E-1185

For Certificate of Deposit No. 55, dated February 20, 1959, giving royalty payment of $3.78, see E-516.

Extra

ORIGINAL FILE COPY
O. M. E.
RECEIVED FEB 9 1959

DATE	INITIALS	CODE
		200

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

February 6, 1959

Mr. Roy H. Feuts
P.O. Box 314
Franklin, North Carolina

Re: DMEA-4879, Idm-E1185-mica
Carolina Mining Co.
Ray-Liner Mine
Macon County, North Carolina

Dear Roy:

A total of 100 pounds of mine-run mica was reported by our Field Examiners to have been produced from the Ray-Liner mine during exploration under the subject contract.

We will appreciate having a statement from you regarding the disposition of this mica. If it was sold either as sheet or scrap mica, a royalty is due the Government.

Please advise us regarding this matter at your earliest convenience.

Sincerely,

Robert A. Laurence
Executive Officer, OME
Region V

RJL/sm
Opr. Cem-2
Lynch
Files

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Roy H. Fouts and William Dianes
d/b/a Carolina Mining Company
P. O. Box 314, Franklin, North Carolina

pertaining to Exploration Project Contract No. Idm-E1185, DMEA No. 4879, for June 1958 and July 1958, inclusive, covering a mica project at the Ray-Liner Mine, Mason County, North Carolina.

My review included an examination of the Monthly Reports (Forms MF-104) and supporting documents, comparison of the claimed costs 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 reason that:

all of the costs were under a contract provision for payment by the Government at fixed unit costs for work performed.

The findings of this review are stated in the following summary and the attached schedule:

Total cost billed by Operator		$2,816.00
Exceptions:		
Prior to this review	$ -0-	
Herewith	-0-	-0-
Accepted cost claimed by Operator		$2,816.00

The contract calls for a 75 percent contribution of the allowable costs by the Government. Therefore, if the project is otherwise accepted as having met the terms of the contract, payments as follows are valid and proper:

Payable on audited claim	$2,112.00
Paid to date	1,122.00
Balance due Operator	$ 990.00

August 7, 1958

E. D. Talbert, Auditor

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

Re: Docket No. DMEA-4279 (Mica)
Carolina Mining Company
Contract No. Idm-E1185

Dear Mr. Laurence:

Enclosed are the original and three copies of a Report of Review, as requested by your August 1 memorandum. Also enclosed is the Operator's final (July 1958) MF-184, which was submitted with your request.

If you concur with the facts as stated in this report, please make the usual distribution. If for any reason you do not concur, please return the original and all copies with your comments to this Division.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Director
Contract Administration
and Audit Division

Enclosures

EDTalbert/GMcC
August 7, 1958

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

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

August 1, 1958

DMEA
RECEIVED
DATE
8/4 C 220 800

Memorandum

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

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

Subject: DMEA-4879, Idm-E1185 (mica) Carolina Mining Co., Franklin, N.C. Ray-Liner Mine, Macon County, N.C.

Work on the subject contract has been stopped pending approval of request to terminate by mutual consent.

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

1)	Hand trenching, 400 cu. ft. @ 15¢	$60.00
2)	Construction of toolhouse	76.00
3)	Construction of powder magazine	25.00
4)	Construction of exploder magazine	15.00
5)	Shaft sinking, 60 ft @ $44/ft.	$2,640.00
		$2,816.00

An acceptable final geological and engineering report has been received.

A copy of the Operator's final (July '58) voucher is enclosed. A report of review is requested.

Robert A. Laurence

Robert A. Laurence

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K- 9

OPERATOR'S MONTHLY REPORT AND VOUCHER

AUG 14 1958 D.M.E.A.

Month of July, 1958 Docket No. DMEA 4879 Contract No. E-1185
Operator's Name CAROLINA MINING COMPANY Minerals MICA
Address P.O. Box 314, Franklin, N.C.
Contract Amount, $ 4,512.00 Government Participation: 75 % Amount, $ 3,016.00

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						
Shaft sinking	1320.00	1320.00	2640.00			
Crosscutting						
Drifting						
Excavate	none	60.00	60.00			
(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.	none	116.00	116.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1320.00	1496.00	2816.00	1320.00	1496.00	2816.00

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

Date 7/31/58 *Payee CAROLINA MINING COMPANY

Per [signature] 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:

$ 990.00

Signature Helen R. Miller
(Authorized Certifying Officer)

Date AUG 12 1958 Vou. No. 23

(See other side)

T 7/25

330.00

(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. E1185 in accordance with the terms of the contract.

Signature S. Feitler Title MINING ENGINEER U. S. BUREAU OF MINES Date AUG 12 1958

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA REGION V Date AUG 12 1958

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1958 Docket No. DMEA 4879 Contract No. E-1185
Operator's Name CAROLINA MINING COMPANY Minerals Mica
Address P.O. Box 314, Franklin, North Carolina

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 sinking	Ft	1320.00	30	2640.00	60	44.00	60	44.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Excavate	Cu Ft	none	none	60.00	400	15¢	400	15¢
TOTAL DISTRIBUTED COSTS		1320.00		2700.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.		none		116.00				
TOTAL COSTS		1320.00		2816.00				

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 7/31/58 Operator CAROLINA MINING COMPANY

Per Tony H. Fowler 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)

S A Fiedler
MINING ENGINEER
U. S. BUREAU OF MINES

INSTRUCTIONS

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

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

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

GPO 872894

DATE		CODE

NARRATIVE REPORT
July 1958

Contract No. Idm-B-1185
BMA 4879 - Nick
Ray-Liner Mine
Macon County, N.C.

CAROLINA MINING COMPANY
P.O. Box 314
Franklin, North Carolina

Daily Report

Description of Work

Completed said contract on shaft sinking, timbering same according to specification, but finding no pegmatite which in our opinion will justify exploring by driving from or near the bottom of shaft, drift or crosscut for a distance of a 100 feet which we had anticipated, and been provided for in said contract.

July 1, 1958 -	Bulldozed muck from top of shaft where it had been dumped. Set the work wire hoist. Mucked, and put in two rounds of timber.
July 2, 1958 -	Mucked and timbered, putting in four rounds of timber.
July 3, 1958 -	Extended the ladder in manway, and worked on the portion between the manway and the ore shaft.
July 4, 1958 -	Mucked.
July 7, 1958 -	Drilled one hole in center of shaft and blasted using two sticks of dynamite. Mucked.
July 8, 1958 -	Done extension drilling locating pegmatite four feet west of shaft, but spent the rest of the day drilling for a pegmatite on North side of shaft south side of shaft and east side of shaft. These holes reached twelve feet going in each direction.
July9, 1958 -	Mucked and put in timber.
July 10, 1958 -	Mucked and put in timber. Hauled water for extension drilling which is being carried on every five feet of sinking.
July 11, 1958 -	Worked on manway, mucked and timbered.
July 12, 1958 -	mucked.
July 14, 1958 -	Timbered and mucked. Drilled two rounds and blasted.
July 15, 1958 -	Mucked. Dozed muck away from shaft with bulldozer
July 16, 1958 -	Did extention drilling on or about the fifty-five foot point. The pegmatite had narrowed down from around four or five feet to three feet. Up five feet about this point around the 50 feet point this same condition occurred.
July 17, 18 July 19.	Mucked, timbered and sank to 60 feet.
July 21,	Completed 60 feet and don extention drillin, but found no pegmatite.
July 24, 1958	Pumped the water out, inspected same with Field Team.

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

RECEIVED
JUL 14 1958

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.5

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June, 1958 Docket No. DMEA 4879 Contract No. E-1185
Operator's Name CAROLINA MINING COMPANY Minerals MICA
Address P.O. Box 314
Contract Amount, $ 4,512.00 Government Participation: 75 % Amount, $ 6,016.00

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling						
Shaft Sinking	1320.00	none	1320.00			
Bulldozing						
Crosscutting						
Drifting						
Excavate	60.00	none	60.00			
(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.	116.00	none	116.00			
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	1496.00	none	1496.00	1496.00		1496.00

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

Date 7/5/58 *Payee CAROLINA MINING COMPANY

Per [signature] 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)

$274.00

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

$ 1122.00

Signature Helen R. Meier
(Authorized Certifying Officer)

Date JUL 11 1958 Vou. No.

(See other side)

(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. E1185 in accordance with the terms of the contract.

Signature S. Feitler Title MINING ENGINEER U. S. BUREAU OF MINES Date JUL 8 1958

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER DMEA FIELD TEAM REGION V Date JUL 8 1958

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June 195 0 Docket No. DMEA 4079 Contract No. E.1105
Operator's Name CAROLINA MINING COMPANY Minerals MICA
Address P.O. Box 314, Franklin, 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 Sinking	Ft	1380.00	30	1380.00	30	44.00	60	44.00
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Excavate	Cu Yd	60.00	400	60.00	400	15¢	400	15¢
Total Distributed Costs								Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc		116.00		116.00				
Total Costs		1496.00		1496.00				

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 4/5/50 Operator CAROLINA MINING COMPANY

Per Roy H. Watts 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)

S A Feitler
MINING ENGINEER
U. S. BUREAU OF MINES

INSTRUCTIONS

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

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

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

GPO 872894

NARRATIVE REPORT
June 58

CAROLINA MINING COMPANY
P.O. BOX 314
Franklin, North Carolina

Contract No. Idm-E-1185
DMEA 4879 - Mica
Ray-Liner Mine
Macon County, N.C.

The project was started as designated and work began on or before May 30, 1958.

Since the contract was set up in two stages we completed Stage 1 for inspection of the Field Team before continuening. In doing this we exposed contacts as sections across the south pegmatite by excavating hand trenches approximately 2 feet wide by 1½ feet deep, removing 302 cu feet in the south pegmatite. In the North pegmatite 100 cu feet was removed in the same manner. After this was inspected by the Field Team we were authorized on June 9, 1958 to proceed with Stage II of the subject contract.

June 9, 1958	- Bulldozed for location of shaft indicated by Field Team, cut trees, and removed overhanding embankment.
June 10, 1958	Dozed, worked on Power Line.
" 11, "	Dozed, worked on power line, started consruction of tool house.
" 12, "	Worked on tool house, powder storage magazine,
" 13, "	Completed Tool House, worked on Exploder Magazine.
" 14, "	Completed magazines, power line, started setting up Boom pole and placing machinery.
" 16, "	Started sinking on shaft, putting in air line.
" 17 "	Worked on shaft adjusted boom pole, set up blower.
" 18 "	Timbered on shaft.
" 19 "	Built shed over shaft.
" 20 "	Wired in for electric hoist, and electric lights.
" 21 "	Finished wiring up blower, hoist, lights.
" 23 "	Put timber in shaft,
" 24 "	Mucked, used hoist, drilled and blasted.
" 25 "	Hooked up water line drill, mucked., timbered.
" 26 "	Mucked, drilled and blasted, timbered.
" 27 "	Mucked.
" 28 "	Timbered and drilled and blasted.
" 30 "	Mucked and timmered completed 30 feet.

The shaft was started in Pegmatite but dipped away to the west, but keeping in touch with it with extention drill, however it is only four feet away, around the 28 foot level. The peg along side the shaft seems to be verticle with the shaft for the time being. About fifty pound of mica has been recovered so far from the sinking. This is book mica and we have not sheeted any. About 20 feet in depth we cut through a quartz zone six feet long and 18" thick. The country rock is decomposed but has to be drilled and blasted for easly shoveling. Small charges of dynamite to each hole.

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

MAR 5 1959

Carolina Mining Company
c/o Mr. Roy E. Fouts
P. O. Box 314
Franklin, North Carolina

Re: Docket No. DMEA-4879-Mica
Carolina Mining Company
Ray-Liner Mine
Macon County, North Carolina
Contract No. Idm-X1185

Gentlemen:

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.

We appreciate your interest and participation in the DMEA exploration program which has now been succeeded by the Office of Minerals Exploration program.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

WCAnderson:gad 3/4/59
Copy to: Dir. R. File
Mr. Chambers
Region V
Mr. Kiilsgaard, USGS
Mr. Dietrich, USBM
Mr. & Mrs. L. B. Liner, Route #4, Franklin, N. C.
Mr. & Mrs. R. G. Ray, Route #4, Franklin, N. C.

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

MAR 5 1959

Mr. & Mrs. R. G. Ray
Route #4
Franklin, North Carolina

Re: Docket No. DMEA-4879-Mica
Carolina Mining Company
Ray-Liner Mine
Macon County, North Carolina
Contract No. Idm-E1185

Dear Mr. and Mrs. Ray:

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 April 21, 1958, under the DMEA program which has now been succeeded by the Office of Minerals Exploration program.

Sincerely yours,

(Signed) FRANK E. JOHNSON

Acting Director

Enclosure

WCAnderson:gad 3/4/59
Copy to: Dir. R. File
Mr. Chambers
Region V
Mr. Kiilsgaard, USGS
Mr. Dietrich, USBM

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

MAR 5 1959

Mr. and Mrs. L. B. Liner
Route #4
Franklin, North Carolina

Re: Docket No. DMEA-4879-Mica
Carolina Mining Company
Ray-Liner Mine
Macon County, North Carolina
Contract No. Idm-K1185

Dear Mr. and Mrs. Liner:

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 April 21, 1958, under the DMEA program which has now been succeeded by the Office of Minerals Exploration program.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

Enclosure

WCAnderson:gad 3/4/59
Copy to: Dir. R. File
Mr. Chambers
Region V
Mr. Kiilsgaard, USGS
Mr. Dietrich, USBM

Audit's copy

TERMINATION AGREEMENT

It is agreed this 15th day of August, 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and the Carolina Mining Company, hereinafter called the "Operator," parties to that certain Exploration Project Contract No. Idm-E1185 (Docket No. DMEA-4879), dated April 21, 1958, hereinafter called the "Contract," that:

1. Effective July 25, 1958, 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 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 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. M. Mitteudorf
Administrator, Defense Minerals Exploration Administration

CAROLINA MINING COMPANY

By Roy H. Fouts (Partner)
Roy H. Fouts

By William Dinnes (Partner)
William Dinnes

RECEIVED AUG 27 D.M.E.A.

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

EXTRA COPY
DMEA
RECEIVED JUN 11 1958
DATE | CODE
800

June 9, 1958

Carolina Mining Company
c/o Roy H. Fouts
P.O. Box 314
Franklin, North Carolina

Re: DMEA-4879, Idm-E1185-mica
Carolina Mining Company
Ray-Liner Mine, Macon County
North Carolina

Dear Mr. Fouts:

You are hereby authorized to start work on Stage II of the subject contract.

Robert A. Laurence
Executive Officer, DMEA
Region V

VJL/xm
cc
Opr. Com.-2
Lynch
Finance Officer
Files

DMEA Form 14

Contract No. Idm-E 1185

Docket No. 4879

DEPARTMENT OF THE INTERIOR

Terminated contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
April 21, 1958	V	North Carolina	Mica

Name and Address of Operator: Carolina Mining Co.
P. O. Box 314
Franklin, North Carolina

	Reserve	Obligation
Prior Amount	0	4,512.00
Increase	0	0
Decrease	0	~~2,400.00~~
Revised Amount	0	2,112.00

Remarks:

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

Date delivered to Bureau of Mines, Washington 8/19/58

22845

DMEA Form 14

Contract No. Idm-E 1185

Docket No. 4879

DEPARTMENT OF THE INTERIOR

Executed contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
April 21, 1958	V	North Carolina	Mica

Name and Address of Operator: Carolina Mining Co.
P. O. Box 314
Franklin, North Carolina

	Reserve	Obligation
Prior Amount	4,512.00	0
Increase	0	4,512.00
Decrease	4,512.00	0
Revised Amount	0	4,512.00

Remarks:

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

Date delivered to Bureau of Mines, Washington 5/27/58

22845

Audit copy

MF-200A
(Rev. April 1956)

OFFICIAL FILE COPY
DMEA 3
RECEIVED MAY 24 1958
DATE | INITIALS | CODE

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
4879	Mica	1185	Macon	North Carolina

It is agreed 21 APR 1958, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Roy H. Fouts and William Dinnes, partners d/b/a/ Carolina Mining Company

whose mailing address is P. O. Box 314, Franklin, 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 MAY 30 1958, 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 $6,016.00. The Government will contribute 75 percent of the fixed unit cost of the work performed, not exceeding $4,512.00, 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: Royalty of 12½% of all sheet mica and 5% of all scrap mica recovered from the property, payable to lessors.

(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:

(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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.....

.....

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By O. Mittendorf
Administrator, Defense Minerals
Exploration Administration

CAROLINA MINING COMPANY
(Operator)

By Jay H. Gates (Partner)

By William Simms (Partner)

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

.....

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE: 1956—O-383069

EXPLORATION PROJECT CONTRACT
CAROLINA MINING COMPANY
DOCKET NO. [illegible]-4979

ANNEX I

The land referred to in Article 2 of the contract, outlined in red on the attached "Map No. 2," is a 8.7 acre tract known as the "Ray-Linar Mica Mine," situated in Macon County, North Carolina, and is more particularly described as follows:

> Beginning on a dogwood on the north bank of Moore Branch, and runs N. 16° W. 468 feet to a small hickory; thence N. 31°-30' W. 354 feet to a clump of small sourwood; thence N. 85° W. 231 feet to a hickory; thence S. 7° W. 200 feet; thence N. 75° W. 190 feet; thence S. 13° W. 210 feet to a stake on the top of Mack Collins' corner; thence S. 49° E. 330 feet to a stake; thence S. 86° E. 99 feet to a white oak; thence S. 36° E. 379.5 feet to a stake at the branch; thence down the branch with its meanders 520 feet to a dogwood, the beginning corner.

The above-described 8.7 acre tract is a portion of a larger 10 acre tract in the possession of the operator by virtue of a lease dated November 6, 1957, from the estate, L. R. Linar and wife, Francis Linar, and R. G. Ray and wife, Lillie Ray.

A Consent to Lien and Subordination Agreement, executed by T. B. and Francis Linar and R. G. and Lillie Ray is attached and made a part hereof.

EXPLORATION PROJECT CONTRACT
CAROLINA MINING COMPANY
CONTRACT NO. DMSA-4879

EXHIBIT A

Description of the Work

Explorations for concentrations of strategic mica shall be performed in the area indicated on map No. 1, entitled "Hay-Liner Mine, Mason County, North Carolina, DMSA-4879 - mica," attached hereto and made a part hereof.

The work is divided into two stages. The Operator shall complete Stage I, and shall perform as much of the Stage II work as is approved in writing in advance by the Government.

Stage I

Expose contacts and sections across the north pegmatite by excavating hand trenches approximately 8 feet wide by 1½ feet deep. After trenching on the north pegmatite has been completed, excavate by hand to delineate the north pegmatite. A total of 400 cubic feet of excavation is allowed for this stage, of which, not in excess of 100 cubic feet may be used to delineate the north pegmatite.

Stage II

1. Construct:

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

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

(c) An exploder storage magazine, minimum dimensions 8 feet by 1½ feet by 1 foot.

The toolhouse may be unflooored; 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 bermed on all sides; shall be made from 2-inch hardwood or 3-inch softwood lumber; and shall be bermed at the entrance. No metal shall be exposed; and the doors shall be securely locked with the equivalent of a 5-tumbler Sargent lock.

2. From the most favorable site as determined by the hand trenching in Stage I, and with the prior approval of the Government, sink a two-compartment vertical or inclined shaft, a distance of not more than 60 feet.

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

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 locations, inclinations, directions, and extent of all work are subject to the approval of the Government.

ESTIMATED COSTS OF THE PROJECT

Fixed Unit Costs

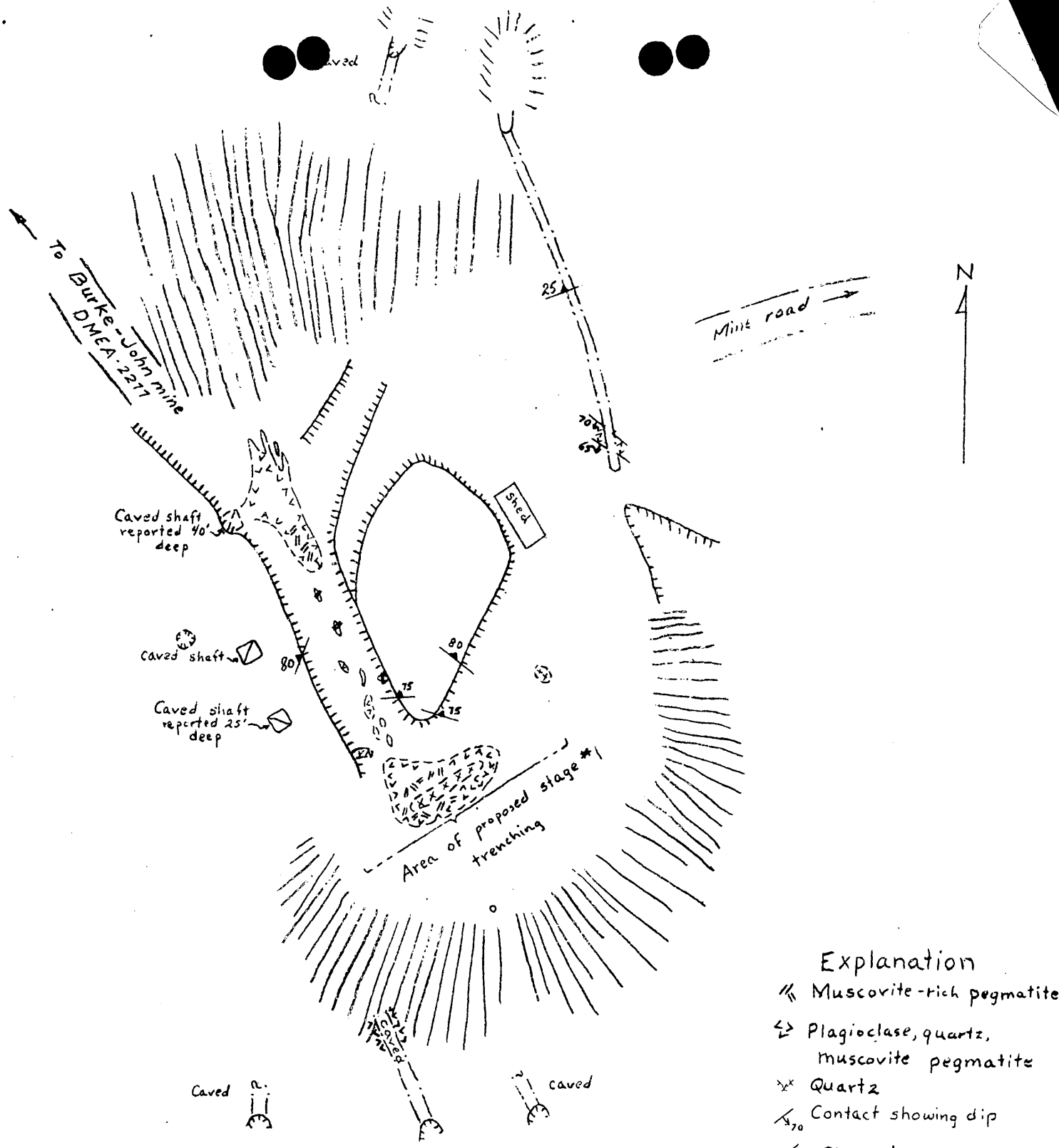
Stage I

Excavate 400 cubic feet of hand trench @ $0.15/cubic feet.	$60.00

Stage II

1.	Construct - Toolhouse[1]	$75.00	
	Powder magazine[1]	25.00	
	Exploder magazine[1]	15.00	$115.00
2.	Sink shaft - 60 feet @ $44.00/ft.		$2,640.00
3.	Drift and/or crosscut - 100 feet @ $38.00/ft.		$3,800.00
	Estimated Total Cost of Project		$6,615.00
	Government participation @ 75%		4,958.00

1/ The completed work constitutes the unit.



MAP NO. 1

Ray-Liner Mine

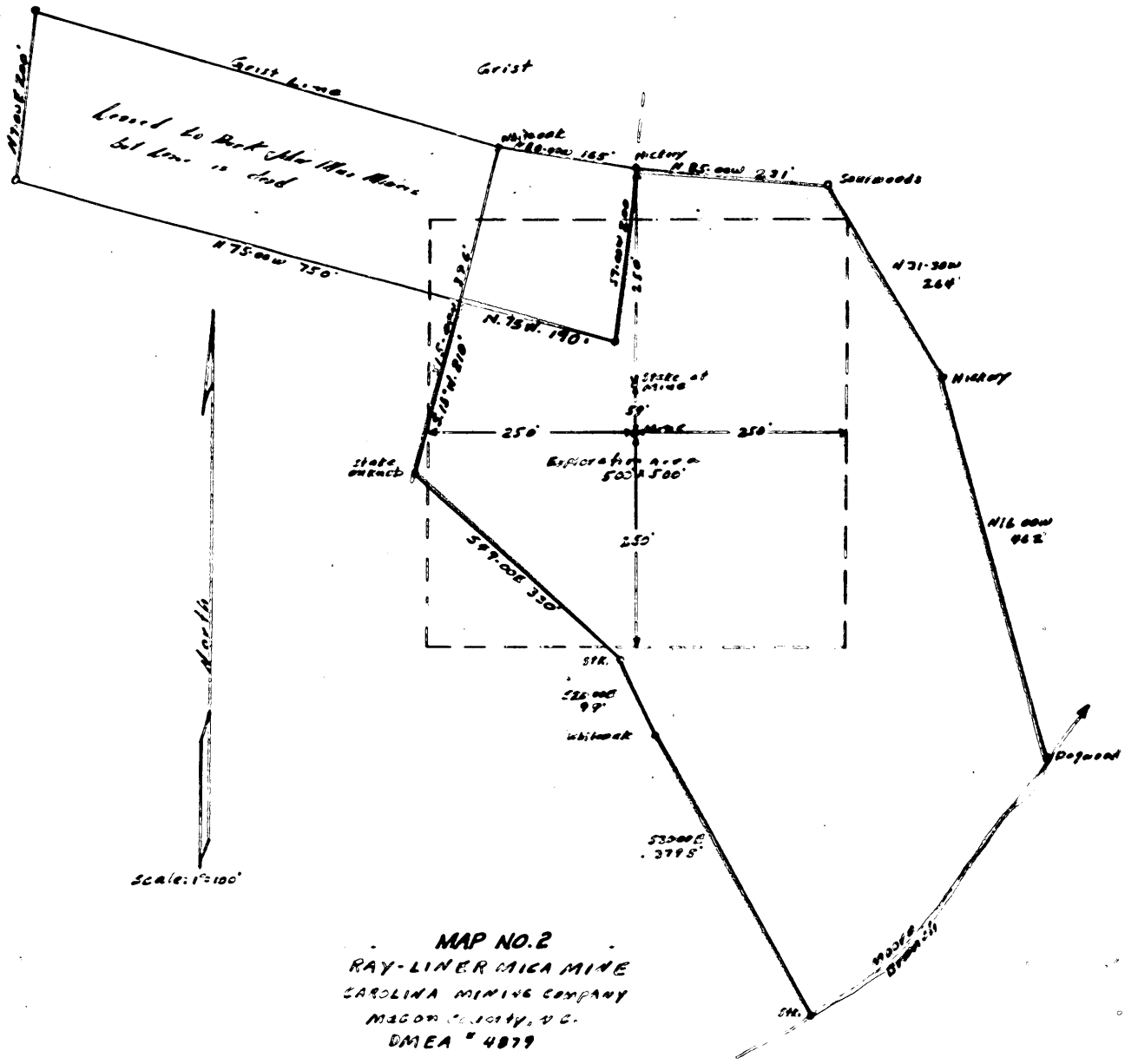
Macon County, North Carolina

DMEA-4879-mica

Scale

0 20 40 feet

FGL 2/58



MAP NO. 2

RAY-LINER MICA MINE

CAROLINA MINING COMPANY

MACON COUNTY, N.C.

DMEA # 4879

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

[illegible]r Government's Use Only
EXPL[illegible]TION PROJECT CONTRACT
Operator
Docket No. DMEA-
Contract No. Idm-E 1185
Contract Date 21 APR 1958

RECEIVED MAY 23 1958 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 Macon, State North Carolina, described as follows: 2/ Beginning on a dogwood on the north bank of Moore Branch, and runs N. 16° W. 462 feet to a small hickory; thence N. 31-30' W. 264 feet to a clump of small sourwood; thence N. 85° W. 231 feet to a hickory; thence S. 7° W. 200 feet; thence N. 75° W. 190 feet; thence S. 15° W. 210 feet to a stake on the top of knob Collins' corner; thence S. 49° E. 330 feet to a stake. Thence S. 26° E. 99 feet to a white oak; thence S. 30° E. 379.5 feet to a stake at the branch; thence down the branch with its meanders 528 feet to a dogwood, the beginning corner

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.)

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 _____ day of 21 APR 1958, 195__.

R. G. Ray	[Seal]	Franklin N.C. RF4	[Address]
Lillie Ray	[Seal]	" "	[Address]
L. B. Liner	[Seal]	Franklin N.C. RF4	[Address]
Tressie Liner	[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]

DMEA Form 14

Contract No. Idm-E 1185

Docket No. 4879

DEPARTMENT OF THE INTERIOR

Approved contract

DEFENSE MINERALS EXPLORATION ADMINISTRATION

Obligation Document

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

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

Date of Contract	Region	State	Commodity
April 21, 1958	V	North Carolina	Mica

Name and Address of Operator: Carolina Mining Co.
P. O. Box 314
Franklin, North Carolina

	Reserve	Obligation
Prior Amount	0	0
Increase	4,512.00	0
Decrease	0	0
Revised Amount	4,512200	0

Remarks:

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

Date delivered to Bureau of Mines, Washington 4/22/58

22845