Engineers
U. S. Bureau of Mines

and

S. C. Bergman and F. G. Lesure, Geologists
U. S. Geological Survey

Reviewed by
DMEA OPERATING COMMITTEE
9-6-57
(date)

August 21, 1957

FIELD EXAMINATION REPORT

DMEA-4807, PAUL McMAHAN PROSPECT (mica)
Mitchell County, North Carolina

Applicant: Paul McMahan, Route 1, Bakersville, North Carolina

SUMMARY

A large pegmatite is well exposed by a shallow test pit and natural outcrops along a strike length of 75 feet. The pegmatite is at least 15 feet thick and contains some mica of strategic quality. It is recommended that exploration assistance be granted with some modification of the Applicant's proposal.

INTRODUCTION

Examination

A field examination lasting two hours was made on August 21, 1957. Mr. Paul McMahan accompanied the examiners.

Location

The Paul McMahan prospect is located at an elevation of about 3900 feet on the northwest slope of Lightwood Mountain about one-fourth of a mile northeast of High Knob and one mile N. 32° W. from Hawk, Mitchell County, North Carolina. Although there is no access road to the prospect a jeep road extends about three-fourths of a mile from the hard-surfaced Cane Creek road to a flat just east of High Knob about 1500 feet from the prospect. A logging trail leads from the flat up to the ridge crest near the prospect.

Past Operation

The prospect was opened up by Claude Stamey, George V. McKinney, and Forn McKinney several years ago. A shallow excavation, 18 feet long and 13 feet wide, was made in unweathered pegmatite, and an

unknown quantity of mica recovered. Some mica was reportedly trimmed from that recovered, but nothing is known of the amount sold or price received.

No facilities are on the property. No water for drilling is present, but water is available along the access road and can be hauled to the prospect.

GEOLOGY

The country rock at the Paul McMahan prospect is interlayered feldspathic, quartz-biotite gneiss and hornblende schist and gneiss. Foliation strikes generally N. 40° to 60° E. and dips steeply to the south. The axes of small folds in the foliation plunge steeply to the southeast in the northeastern part of the prospect area.

A large pegmatite is well exposed by a single excavation and several natural outcrops in the center of the prospect area (see attached map). The pegmatite has an exposed strike length of 75 feet, but pegmatite float extends at least 15 feet southwest of the excavation (see attached map). The pegmatite has an outcrop width of 18 feet and an indicated minimum thickness of almost that much. The hanging wall contact is exposed in the excavation but no footwall contact is exposed. The hanging wall is concordant and strikes N. 35° E., dipping 30 to 40 degrees to the southeast. To the northeast, however, the occurrence of pegmatite outcrops down slope suggest that the pegmatite may be slightly discordant. The pegmatite is medium coarse grained and unweathered. It is composed of perthite, plagioclase, quartz, muscovite, and biotite. Although unzoned it is more perthitic away from the hanging wall. A quartz vein one to two feet thick cuts the pegmatite along the northeast side of the excavation (see attached map), but no quartz core was observed.

Muscovite of strategic quality and size was seen only near the hanging wall contact in books up to four by six inches. The mica is a light rum with a greenish tint. It is flat, free splitting, and clear. Some of the mica on the dump is cracked, bent, ruled, and stained along the edges. Mica in the lower part of the pegmatite contains some "A" and wedge-"A".

RECOMMENDATIONS

It is recommended that exploration assistance be granted because mica of strategic quality is present along the hanging wall of a pegmatite of minable thickness on this property. A slight modification of the Applicant's proposal should be made with which the Applicant is in agreement. It is recommended that exploratory work consist of (1) bulldozing an access road about 1500 feet long to the prospect, (2) constructing a toolhouse, a powder magazine, and an exploder magazine, (3) sinking a 60-foot inclined shaft, and (4) driving 100 feet of drift and/or crosscut in pegmatite.

Estimated Costs:

Access Road: Construct approximately 1500 linear feet of access road 10 feet wide by excavating to an average depth of 2 feet.
1500 x 10 x 2 = 1111 cu. yds. @ $0.30/cu.yd. $333.00

Construct:

Toolhouse	$75.00	
Powder Magazine	25.00	
Cap Magazine	15.00	
		$115.00

Sink 60 feet of vertical and/or inclined shaft, 5' x 7' in cross section, timbered where necessary and containing a separated manway.
(40 shifts - 2 months)
use 1.1 ft/sh = 36 shifts

Labor:

1 - Foreman-Miner @ $1.75/hr.	$560.00	$504.00
1 - Hoistman @ $1.50/hr.	480.00	432.00
1 - Laborer @ $1.00/hr.	320.00	288.00
	1360.00	1224.00

Equipment (rental):

1 - 105 c.f.m. Air compressor with air hose @ $150/Mo.	300.00	$250/mo
1 - Gasoline powered hoist, single drum @ $50/Mo.	100.00	
1 - Sump pump @ $40/Mo.	80.00	$450.00
1 - Rock drill @ $40/Mo.	80.00	
	560.00	

Supplies:

Explosives	210.00
Gasoline and oil	120.00
Drill steel	108.00
Timber, 3000 b.f. @ $65/M	195.00
Small tools, pipe, etc.	120.00
Sales Tax	22.00
Social security and insurance	163.00
	938.00

($47.63) Total estimated cost of shaft sinking $2858.00 2612.00

Drive 100 feet of drift and/or crosscut 5' x 7' in cross section, timbered where necessary (50 shifts - 2½ months) use 2.2 ft./shift = 45 shifts — use $44/ft.

Labor:

1 - Foreman-Miner @ $1.75/hr.	700.00	$630.00
1 - Hoistman @ $1.50/hr.	600.00	540.00
1 - Laborer @ $1.00/hr.	400.00	360.00
	1700.00	1530.00

Equipment (Rental):

1 - 105 c.f.m. Air Compressor with air hose @ $150/Mo.	375.00	$250/mo
1 - Gasoline powered hoist, single drum @ $50/Mo.	125.00	
1 - Rock drill @ $40/Mo.	100.00	
1 - Sump pump, air @ $40/Mo.	100.00	
1 - Jack leg @ $35/Mo.	88.00	
1 - Ventilation blower with duct @ $20/Mo.	50.00	562.50
	838.00	

Supplies:

Gasoline and oil	$185.00	
Explosives	275.00	
Drill Steel	150.00	
Timber, 1000 b.f. @ $65/M	65.00	
Small tools, pipe, etc.	125.00	
Social Security and Insurance	204.00	
Sales Tax	24.00	
($35.66) Total Estimated Cost Drifting	1028.00	$3566.00
Max $ 32.00/ft.		3120.50
Total Estimated Cost of Project		$6872.00

August 21, 1957

L. E. Shirley and S. A. Feitler, Mining Engineers
U. S. Bureau of Mines

S. C. Bergman and F. G. Lesure, Geologists
U. S. Geological Survey

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
9/5	Houk	600
9/5	Jones	100
9/6	[illegible]	220
		600

600

SEP 5 1957

Mr. Sam L. Phillips

Spruce Pine, North Carolina

Re: Docket No. DMEA-4804-Mica
Ed Huskins
Charles Prospect
Mitchell County, North Carolina

Docket No. DMEA-4805-Mica
C. W. Ellis
Avery Prospect
Mitchell County, North Carolina

Docket No. DMEA-4807-Mica
Paul McMahan
Paul Prospect
Mitchell County, North Carolina

Dear Mr. Phillips:

Reference is made to your telephone call of this date requesting the return of the leases and sketches on the subject applications.

We are enclosing the leases and sketches and upon their return will continue with the processing of the applications.

Sincerely yours,

Lawrence G. Houk, Director
Division of Nonmetallic Minerals

Enclosures 7

LGHouk:gad 9/5/57
Copy to: Admr. R. File
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
8/12	Anderson	600
8/12	Houk	600
8/12	Sellnage	130
8/12	Gopfert	130
8/12	Kiilsgaard	130
"	Simon	110
	Mittendorf	100
		220

600

AUG 12 1957

Mr. Paul McMahan
c/o Mr. Sam L. Phillips
Spruce Pine, North Carolina

Re: Docket No. DMEA-4807-Mica
Paul McMahan
Paul Prospect
Mitchell County, North Carolina

Dear Mr. McMahan:

Your application for assistance in exploring the subject property has been reviewed by the Division of Nonmetallic Minerals 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.

Please be advised that the land description given in the lease is in order. However, we require information concerning the property from which the leased area is carved. We need the total acreage, the book and page number of the deed recording in the County Office, and a tie-in of the proposed work to the nearest identifiable property corner. A map showing these data would be helpful.

We note you have signed the application as a partner, but no one else has signed. Please have your partner or partners sign the enclosed application, and return to this office.

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

WCAnderson:rsi 8/12/57
Copy to: Admr. R. File
Operating Committee
Field Team, Region V
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

Enclosure

application returned 8/16/57

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
8/12	Anderson	600
8/12	Houk	600
8/12	[illegible]	130
"	Johnson	110
"	Wednesday	100
8/13	[illegible]	220
		600

600

AUG 12 1957

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

Re: Docket No. DMEA-4807-Mica
Paul McMahan
Paul 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 2 and 7, 1957, by Mr. N. E. Nelson, USGS, and Mr. W. F. Dietrich, USBM, respectively, relating to the project are enclosed. There is also enclosed a copy of the application for the use of the Field Team.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (WCA)

Approved:

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

Thor H. Kiilsgaard (WCA)
Member, Geological Survey

Enclosures 5

WCAnderson:gad 8/12/57
Copy to: Admr. R. File
Operating Committee
Mr. Kiilsgaard, 5222
Mr. Dietrich, 3061
Mr. Houk

8623

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

OFFICIAL FILE COPY
DMEA
RECEIVED AUG 9 1957

DATE	INITIALS	CODE
8/9	PK.	220
8/12	Hand	600
August 7, 1957		

Memorandum

To: Nonmetallic Minerals Division
Defense Minerals Exploration Administration

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

Subject: DMEA-4807 (mica)

Applicant: Paul McMahan

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

Date Application Rec'd. by Br. of Ceramic & Fertilizer Materials: 8/5/57

Comments:

1. Applicant states this is a new pegmatite vein on which no work has been done.

2. Applicant states that strategic mica was observed in exposed pegmatite.

3. Proposed exploration and estimated costs are consistent with equivalent DMEA projects.

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

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

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DMEA
RECEIVED AUG 5 1957

DATE	INITIALS	CODE
8/6	P.R.	220
8/6	Houk	600

REFER TO:

August 2, 1957

Re: DMEA 4807
Paul McMahan
Paul Prospect
Mitchell County, N. C.
$6,950 - 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 newly found pegmatite on which no work has been done, but judging by the outcrop, the pegmatite may be mica-bearing.

Referral of the application to the Field Team is recommended.

N. E. Nelson

N. E. Nelson

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

August 2, 1957

Paul McMahan
Route #1
Bakersville, N.C.

Subject: DMEA 4807

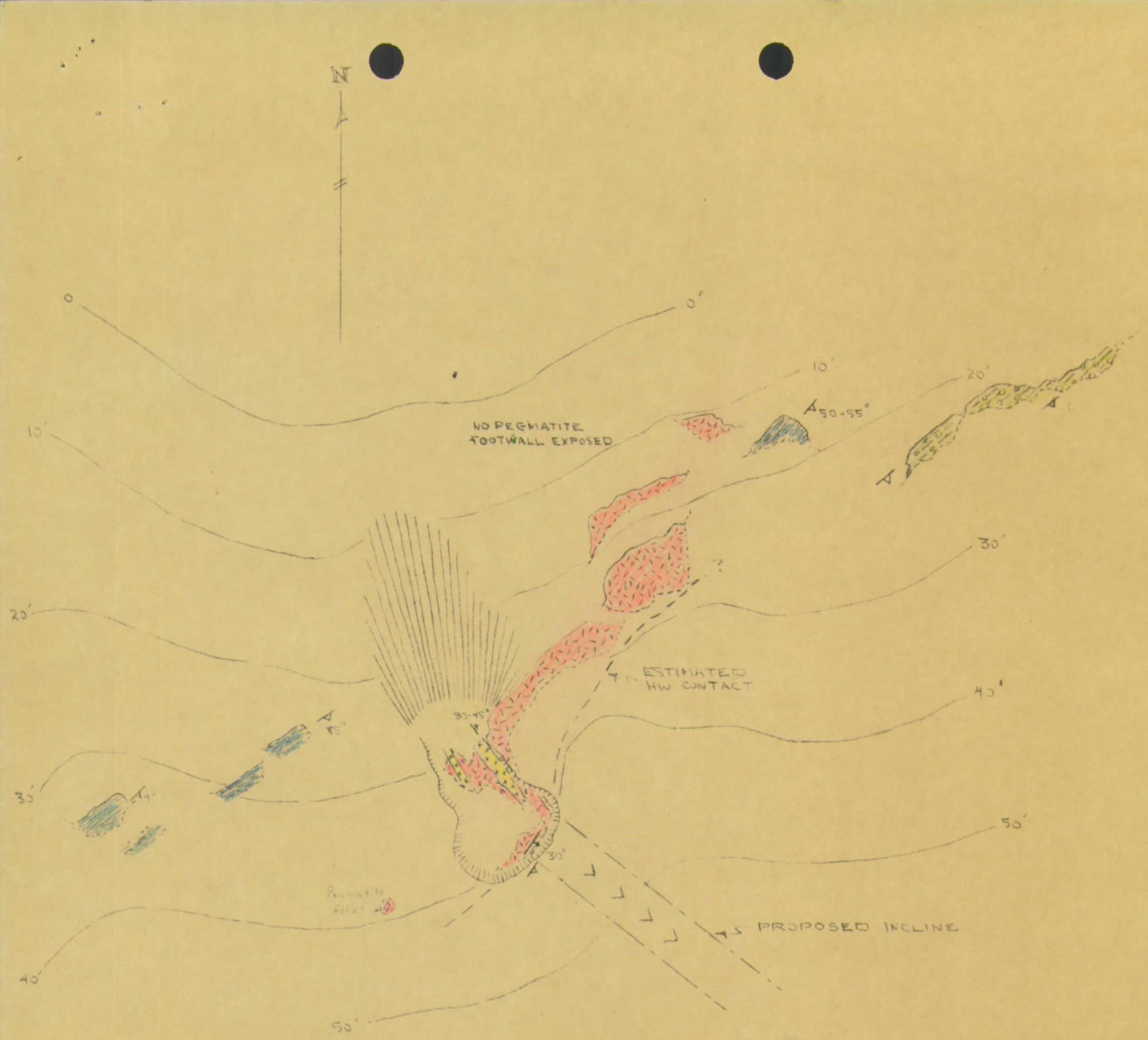
Dear Mr. McMahan,

Your application for exploration assistance, dated July 31, 1957 submitted to our office at Washington, D.C. has been assigned Docket Number 4807 and referred to the Division of Nonmetallic Minerals in the Washington office. Kindly identify all future correspondence relating to your application by this Docket Number.

Sincerely yours,

Allen S. Dakan, Director
Operations Control and
Statistics Division

Copy to:
Region V



PAUL McMAHAN PROSPECT
MITCHELL COUNTY, NORTH CAROLINA

DMEA-4807 (MICA)

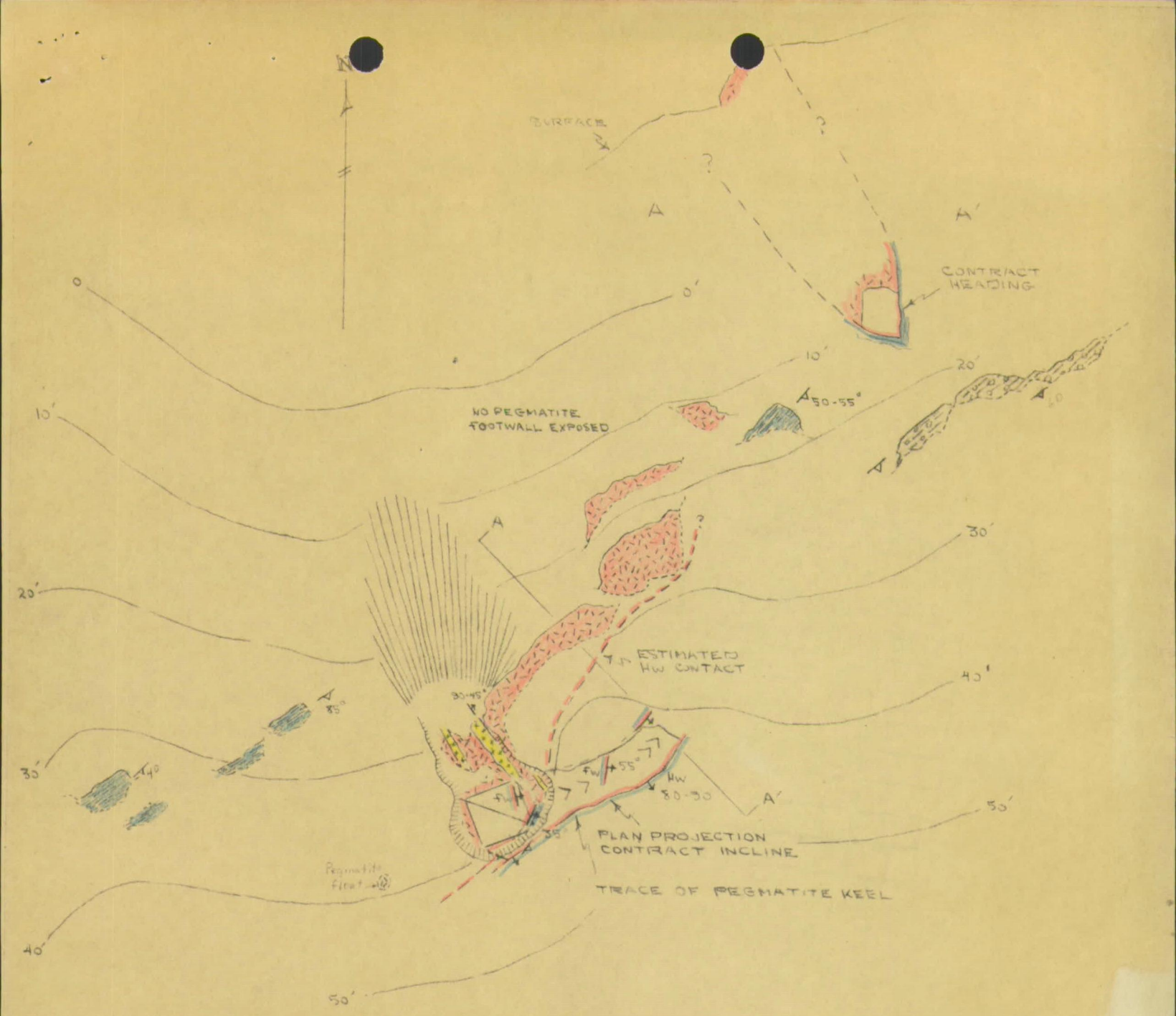
LEGEND

- OUTCROP, PERTHITE-PLAGIOCLASE-QUARTZ PEGMATITE
- OUTCROP, HORNBLENDE SCHIST AND GNEISS
- OUTCROP, FELDSPATHIC, QTZ.-BIOTITE GNEISS
- QUARTZ VEIN
- EXCAVATION
- DUMP

SCALE: 1" = 20'

OFFICIAL FILE COPY
D M E A
RECEIVED SEP 3 1957

DATE	INITIALS	CODE



PAUL McMAHAN PROSPECT

MITCHELL COUNTY, NORTH CAROLINA

DMEA-#807, Idm-E1140 (MICA)

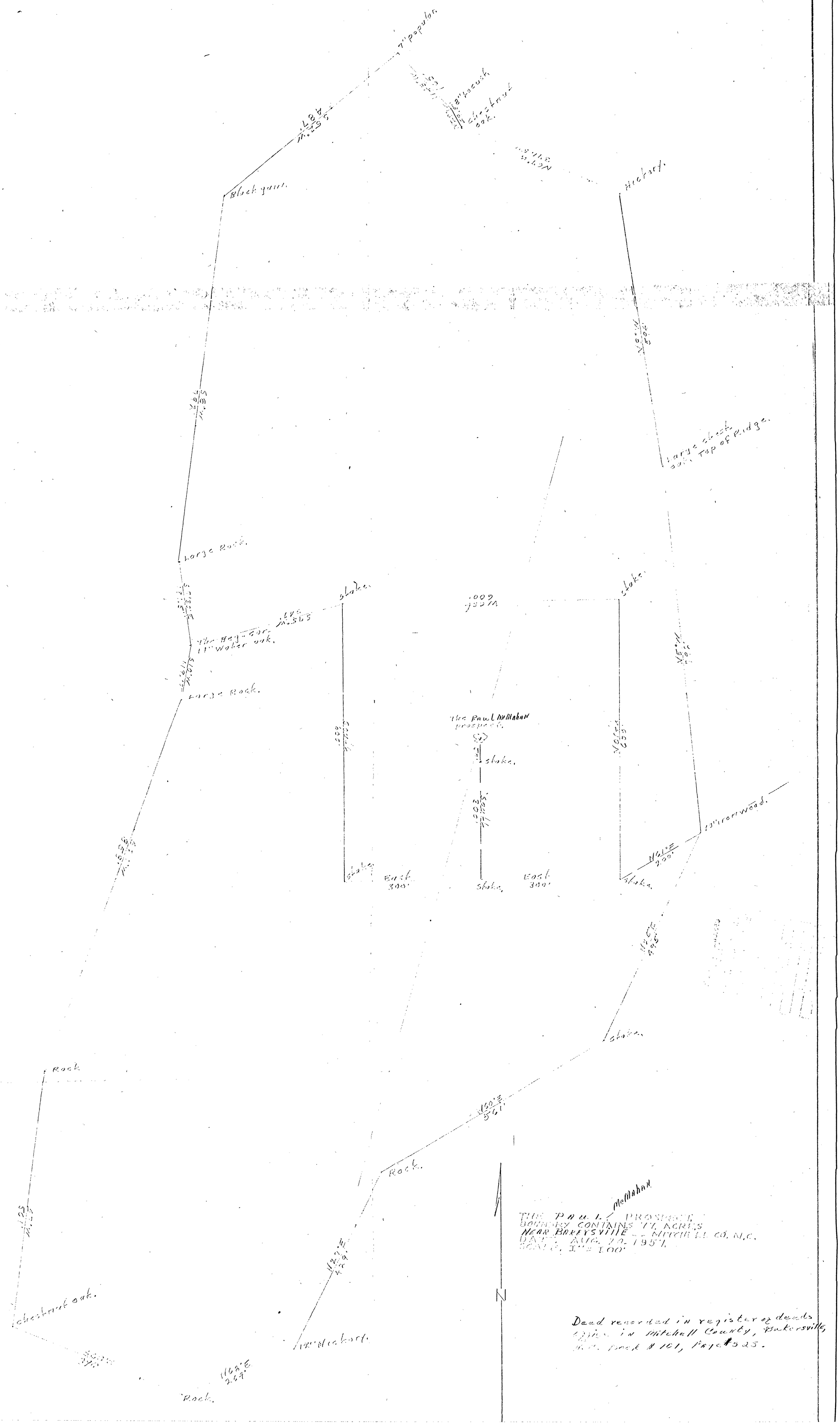
SCALE: 1" = 20'

LEGEND

- OUTCROP, PERTHITE-PLAGIOCLASE-QUARTZ PEGMATITE
- OUTCROP, HORNBLENDE SCHIST AND GNEISS
- OUTCROP, FELDSPATHIC, QTZ.-BIOTITE GNEISS
- QUARTZ VEIN
- EXCAVATION
- DUMP

OFFICIAL FILE COPY
DMEA
RECEIVED APR 30 1958

DATE	INITIALS	CODE



THE PAUL McMAHAN PROSPECT
BOUNDARY CONTAINS 77 ACRES
NEAR BAKERSVILLE -- MITCHELL CO. N.C.
DATE: AUG. 20, 1957.
SCALE: 1" = 100'

Deed recorded in register of deeds office in Mitchell County, Bakersville, N.C. Book # 101, Page #525.