OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Appalachian Sulphides, Inc.
Jefferson, North Carolina

pertaining to Exploration Project Contract No. Idm-E1222, DMEA No. 5044, including Amendment No. 1, for October 1958 to March 1959, inclusive, covering a copper and zinc project at the Ore Knob Mine, Ashe 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 reasons that:

(a) the Monthly Reports were supported by documentary proof of that portion ($53,142.92) of the costs covering work performed at unit rates under independent contract;
(b) the balance ($2,904.07) of the costs was under a contract provision for payment by the Government at fixed unit costs for work performed; and
(c) the administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible disallowances.

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

Total cost billed by Operator		$56,046.99
Exceptions:		
Prior to this review	$ -0-	
Herewith	-0-	-0-
Total acceptable cost		$56,046.99

The contract calls for a 50 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	$28,023.49
Paid to date	24,498.86
Balance due Operator	$ 3,524.63

E. D. Talbert

E. D. Talbert, OME Auditor

April 22, 1959

APR 22 1959

Memorandum

To: Executive Officer, OME Field Team, Region V

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

Subject: Docket No. DMEA-5044 (Copper-Zinc)
Appalachian Sulphides, Inc.
Ore Knob Mine
Ashe County, North Carolina
Contract No. Idm-21272

The original and three copies of a Report of Review in lieu of a final audit of the subject contract, as requested by your April 14 memorandum, are enclosed. As copies of the Operator's final engineering and geological report have been received by the Washington office, withholding release of this Report of Review (as mentioned in my April 17 memorandum) is no longer necessary.

If you concur with the facts as stated therein, please make the usual distribution of the Report of Review. If for any reason you do not concur, please return the original and all copies to this Division.

Enclosures

EDTalbert/ama
April 22, 1959

Copy to: Docket
Director's Reading File
CA & A Division
Mr. Talbert
Mrs. Miller

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
ROOM 2-B POST OFFICE BLDG.
KNOXVILLE 2, TENN.

April 20, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 22 1959

DATE	INITIALS	CODE
4/22	a	220
		800
		500

Memorandum

To: E. D. Talbert, OME Contract ~~Administration &~~ Audit Div.

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

Subject: DMEA-5044, Idm-E1222 (copper-zinc)
Appalachian Sulphides, Inc. Jefferson, N.C.
Ore Knob Mine, Ashe County, North Carolina

Reference is made to your memorandum of April 17.

The Operator's final report has been received, and forwarded to the Operating Committee. We neglected to state, in the request for a Report of Review, that we expected to receive the final report soon and that we would hold up distribution of the Report of Review and payment of the final voucher until the final report was received.

Robert A. Laurence

Robert A. Laurence

APR 19

Memorandum

To: Executive Officer, ORE Field Team, Region V

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

Subject: Docket No. DMEA-5044 (Copper-Zinc)
Appalachian Sulphides, Inc.
Ore Knob Mine
Ashe County, North Carolina
Contract No. Ida-K1222

Your April 14 memorandum confirms the units of work performed under the subject contract but states that the Operator's final engineering and geological report has not been received. However, the procedure promulgated by the Operating Committee's letter of January 17, 1957, to all Executive Officers provides that a report of review or a final audit certificate will not be issued without a statement from the Executive Officer that the Operator's final report has been received or waived, or the value of such report has been assessed.

Accordingly, although the project has been given an audit review, release of a report of review is being withheld pending fulfillment of this requirement.

The final (March 1959) RF-104 with attachments and invoices and drill records supporting prior vouchers, as submitted by Mrs. Miller's April 30 memorandum, are being returned to her via certified mail with a copy of this memorandum.

EDTalbert/ama
April 17, 1959

Copy to: Docket
Director's Reading File
CA & A Division
Mrs. Miller w/enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
ROOM 2-B POST OFFICE BLDG.
KNOXVILLE 2, TENN.

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 16 1959

DATE	INITIALS	CODE
4/16	C	220
		800

April 14, 1959

Memorandum

To: Mr. E. D. Talbot, OME Contract Administration

From: Executive Officer, OME - Region V - Knoxville

Subject: DMEA-5044, Idm-E1222(Cu,Pb,Zn) Ore Knob Mine, Ashe County, N. C. Appalachian Sulphides, Inc.

Work on the subject contract has been completed.

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

16,971 feet of diamond drilling was completed in 12 drill holes (interim reports show a total of 16,972 feet drilled; a check on drill hole logs indicates a total of 893 feet in Hole No.50, rather than 894 feet shown in the interim report of March 12).

Tro-Pari surveys were made of all 12 holes.

A total of 19 assays were made on core samples.

The Operator's final engineering and geological report has not yet been received.

Opr. Final Report
Rec'd Knoxville 4/17/59
Washington 4/20/59

Robert A. Laurence

Robert A. Laurence

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION V

ELECTROTECHNICAL
EXPERIMENT STATION

P. O. BOX 217
NORRIS, TENNESSEE

REGISTERED MAIL

April 10, 1959

Memorandum

To: Jay L. Chambers, Office of Minerals Exploration, Interior Building, Washington 25, D. C.

From: Administrative Assistant, Norris, Tennessee

Subject: Report of Review in lieu of final audit - Docket No. DMEA-5044, Idm-E1222 (Copper-Zinc), Appalachian Sulphides, Inc.

We are requesting a Report of Review in lieu of final audit on the above contract. The following documents are attached hereto:

(1) Final MF-104, 104A, invoices, and attachments (month of March 1959)

(2) Invoices and Drill Records covering previously paid vouchers

Please advise if additional information is needed.

Helen R. Miller

Helen R. Miller

Attachments
/hbm
Copies to R. A. Laurence
V. J. Lynch
Norris files
Day files

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

DATE	INITIALS	
4/15	C	220
		800

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-

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of March, 1959 Docket No. DMEA 5044 Contract No. IDM-E 1222
Operator's Name Appalachian Sulphides, Inc. Minerals Copper-Zinc
Address Jefferson, North Carolina
Contract Amount, $ 58,190.00 Government Participation: 50 % Amount, $ 29,095.00

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	$6,591.45	$45,597.30	$52,188.75			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
Incidentals	380.80	2,504.27	2,885.07			
Assaying	2.00	17.00	19.00			
Tro-Pari Tests	75.00	879.17	954.17			
TOTALS	$7,049.25	$48,997.74	$56,046.99	7,049.25	48,997.74	56,046.99

APR 30 1959 O.M.E.

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

Date April 1/59 *Payee Appalachian Sulphides, Inc.

Per [signature] Title Accountant

*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:

$ 3524.63

Signature [signature] (Authorized Certifying Officer)

Date APR 28 1959 Vou. No. 107

(See other side)

6 [illegible] C/3/10 3524.62

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-1222 in accordance with the terms of the contract.

Signature [illegible] Title GEOLOGIST, U. S. G. S. Date APR 24 1959

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature V. J. Lynch Title ACTING EXECUTIVE OFFICER DME - REGION V Date APR 24 1959

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 March 195 59 Docket No. DMEA 5044 Contract No. TDM-E 1222

Operator's Name Appalachian Sulphides, Inc. Minerals Copper - Zinc

Address Jefferson, N. C.

OPERATION		Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting									
Crosscutting									
Raising									
Shafts									
Winzes									
Drilling: Core	0-500	Ft.	$2,750.00	1000	$16,500.00	6,000	$2.75	5500	$ 2.75
Churn	500-1000	Ft.	2,679.00	893	17,178.00	5726	3.00	5200	3.00
Auger	1000-1500	Ft.	1,162.45	347	12,284.45	3667	3.35	3700	3.35
Stripping	1500-2000	Ft.	-	-	4,912.60	1276	3.85	2300	3.85
Trenching	2000 +	Ft.	-	-	1,313.70	302	4.35	300	4.55
Test Pits	Tro Pari Tests	Hole	75.00	2	954.17	12	79.514	11	160.00
Roads and Trails	Assays	Each	2.00	2	19.00	19	1.00	200	1.00
	Incidentals	Ft.	380.80	2240	2,885.07	16971	.17	17000	.17
Total Distributed Costs			7049.25		56,046.99				Total Costs Authorized by Contract
Operating Equipment Purchased									
Initial Rehabilitation and Repairs									
New Buildings, Improvements, etc.									
Total Costs									

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

Date April 1/58 Operator Appalachian Sulphides, Inc.

Per [signature] Title Accountant

Remarks: This report covers: Holes N-49 and N-50

2 Assays Hole N-49

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

(Instructions on reverse)

(For Government use only)

[signature]

GEOLOGIST, U. S. G. S.

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

APPALACHIAN SULPHIDES, INC.

ORE KNOB MINE

PROGRESS REPORT DMRA DOCKET NO. 5044

Period: February 28 - March 31, 1959

D. D. H. No. 50

Location: North 7434.30, East 15494.18, Elevation 3180.23, Offset Baseline 154 feet South and on Section 4400 West.

A two inch silicious zone containing a few specks of pyrrhotite, pyrite, and chalcopyrite was encountered at elevation 2560, offset baseline 85 feet north, and on section 4360 west.

It was unfortunate that this program did not yield any additional ore reserve or new mineralized areas. However, I feel that valuable geologic information was obtained, and that it will be helpful for future exploration on the property.

Submitted,

APPALACHIAN SULPHIDES, INC.

Dewey S. Kirstein

Dewey S. Kirstein
Geologist

RECEIVED
APR 6 - 1959
U. S. Geological Survey
Geologic Division
Knoxville, Tenn.

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

Budget Bureau No. 42-R1036.5

MAR 16 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

PAY ON VOUCHER & SCHEDULE OF PAYMENTS K-

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of February, 1959 Docket No. DMEA 5044 Contract No. IDM-E 1222
Operator's Name Appalachian Sulphides, Inc. Minerals Copper-Zinc
Address Jefferson, North Carolina
Contract Amount, $ 58,190.00 Government Participation: 50% Amount, $ 29,095.00

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:		Adjusted				
Drilling	$15,612.70	$29,984.60	$45,597.30			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
Incidentals	872.95	1,631.32	2,504.27			
Assaying	1.00	16.00	17.00			
Tro-Pari Tests	267.50	611.67	879.17			
TOTALS	$16,754.15	$32,243.59	$48,997.74	16,754.15	32,243.59	48,997.74

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

Date March 5/59 *Payee Appalachian Sulphides, Inc.

Per [signature] Title Accountant

*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:

$ 8377.07

Signature Peter E. Miller
(Authorized Certifying Officer)

Date MAR 12 1959 Vou. No. 95

(See other side)

8377.08

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-1222 in accordance with the terms of the contract.

Signature [signature] Title MINING ENGINEER U. S. BUREAU OF MINES Date MAR 11 1959

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature [signature] Title ACTING EXECUTIVE OFFICER OME REGION V Date MAR 11 1959

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 February 1959 Docket No. DMEA 5044 Contract No. IDM-E 1222
Operator's Name Appalachian Sulphides, Inc. Minerals Copper - Zinc
Address Jefferson, N. C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core 0 - 500	Ft.	$ 5,500.00	✓ 2000	$13,750.00	5000	$2.75	5500	$2.75
Churn 500 - 1000	Ft.	5,499.00	✓ 1833	14,499.00	4833	3.00	5200	3.00
Auger 1000-1500	Ft.	2,680.00	✓ 800	11,122.00	3920	3.35	3700	3.35
~~Stripping~~ 1500-2000	Ft.	1,925.00	✓ 500	4,912.60	1276	3.85	2300	3.65
~~Trenching~~ 2000 +	Ft.	8.70	✓ -	1,313.70	302	4.35	300	4.55
~~Test Pits~~ Tro-Pari Tests	Hole	267.50	✓ 4	879.17	10	87.917	11	160.00
~~Roads and Trails~~ Assays	Each	1.00	1	17.00	17	1.00	200	1.00
Incidentals	Ft.	872.95	5133	2,504.27	14731	.17	17000	.17
Total Distributed Costs		$16,754.15		$48,997.74				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs								

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

Date March 5, 1959 Operator Appalachian Sulphides, Inc.

Per [signature] Title Accountant

Remarks: This report covers:
Hole No. 39A (Deepening)
Hole Nos. N 45, N 46, N 47, N 48

1 Assay Hole No. N 46

Claiming 2¢ over the 2000¢ Level and .34¢ Incidentals Disallowed on January Billing

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

(Instructions on reverse)

(For Government use only)

[signature]
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

APPALACHIAN SULPHIDES, INC.

ORE KNOB MINE

PROGRESS REPORT DMEA DOCKET NO. 5044

Period: January 31 - February 28, 1952

D.D.H. No. N 47

Location: North 7714.50, East 16259.44, Elevation 3176.78, Offset Baseline 294 feet South and on Section 3600.

A 6 inch mineralized zone, largely pyrrhotite - enclosing wall rocks very siliceous quartz mica gneiss was encountered at elevation 2715, offset baseline 87 feet north and on section 3585 west.

Hole completed at 836, casing pulled. Complete log enclosed.

D.D.H. No. N 48

Location: North 7284.22, East 15580.57, Elevation 3286.53, Offset Baseline 334 feet South, and on Section 4400 West.

A 3 inch shear zone mineralized with 20% pyrrhotite and traces of chalcopyrite was encountered at elevation 2397, offset baseline 67 feet north, and on section 4235 west. This probably represents the westward extension of the main mineralized zone for the hole was carried 367 feet past the zone without finding additional mineralized zones.

Hole completed 1196, casing pulled. Complete log enclosed.

D.D.H. No. N 49

Location: North 7284.22, East 15580.57, Elevation 3286.53, Offset Baseline 334 feet South and on Section 4322 West.

A 22 feet brecciated quartz mica gneiss zone was encountered at elevation 2142, offset baseline 5 feet south and on section 4414 west. The first foot of the zone was mineralized with a few scattered specks of sulphides - it assayed 0.26% copper. The following 1.2 feet contained 30% sulphides of which 20% was pyrrhotite, 5% pyrite and 5% chalcopyrite. The 1.2 feet zone assayed 2.06% copper.

Hole was completed at 1347 - casing pulled. Complete log enclosed.

Submitted,

APPALACHIAN SULPHIDES, INC.

Dewey S. Kirstein

Dewey S. Kirstein
Geologist

February 26, 1959

Appalachian Sulphides, Inc.

Jefferson, North Carolina

Attention: Mr. E. L. Tomsey
Accountant

Gentlemen:

Reference is made to your February 20th letter regarding payment on your January voucher covering contract Edm-K1222, Docket No. DMEA-504h.

In error, we disallowed 2 of the 302 feet claimed over the 2000 foot level. The description of work portion of the contract's Exhibit "A" states the depths of holes as "Varying from approximately 900 feet to approximately 2,300 feet." In the estimated costs portion of the Exhibit "A" an estimate of 300 feet is indicated for depths in excess of 2,000 feet, and Article 6(a) of the contract provides that under Category (1) only the total amount of the category and the estimated cost of each unit are maximums. The disallowed 2 feet will be adjusted on your next voucher.

The contract provides for payment of footage over the 2000 feet level of $4.55 per foot, however, the contract also prohibits payment in excess over invoiced costs. Therefore, the rate of $4.35 per foot is correct and just.

Very truly yours,

Helen R. Miller
Administrative Assistant

/Mim
Copies to W. J. Lynch
R. A. Lawrence
Jay L. Chambers
Morris files
Day files

EXTRA COPY
O. M. E.
RECEIVED MAR 6 1959
DATE | INITIALS
800

FEB 20 1959

[illegible]

[illegible]

Dear Mr. Miller:

[illegible]

[illegible]

[illegible]

Sincerely yours,

(Signed) L. L. Chambers

Jay L. Chambers
Supervisor, Administration
and Audits Division

[illegible]/bmc
February 20, 1959

cc: Docket
Director's Reading File
Mr. Chambers
OMC Field Team, Region V

-104 (Rev.
pril 1952)

FEB 20 1959
O.M.E.

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 January 1959 Docket No. DMEA 5044 Contract No. IDM -E1222
Operator's Name Appalachian Sulphides, Inc. Minerals Copper - Zinc
Address Jefferson, North Carolina
Contract Amount, $58,190.00 Government Participation 50 % Amount, $29,095.00

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	$7,849.10	$22,204.60	$30,053.70	7780.00	22,204.60	29,984.60
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
Incidentals	391.34	1,240.32	1,631.66	391.00	1240.32	1631.32
Assaying	2.00	14.00	16.00	2.00	14.00	16.00
Tri-Pari Tests	152.50	459.17	611.67	152.50	459.17	611.67
TOTALS	$8,394.94	$23,918.09	$32,313.03	8325.50	23918.09	32,243.59

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

Date Feb. 10/59 *Payee Appalachian Sulphides, Inc.

Per [signature] Title Accountant

*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:

$ 4162.75

Signature [signature] (Authorized Certifying Officer)

Date FEB 18 1959 Vou. No. 89

(See other side)

4192.75

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. E-1232 in accordance with the terms of the contract.

Signature Frank G. Lesure Title GEOLOGIST, U. S. G. S. Date FEB 16 1959

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature V. J. Lynch Title ACTING EXECUTIVE OFFICER DMEA REGION V Date FEB 16 1959

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-R1151.2

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

FEB 20 1959 O.M.E.

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of January 1959 Docket No. DMEA 5044 Contract No. DM-X1222

Operator's Name Appalachian Sulphides, Inc. Minerals Copper-Zinc

Address Jefferson, 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								
Winzes								
Drilling: Core 0-500	Ft.	1375.00 ✓	500	8250.00	3000	2.75	5500	2.75
Chum 500-1000	Ft.	1500.00 ✓	500	9000.00	3000	3.00	5200	3.00
Auger 1000-1500	Ft.	1675.00 ✓	500	8442.00	2520	3.35	3700	3.35
Stripping 1500-2000	Ft.	1925.00 ✓	500	2987.60	776	3.85	2300	3.85
Trenching 2000 +	Ft.	1374.10 ✓	302	1374.10	302	4.55	300	4.55
Test Pits Tro Part Tests	Hole	152.50 ✓	1	611.67	6	101.945	11	160.00
Roads and Trails Assays	Each	2.00	2	16.00	16	1.00	200	1.00
Incidentals	Ft.	391.34	2302	1631.66	9598	.17	17000	.17
Total Distributed Costs		$8,394.94		$32,313.03				Total Costs Authorized by Contract
		8385.50		32,303.59				
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs								

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

Date Feb. 10/59 Operator Appalachian Sulphides, Inc.

Per [signature] Title Accountant

Remarks: This report covers Hole No. N 44

2 Assays - Hole No. N 44

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

(Instructions on reverse)

(For Government use only)

2 feet of drilling in the 2000'+ category was disallowed.

VJh.

GEOLOGIST, U. S. G. S.

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

February 18, 1959

Appalachian Sulphides, Inc.

Jefferson, North Carolina

Gentlemen:

Reference is made to your January 1959 voucher covering contract Idm-81222, Docket No. DMKA-5044, Ore Knob Mine, Ashe County, North Carolina.

It is necessary to adjust your claim of $8,394.94 to read $8,325.50. The following deletions have been made:

1. Claim is made for 302 feet of drilling over the 2000 foot level - necessary to disallow 2 feet of the above, as contract calls for 300 feet only - claim is also made for drilling in excess of the 2000 foot level at $4.55, but we cannot pay more than $4.35/feet as per invoice.

Claim made - 302 feet at $4.55	=	$1,374.10
Claim adjusted - 300 feet at $4.35	=	1,305.00
	Disallowance	$69.10

2. Claim is made for 2302 feet, incidental allowances - necessary to disallow 2 feet in accordance with above.

Claim made for 2302 feet at $0.17	=	391.34
Claim adjusted 2300 feet at $0.17	=	391.00
	Disallowance	$ 0.34

Voucher is being processed today in the amount of $4162.75, which is 50% of the approved total of $8,325.50.

Sincerely yours,

Helen H. Miller
Administrative Assistant

/hhm
Copies to H. A. Lawrence
V. J. Lynch
J. L. Chambers
Morris files
Day files

APPALACHIAN SULPHIDES, INC.

ORE KNOB MINE

PROGRESS REPORT NMA DOCKET NO. 5684

Period: December 31 - January 31, 1959

RECEIVED

D.D.H. No. N 44

Location: North 6425.95, East 17008.82, Elevation 3149.29, Offset Baseline 1784.20 South and on Section 3595.5 West.

A 22 foot zone of quartz actinolite-biotite gneiss containing traces of sulphides was encountered at elevation 2110, offset baseline 1065 feet south and on section 3435 west. This probably represents a continuation of a similar zone found in Hole No. N 40.

Two weak intersections were found, four feet apart at elevation 1445, offset baseline 695 south and on section 3325 west. The first was 4.5 feet long and assayed 0.23 copper and the second was 2.5 feet long and assayed 0.18 copper. Hole completed at 2302. Complete log enclosed.

D.D.H. No. N 45

Location: North 8398.95, East 19815.83, Elevation 3037.53, Offset Baseline 1570 South, and on Section 200 West.

A 61 foot zone of quartz hornblende-actinolite gneiss was encountered at elevation 1555, offset baseline 905 feet south, and on Section 20 west. A ½ inch veinlet of pyrrhotite two feet from the beginning of the zone was all of the sulphides found of note. This zone of quartz hornblende-actinolite gneiss aligns reasonably with the known explored vein. Hole completed at 2000 feet. Complete log enclosed.

D.D.H. No. N 46

Location: North 7714.50, East 16259.44, Elevation 3176.70, Offset Baseline 894 feet South and on Section 3600 West.

A mineralized zone 3.5 feet long with 2.51% copper was found at elevation 2449, offset baseline 50 feet north, and on section 3550 west. Hole completed at 997 feet. Complete log enclosed.

D.D.H. No. N 47

Location: Same as D.D.H. No. N 46.

This hole was drilled from the same set up as N 46 but at a lesser dip angle to hit a target at elevation 2720, offset baseline 110 feet north, and on section 3600 west.

Summary Log:

0 - 34	Soil and Overburden
34 - 70	Soft and broken ground
70 - 147	Quartz Mica Gneiss
147	Hole Continues

D.D.H. No. N 39 A

Location: North 7376.74, East 16451.97, Elevation 3145.06, Offset Baseline 681 South, and on Section 3600 West. This hole is located on the same set up as N 39.

It was deemed possible that this hole was stopped too soon. Deepening the hole required resetting 72 feet of casing and 184 feet of drilling. Hole completed at 1431. Complete log enclosed.

A total of 2703 feet was drilled and 72 feet of casing was reset during the period.

Submitted,

APPALACHIAN SULPHURS, INC.

Henry S Kirstein

Henry S. Kirstein
Geologist

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- 21

JAN 28 1959 D.M.E.

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of December 8, 195 8 Docket No. DMEA 504 Contract No. IDM-E 1222

Operator's Name Appalachian Sulphides, Inc. Minerals

Address Jefferson, North Carolina

Contract Amount, $58,190.00 Government Participation: 50 % Amount, $ 29,095.00

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	$8,544.55	$13,660.05	$22,204.60			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
Incidentals	474.81	765.51	1,240.32			
Assaying	1.00	13.00	14.00			
Tro-Pari Rests	179.17	280.00	459.17			
TOTALS	$9,199.53	$14,718.56	$23,918.09	$9,199.53	$14,718.56	$23,918.09

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

Date Jan 11/59 *Payee Appalachian Sulphides, Inc.

Per [signature] Title Accountant

*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:

$ 4,599.76

Signature [signature] (Authorized Certifying Officer)

Date JAN 21 1959 Vou. No. 81

(See other side)

4,599.77

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DME E/212 in accordance with the terms of the contract.

Signature [illegible] Title GEOLOGIST, U. S. G. S. Date JAN 20 1959

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER OME FIELD TEAM REGION V Date JAN 20 1959

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 December 195 8 Docket No. DMEA 5044 Contract No. IDM-E 1222
Operator's Name Appalachian Sulphides, Inc. Minerals
Address Jefferson, 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								
Winzes								
Drilling: ~~Core~~ 0 - 500	Ft.	$2,750.00	1000	$5,500.00	2000	$5,500.00	5,500	$ 2.75
~~Churn~~ 500 - 1000	Ft.	3,000.00	1000	6,000.00	2000	6,000.00	5,200	3.00
~~Auger~~ 1000-1500	Ft.	2,656.55	793	5,427.00	1620	5,427.00	3,700	3.35
~~Stripping~~ 1500 - 2000	Ft.	138.00	-	924.60	276	924.60	2,300	3.85
~~Trenching~~ 2000 +	Ft.	-	-	-	-	-	300	4.55
~~Test Pits~~ Tro-Pari Tests	Hole	179.17	17°-55'	399.17	4	399.17	11	160.00
~~Roads and Trails~~ Assaying	Each	1.00	1	14.00	14	14.00	200	1.00
Incidentals	Ft.	474.81	2793	1,002.32	5896	1,002.32	17,000	.17
Total Distributed Costs		$9,199.53		$19,267.09				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs								

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

Date Jan 11/59 Operator Appalachian Sulphides, Inc.
Per [signature] Title Accountant

Remarks: This report covers Holes No. N42 & N43

1 Assay - Hole No. N 43

Claiming error of $138.00 on extension, Hole No. N 40 on November billing.

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

(Instructions on reverse)

(For Government use only)

The figures in the "Costs to Date", "Units to Date" and "Unit Costs to Date" columns are incorrect. Operator will be advised corrections necessary.

W M Beck

[signature]
GEOLOGIST, U. S. G. S.

JAN 20 1959

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

APPALACHIAN SULPHIDES, INC.

ORE KNOB MINE

PROGRESS REPORT DMEA DOCKET NO. 5044

Period: November 30 - December 31, 1958

D.D.H. No. N 42

Location: North 9282.97, East 20663.64, Elevation 3028.87, Offset Baseline 1138.7 feet South and on Section 1000 East.

A zone of quartz actinolite gneiss was encountered at elevation 1960, offset baseline 600 feet south and on section 1155 east. This appears to coincide with a similar zone found in hole No. N 41.

Hole completed at 1493 feet.

Complete log enclosed.

D.D.H. No. N 43

Location: North 7556.78, East 16348.03, Elevation 3119.97, Offset Baseline 476.1 South, and Section 3600 West.

An eight feet zone containing a few specks of sulphides was found at elevation 2235, offset baseline 25 feet south. This probably represents the "Hanging Wall Vein".

A second zone, 3 feet in length, containing 0.25% cu. was found at elevation 2185, offset baseline 5 feet north. This probably represents the "Main Vein".

Hole completed at 1300 feet

Complete log enclosed.

D.D.H. No. N 44

Location: North 6423.95, East 17008.82, Elevation 3149.29, Offset Baseline 1784.20 South and on Section 3595.5 West.

This hole was spotted for a target at elevation 1360, offset baseline 660 feet south and section 3600.

Summary Log:

0 - 22	Overburden; soil boulders and saprolite
22 - 307	Quartz Mica Gneiss
307 - 349	Quartz Actinolite Gneiss
349 - 425	Quartz Mica Gneiss
425 - 429	Quartz Actinolite Gneiss
429 - 434	Quartz Mica Gneiss
434 - 437	Quartz Actinolite Gneiss
437 - 497	Quartz Mica Gneiss
497 - 502	Quartz Actinolite Gneiss
502 - 506	Quartz Mica Gneiss

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506 - 511	Quartz Actinolite Gneiss
511 - 589	Quartz Mica Gneiss
589 - 634	Quartz Actinolite Gneiss
634 - 655	Quartz Mica Gneiss
655 - 660	Quartz Actinolite Gneiss
660 - 787	Quartz Mica Gneiss
787 - 800	Quartz Actinolite Gneiss
800 - 1273	Quartz Mica Gneiss
1273 - 1295	Mineralized Zone
1295 -	Quartz Mica Gneiss

Bottom of hole 12/31/58 1674 feet

Hole Continues.

D.D.H. No. M 45

Location: North 8398.95, East 19815.83, Elevation 3037.53, Offset Baseline 1570 feet South, and Section 200 West.

This hole was spotted for a target at elevation 1500 offset baseline 600 feet south and on section 200 west.

Summary Log:

0 - 102	Overburden
102 -	Quartz Mica Gneiss

Bottom of hole 12/31/58 1173 feet

Hole continues.

A total of 3,664 feet was drilled during the month of December.

Submitted,

APPALACHIAN SULPHIDES, INC.

Dewey S. Kirstein

Dewey S. Kirstein
Geologist

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

Budget Bureau No. 42-R1036.5

RECEIVED DEC 17 1958

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPORATION ADMINISTRATION

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of November 195 8 Docket No. DMEA 5044 Contract No. IDM-E 1222
Operator's Name Appalachian Sulphides, Inc. Minerals
Address Jefferson, N. C.
Contract Amount, $ 58,190.00 Government Participation: 50 % Amount, $ 29,095.00

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	$9,689.60	$3,970.45	$13,660.05			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
Incidentals	539.92	225.59	765.51			
Assaying	10.00	3.00	13.00			
Tro-Pari Tests	165.00	115.00	280.00			
TOTALS	$10,404.52	$4,314.04	$14,718.56	$10,404.52	$4,314.04	$14,718.56

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Dec. 9, 1958 *Payee Appalachian Sulphides, Inc.

Per [signature] Title Accountant

*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:

$ 5,202.26

Signature [signature]
(Authorized Certifying Officer)

Date DEC 15 1958 Vou. No. 10
(See other side)

5,202.26

(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. DMA-E1222 in accordance with the terms of the contract.

Signature H Hudson Title GEOLOGIST, U. S. G. S. Date DEC 12 1958

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE: Alternate ASSISTANT EXECUTIVE OFFICER STATE - REGION V

Signature W G Beck Title Date

MONTHLY REPORT OF OPERATOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED DEC 17 1958 O.M.E.

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

Month of November 195 8 Docket No. DMEA 5044 Contract No. IIM-R 1222
Operator's Name Appalachian Sulphides, Inc. Minerals
Address Jefferson, N. C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: ~~Core~~ 0 - 500	Ft.	$1375.00	500	$2750.00	1000	$2750.00	5500	$2.75
~~Churn~~ 500-1000	Ft.	1500.00	500	3000.00	1000	3000.00	5200	3.00
~~Auger~~ 1000-1500	Ft.	1675.00	500	2770.45	827	2770.45	3700	3.35
~~Stripping~~ 1500-2000	Ft.	924.60	276	924.60	276	924.60	2300	3.85
~~Trenching~~ 2000		-	-	-	-	-	300	4.55
~~Test Pits~~ Tre-Part Tests	Hole	105.00	10½	220.00	2	220.00	11	160.00
~~Roads and Trails~~ Incidentals	Ft.	301.92	1776	527.51	3103	527.51	17000	.17
Assaying	Each	10.00	10	13.00	13	13.00	200	1.00
Total Distributed Costs		$5891.52		$10205.56				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs								

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

Date Dec. 9, 1958 Operator Appalachian Sulphides, Inc.

Per [signature] Title Accountant

Remarks: This Report covers Hole No. N 40

Assays: Hole No. N 40

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

(Instructions on reverse)

(For Government use only)

Under Drilling:- "Costs this month" on 1500-2000 ft. line should be $1,062.60 instead of $924.60. Operator has been advised that he can claim the $138.00 on his next voucher

W. A. Beck

[signature]
GEOLOGIST, U. S. G. S. DEC 17 58

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

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 November 1958 Docket No. DMEA 5044 Contract No. IDM-E 1222
Operator's Name Appalachian Sulphides, Inc. Minerals
Address Jefferson, N. C.

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core 0 - 500	ft.	$1375.00	500	$4125.00	1500	$4125.00	5500	$2.75
Churn 500- 1000	ft.	1500.00	500	4500.00	1500	4500.00	5200	3.00
Auger 1000-1500	ft.	1340.00	400	4110.45	1227	4110.45	3700	3.35
~~Stripping~~ 1500-2000	ft.	-	-	924.60	276	924.60	2300	3.85
~~Trenching~~ 2000 +	ft.	-	-	-	-	-	300	4.55
~~Test Pits~~ Tro-Pari Tests	Hole	60.00	6	280.00	2	280.00	11	160.00
~~Roads and Trans~~ Incidentals	Ft.	238.00	1400	765.51	4503	765.51	17000	.17
Assaying Each		-	-	13.00	13	13.00	200	1.00
Total Distributed Costs		$4513.00		$14718.56				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs								

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

Date Dec. 9, 1958 Operator Appalachian Sulphides, Inc.

Per [signature] Title Accountant

Remarks: This Report covers Hole No. N 41

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

(Instructions on reverse)

(For Government use only)

[signature]
GEOLOGIST, U. S. G. S.

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
ROOM 2-B POST OFFICE BLDG.
KNOXVILLE 2, TENN.

December 12, 1958

Mr. Philip Eckman, Manager
Appalachian Sulphides, Inc.
Jefferson, North Carolina

Re: DMEA-5044 (copper-zinc)
Ore Knob Mine, Ashe County, N.C.
Contract Ida-21222

Dear Mr. Eckman:

Your November Operator's Monthly Report and Voucher has been received in this office and is being sent to the Finance Office for processing. On the calculations for Hole No. H40, there was an error of $138.00 in the item 1500-2000 feet. 276 x $3.85 = $1,062.60 instead of $924.60. You may claim the $138.00 on your next voucher.

On the Operator's Unit Cost and Progress report (Form M7-1044) it is not necessary to use separate sheets for each hole. They all can be combined on one sheet.

Sincerely yours,

Wm. A. Beck, Alternate Acting
Executive Officer, OME
Field Team, Region V

WAB/mm
cc
Finance
Lynch

Shirley
Files

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DEC 12 1958

APPALACHIAN SULPHIDES, INC.

ORE KNOB MINE

PROGRESS REPORT DMRA DOCKET NO. 5044

Period: October 31 - November 30, 1958

D.D. H. No. N 40

Location: North 6949.78, East 16698.48, Elevation 3073.41, Offset Baseline 1161 feet South, and on Section 3600 West.

This hole was spotted for a target at elevation 1770, offset baseline 410 feet south and on section 3600 west.

Weak intersections were found at elevation 2490, offset baseline 870 feet south, and on Section 3530 west, at elevation 1735, offset baseline 390 feet south, and Section 3380 west, and at elevation 1670, offset baseline 350 feet south.

The first intersection corresponds to a zone we call the "Upper Vein", the second intersection corresponds to our "Hangingwall Vein" and the third intersection corresponds to our "Main Vein". The hole was completed at 1776 feet.

Complete log enclosed.

D.D. H. No. N 41

Location: North 9697.87, East 20824.09, Elevation 3117.65, Offset Baseline 658.5 feet South, and on Section 1000 East.

This hole was spotted for a target at elevation 2300, offset baseline 290 feet south, and on Section 1000 east.

A few scattered specks of sulphides were found at the following footage Sections: 78-94, 138-154, 255-267, 1283-1284, and 1291-1292.

A zone of quartz actinolite gneiss was encountered at elevation 2315, offset baseline 280 feet south and on Section 1045 east. It appears likely that this zone of actinolite gneiss is an extension of the same actinolite gneiss found associated with the vein in the mine.

Hole completed at 1400 feet.

Complete log enclosed.

D. D. H. No. N 42

Location: North 9282.97, East 20663.64, Elevation 3028.87, Offset Baseline 1138.7 feet South, and on Section 1000 East.

This hole was spotted for a target at elevation 1960, offset baseline 550 feet south, and on Section 1000 east.

Summary Log:

0 - 29	Overburden; soil, boulders, and saprolite
29 - 1051	Quartz mica gneiss - typical
963	6 inch zone with specks of pyrite, pyrrhotite and chalcopyrite
	Bottom of hole 11/30/58 1051 feet
	Hole Continues.

D.D. H. No. N 43

Location: North 7556.78, East 16348.03, Elevation 3119.97, Offset Baseline 476.1 feet South, and Section 3600 West.

Hole was spotted for a target at elevation 2330, offset baseline 50 feet south and on Section 3600 west.

Summary Log:

0 - 26	Overburden; soil, boulders and saprolite
26 - 925	Quartz mica gneiss - typical
147	Two foot quartz vein with a few specks of sulphides.
	Bottom of hole 11/30/58 925 feet
	Hole Continues.

Submitted,

APPALACHIAN SULPHIDES, INC.

Dewey S. Kirstein

Dewey S. Kirstein
Geologist

DSK/cs

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

RECEIVED NOV 21 1958 D.M.E.

PAID ON VOUCHER & SCHEDULE OF PAYMENTS K-

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of October, 195 8 Docket No. DMEA 5048 Contract No. IDM-E 1222
Operator's Name Appalachian Sulphides, Inc. Minerals
Address Jefferson, North Carolina
Contract Amount, $ 58,190.00 Government Participation: 50 % Amount, $ 29,095.00

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	$3,970.45	-	$3,970.45			
~~Bulldozing~~						
~~Crosscutting~~						
~~Drifting~~						
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
Incidentals	225.59		225.59			
Assaying	3.00		3.00			
TrO-Pari Tests	115.00		115.00			
TOTALS	$4,314.04		$4,314.04	$4314.04	—	$4314.04

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Nov. 10, 1958 Payee Appalachian Sulphides, Inc.
Per [signature] Title Accountant

*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:
$ 2,157.02
Signature Helen R. Miller
(Authorized Certifying Officer)
Date NOV 19 1958 Vou. No. 53
(See other side)

5 8/14

2157.02

(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. Ida-E1222 in accordance with the terms of the contract.

Signature W. M. Beck Title ..... Date OCT. 17 1959

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title ..... Date NOV 17 1959

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 DF-104A
(April 1952)

Budget Bureau No. 42-R1151.2

RECEIVED NOV 21 1958

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of November 1958 Docket No. DMEA 5044 Contract No. IDM-E 1222

Operator's Name Appalachian Sulphides, Inc. Minerals

Address Jefferson, 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
Drilling								
~~Drifting~~								
~~Crosscutting~~								
~~Raising~~								
Shafts								
Winzes								
Drilling: Core 0-500	500	1,375.00	500	1,375.00	500	1,375.00	5,500	15,125.00
~~Churn~~ 500-1000	500	1,500.00	500	1,500.00	500	1,500.00	5,200	15,600.00
~~Auger~~ 1000-1327	327	1,095.45	327	1,095.45	327	1,095.45	3,700	12,395.00
Incidentals	1,327	225.59	1,327	225.59	1,327	225.59	17,000	2,890.00
~~Stripping~~ Assaying	3	3.00	3	3.00	3	3.00	200	200.00
~~Trenching~~ Tro-Pari Tests	7	115.00	7	115.00	7	115.00	11	1,760.00
~~Test Pits~~								
Roads and Trails								
								$55,100.00
Total Distributed Costs		$4,314.04		$4,314.04				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		$4,314.04		$4,314.04				

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 Nov. 10, 1958 Operator Appalachian Sulphides, Inc.

Per [signature] Title Accountant

Remarks: This Report covers:
Hole No. N-39

Assays - Hole No. N-39

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

(Instructions on reverse)

(For Government use only)

[signature]

GEOLOGIST, U. S. G. S.

NOV 17 1958

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

APPALACHIAN SULPHIDES, INC.

ORE KNOB MINE

PROGRESS REPORT DMEA DOCKET NO. 5044

Period: September 10 - October 31, 1958

D.D.H. No. N 39

Location: North 7376.74, East 16451.97, Elevation 3145.06, Offset baseline 681.5 feet South, Section 3600 West, Bearing N 30 W, Dip - 74° N.

This hole was spotted for a target at elevation 2230, offset baseline 130 feet south, and on Section 3600 west, however due to abnormal horizontal drift this target was not hit. Intersections were at elevatinn 2050 and 2025, offset, baseline 185 and 173 feet south, and on Section 3355 west.

Complete log enclosed.

D.D.H. No. N 40

Location: North 6949.78, East 16698.48, Elevation 3073.41, Offset baseline 1161 feet South, Section 3600 West, Bearing N 35 W, Dip - 73° N.

This hole was spotted for a target at elevation 1770, offset baseline 410 feet south, and on Section 3600 west.

A weak intersection was located at elevation 2490, offset baseline 870 feet south, and on Section 3530 west. This is very similar in location and geology to an intersection found in a hole drilled in 1954 by the Company on Section 2800 west. It appears likely that this is a continuation of the same zone.

Summary Log:

0 - 17 Overburden; soil boulders, and saprolite.
17 - 656.5 Quartz mica gneiss, more or less typical.
656.5 - 693 Mineralized Zone
- 656.5 - 668 Quartz biotite actinolite gneiss with four 12 to 18 inch white quartz veins. 3% sulphides scattered throughout the zone.
- 668 - 670.3 Quartz biotite actinolite gneiss - few specks of sulphides.
- 670.3 - 671.8 Quartz mica gneiss - no sulphides.
- 671.8 - 673.4 Quartz biotite actinolite gneiss - few specks of sulphides.
- 673.4 - 677 Quartz mica gneiss - no sulphides except a little pyrite in 6 inch shear zone.
- 677 - 693 Quartz biotite actinolite gneiss with a few specks of sulphides. 1.7 feet core lost.

693 - 1337 Quartz mica gneiss, more or less typical.
1337 Bottom of hole October 31, 1958.
Hole continues.

D.D.H. No. N 41

Location: North 9697.87, East 2042.04, Elevation 3117.65, Offset baseline 658.5 South, Section 1000 East, Bearing N 35 W, Dip - 75° N.

Hole was spotted for a target at elevation 2300, offset baseline 290 feet south, and on Section 1000 east.

Summary log:

0 - 51 Overburden; soil, boulders, and saprolite
51 - 647 Quartz mica gneiss - typical
78-94 Several ½ to 2 inch zones of gneiss containing 10% pink garnet and a few specks of pyrite, pyrrhotite, and chalcopyrite.
255-267 Same as 78-94
333-337 Porous oxidized zone.
647 Bottom of hole October 31, 1958.
Hole continues.

Submitted,

APPALACHIAN SULPHIDES, INC.

Dewey S. Kirstein

Dewey S. Kirstein
Geologist

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

OCT 20 1959

Appalachian Sulphides, Inc.
55 Yonge Street, Suite 1107
Toronto 1, Ontario, Canada

Re: Docket No. IMEA-5044 (Copper-Zinc)
Appalachian Sulphides, Inc.
Ore Knob Mine
Ashe County, North Carolina
Contract No. Idm-X1222

Gentlemen:

Reference is made to your completed 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 IMEA exploration program.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

JWAlt/gla
10-20-59
cc to: Director's Reading File
Contract Adm. & Audit Division
OME Field Team, Region V (2)
Docket
Chron

Audit's copy

EXPLORATION PROJECT CONTRACT
APPALACHIAN SULPHIDES, INC.
DOCKET NO. DMEA-5044

AMENDMENT NO. 1

It is agreed this 20th day of November, 1958, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and Appalachian Sulphides, Incorporated, hereinafter called the "Operator," that Exploration Project Contract No. Idm-R1282 (Docket No. DMEA-5044), dated June 25, 1958, hereinafter called the "Contract," is amended, effective November 3, 1958, as follows:

In Exhibit A, the fifth paragraph is revised to read:

> "No hole may be drilled so that its intersection with the target zone is closer than 200 feet to the target zone intersection of another hole."

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

Executed in quintuplicate the day and year first above written.

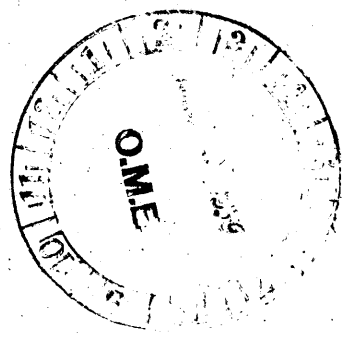
THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Director, Office of Minerals Exploration

APPALACHIAN SULPHIDES, INCORPORATED

By Philip Eckman

Title Mine Manager



MME Form 14
Sept. 1958

Contract No. Idm-E) 14-23) 1222

Docket No. DMEA) MME) 5044

Date of Action 4/27/59
Terminated Contract

DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OBLIGATION DOCUMENT

To: Chief, Accounts Section, Finance Branch, Bureau of Mines

From: Director, Division of Operations Control and Statistics

Please enter the amounts shown below on the accounts of the Office of Minerals Exploration.

Name and Address of Contractor: Appalachian Sulphides, Inc.
360 Bay Street
Toronto, Ontario, Canada

Date of Contract	Region	State	Commodity
June 25, 1958	V	North Carolina	Copper-Zinc

	Reserve	Obligation
Prior Amount	0	29,095.00
Increase	0	0
Decrease	0	1,071.51
Revised Amount	0	28,023.49

Remarks:

cc: 800
210

43244

DMEA Form 14

Contr[illegible] No. Idm-E 1222

Docket No. 5044

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
June 25, 1958	V	North Carolina	Copper-Zinc

Name and Address of Operator: Appalachian Sulphides, Inc.
360 Bay Street
Toronto, Ontario, Canada

	Reserve	Obligation
Prior Amount	29,095.00	0
Increase	0	29,095.00
Decrease	29,095.00	0
Revised Amount	0	29,095.00

Remarks:

ALLEN S. DAKAN
(Name)

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

Date delivered to Bureau of Mines, Washington 6/30/58

22845

Audit Copy

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DMEA
RECEIVED JUN 30 1958
DATE | INITIALS | CODE
800

MF-200
(Revised June 1954)

Docket No. DMEA - 504

Commodity Copper-Zinc

Contract No. Idm-E 1222

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]

It is agreed this 25 JUN 1958 day of ....., 195...., between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and [2] Appalachian Sulphides, Inc., a Delaware corporation, whose mailing address is 360 Bay Street, Toronto, Ontario, Canada, hereinafter called the "Operator," as follows:

ARTICLE 1. - *This contract* is entered into under the authority of the Defense Production Act of 1950, as amended. It consists of this form (MF-200), the attached Exhibit "A," Annex I, ~~and~~ Annex II, and two maps.

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

ARTICLE 2. *Operator's property rights.*—(a) The land which is the subject of this contract (hereinafter called "the land") is in the State of North Carolina, County of Ashe, and is described in Annex I.[3]

(b) The Operator represents and undertakes that:

(1) The Operator is the [4] See Annex I of [5] See Annex I in the land, in possession and entitled to possession for all of the purposes of this contract, under and by virtue of a [6] See Annex I, [7] ..... recorded in Book ....., page ....., official records of said County; and

(2) The Operator's right, title, or interest (whether as owner, lessee, or otherwise) is subject only to the following claims, liens, or encumbrances: See Annex I

(c) 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

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] Insert name, and if an organization, its nature (corporation and place of incorporation, partnership with names of partners, etc.).
[3] State on a separate sheet marked "Annex I" the legal description or enough to identify the property, particularly excluding any areas from which the production is not to be subject to the Government's percentage royalty.
[4] Insert "owner," "lessee," "contract purchaser," "locator," etc.
[5] Insert "the entire interest," "the mineral rights," "an undivided one-third," etc.
[6] Insert "deed," "lease," "contract," "location notice," "patent," etc.
[7] If not recorded, so indicate by inserting "un."

of the land (lessor, seller, optionor, etc.), are attached, as follows: Consents to Lien and Subordination Agreements of holders of five percent royalty interests are waived.

(d) 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. Until the lapse of the time within which the Government may make a certification of discovery or development without any such certification having been made, and after any such certification has been made, 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. If the Government makes no certification of discovery or development within the time limited in Article 8, it shall thereafter have no claim against the land or any production therefrom except for any production referred to in Article 8(b)(1).

ARTICLE 3. *The exploration project.*—The project is a search for indicated or undeveloped deposits of copper and zinc. The work to be performed is described in Exhibit "A." The Operator on or before August 15, 1958 shall commence the work, and on or before nine months from date (unless the Operator's obligation to prosecute the work is terminated—see Article 10) shall have completed the work, and shall have expended (see Article 6) in a sum not less than the estimated total allowable cost set forth in Exhibit "A" See Annex II

ARTICLE 4. *Performance of the work.*—(a) *Operator's responsibility.*—The work shall be performed with reasonable diligence, efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for liability insurance covering employment; and with suitable and adequate equipment, facilities, materials, supplies, and labor, to bring it to completion within the time fixed.

(b) *Independent contracts.*—To the extent that the allowable costs are estimated in Exhibit "A" with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed; but if the reference in Exhibit "A" to any such independent contract requires the Government's approval thereof, payments under such contract will not be allowable costs unless the Government gives its written approval of the contract. Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract and regardless of the Government's approval thereof, the Government will participate in payments to the independent contractor only on account of work performed in accordance with the provisions of this exploration project contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) *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 a 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 5. *Contribution by the Government.*—The estimated total allowable cost of the project, set forth in Exhibit "A," is the sum of $58,190.00. The Government shall contribute 50 percent of the allowable costs as they are incurred in a total sum not in excess of $29,095.00: *Provided,* That until the Operator has rendered to the Government his final report, and any final auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last

voucher or vouchers such sums as it sees fit not in excess of 10 percent of the estimated total cost of the work or not in excess of the amount of the Government's contribution to the cost of property which is or may become subject to disposal as provided in Article 9(c), whichever is greater. The Government will make its contribution on the basis of the monthly vouchers referred to in Article 7(b), but all payments by the Government are provisional only, subject to audit, until the account between the Operator and the Government is finally audited and settled. "Costs incurred" mean costs that have been paid or have become due and payable, or that in the opinion of the Government have become an obligation. The Government may make payments directly to independent contractors and suppliers for the account of the Operator rather than to the Operator.

ARTICLE 6. *Estimated costs.*—(a) *Categories of costs.*—The allowable costs of the work to which the Government shall contribute are limited to those that are direct, reasonable, necessary, and that are estimated in Exhibit "A" by categories as specified in this article. If any category or subcategory is omitted from the estimate of costs, or if the word "none" is annexed to the listing thereof, costs under such category or subcategory are not allowable. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost, and any excess over the estimated total allowable cost of the work, shall not be allowable. Any excess over the estimate of any category, subcategory, or item, either as to requirement or related cost, not indicated as a maximum shall be allowable within the limit of the estimated total allowable cost of the work. To the extent that excesses over maximums other than the estimated total allowable cost of the work may be necessary for the performance of the work, the Operator shall incur such excesses for his own account without contribution by the Government; ~~but except for any such necessary excesses in categories, subcategories, or items thereunder the Operator is not obligated to incur more than his agreed percentage of the estimated total allowable cost of the work~~ See Annex II.

To the extent specified in this article or in Exhibit "A" the following categories, subcategories, and elements thereof are maximums; but if not so specified either here or in Exhibit "A" they are not maximums, and may be exceeded within the limit of the estimated total allowable cost of the work:

CATEGORY (1)—INDEPENDENT CONTRACTS.—Work to be performed under independent contracts (see Article 4(b)). The estimated total amount of this category and the estimated cost of each unit of work for performance under an independent contract are maximums. See Annex II.

CATEGORY (2)—PERSONAL SERVICES.

Subcategory (a)—Supervision.—All elements of this subcategory (number of supervisors, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)—Technical services.—All elements of this subcategory (number of technicians, periods of employment, rates of pay, and total) are maximums.

Subcategory (c)—Labor.

CATEGORY (3)—OPERATING MATERIALS AND SUPPLIES.—Includes such items as drill bits and steel, explosives, fuel, pipe, power, small tools costing less than $50 each, timber, track.

CATEGORY (4)—OPERATING EQUIPMENT.

Subcategory (a)—Rental.—The number of each object to be rented [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)—Purchases.—The estimated total of this subcategory is a maximum.

Subcategory (c)—Depreciation.—All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)—INITIAL REHABILITATION AND REPAIRS.—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

Subcategory (a)—Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).—The estimated total of this subcategory is a maximum.

Subcategory (b)—Initial rehabilitation and repairs of operating equipment.—The estimated total of this subcategory is a maximum.

CATEGORY (6)—NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).—Estimates under this category include all requirements and related costs, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The estimated total of this category is a maximum.

CATEGORY (7)—MISCELLANEOUS.—Repairs and maintenance (other than initial) of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, communications, and any other items of requirement or cost that do not fall within any of the first 6 categories.

THE ESTIMATED TOTAL ALLOWABLE COST of the work is a maximum.

(b) *Nonallowable costs.*—The following costs are not allowable for contribution by the Government:

(1) *Costs of the land,* such as rental, depreciation, depletion, or other cost of acquiring, owning, or holding possession;

(2) *Indirect costs,* such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) *Previous work* performed or costs incurred before the date of this contract; and

(4) *Deferred payments.*—Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods; unless the purchase agreement is approved by the Government in writing.

(c) *Reductions in costs.*—The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original estimated total cost. This provision does not apply to receipts from production which are subject to the Government's percentage royalty under the provisions of Article 8. See Annex II

ARTICLE 7. *Reports, accounts, audits.*—(a) *Operator's records.*—The Operator shall keep suitable records and accounts of the 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. If the Government elects to audit said records and accounts relating to the exploration work by certified public accountant, it may do so as a cost of the work to which the Operator shall contribute. 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 any pertinent books, documents, papers, and records of the Operator. All of the Operator's vouchers and records and accounts relating thereto and the Government's payments thereof remain subject to adjustment until final audit by the Government. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(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 detailed costs incurred during the reporting period; (2) Operator's Unit Cost and Progress Report showing the various types of work performed during the reporting period and 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 related costs incurred.

(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 8. *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 a sufficient final report and final account (see Article 7) has been rendered, 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, 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, within 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. **See Annex II.**

(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 or 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) applied to the crude ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

(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 therof in the form in which and at the time when 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 9. *Interests in purchased property.*—(a) *Title and ownership.*—All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions, although title thereto shall be taken in the name of the Operator.

(b) *Preservation of property.*—Until the final disposal of any property in which the Government has an interest the Operator shall preserve and protect same for the best interest of the Government, any reasonable and necessary costs thereof to be treated as an allowable cost of the project. After the completion of the work or termination of the Government's obligation to contribute, or when such property is not in use for or needed for the work, the Operator shall neither use it without the written consent of the Government nor without paying a reasonable rental to be fixed by the Government for its interest.

(c) *Disposal of property.*—Upon the completion of the work or termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, by sale to others, or purchase by the Operator or the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government the Operator shall not sell at any price any item of property the cost of which was more than $500, and shall not sell at less than 25 percent of the purchase price any item of property which cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or himself cares to give. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, or explosives, or pipe, or rails), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the project.

(d) *Default of the Operator re disposal.*—If within 90 days after the completion of the work or termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, or after such further time as the Government may in writing allow, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may pursue one of the following two courses: (1) the Government, by written notice to the Operator, may place upon such property what in its opinion is a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the

date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; or (2) the Government may enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 10. *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: (1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) 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.

(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: (1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to winding up, reporting, and accounting; and (2) 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 remedy provided for the Government in this paragraph "(b)" is in addition to any other remedy provided in this contract, and in addition to any other remedy the law may provide for breach of contract.

(c) The giving of any notice by the Government under the provisions of this Article 10 shall not affect the Government's rights as provided for in the contract with respect to a percentage royalty, and such rights shall be fully preserved.

ARTICLE 11. *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 his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 12. *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 13. *Changes and added provisions.*—

See Annex II.

EXPLORATION PROJECT CONTRACT
APPALACHIAN SULPHIDES, INC.
DOCKET NO. DMEA-5044

ANNEX I

The land referred to in Article 2 of the Contract is situate in Ashe County, North Carolina, and is shown outlined on the map entitled, "Appalachian Sulphides, Inc., Property Plan, Ore Knob Mine", attached hereto and made a part of this contract.

The land consists of mine tracts described by metes and bounds in the application for aid filed with this Docket No. DMEA-5044, and the descriptions therein are incorporated herein by reference.

The tracts are as follows:

Land	Area in Acres
1. Lassiter Tract	1,718.000
2. Robert Hall Farm	7.266
3. F. W. Atwood Farm	97.347
4. Guy Atwood Farm	57.978
5. Part of R. H. Bowlin Farm	64.763
6. A. T. Atwood Farm	25.000
7. Eugene Miller, Jr. Home Tract of Land	8.774
8. Verdie Farrington and Katherine Farrington Tract	7.150
9. Verdie Farrington Tract	22.394
Total	2,008.632 Acres

The Operator represents and undertakes that it owns 525 acres of the "Lassiter Tract" listed herein in fee simple, (delineated by metes and bounds in the application), that it owns the mineral rights in the remaining acreage of the "Lassiter Tract", and that it owns the mineral rights in all other tracts listed herein.

All land except that known as the Lassiter Tract, or 290.632 acres, is subject to a royalty of five cents per ton of ore mined and delivered to a treatment plant for recovery of the copper content.

EXCLUDED LAND

The active workings of the Ore Knob mine, that is the presently known ore bodies and extensions thereof only, are excluded from the land described in this Annex I. The workings are shown on the attached plan and section map that is more fully described below. The boundary of the area containing these workings is shown outlined in red color on the attached property plan map, and is labelled "This area reserved from DNEA to elevation 1700." More specifically, the excluded land consists of those known ore bodies or extensions thereof lying within the following boundaries:

> On the north by the vertical plane bearing N. 60° E., astronomic, defined as section 500 N. on the map of the mine plans entitled "Appalachian Sulphides, Inc. Plan and Longitudinal Projection of Ore Knob Mine . . ." attached hereto and made a part hereof. On the south by the vertical plane bearing N. 60° E., astronomic, defined as section 500S. on the mine plans map. On the east by the vertical plane bearing N. 30° W., astronomic, known as section 100 E. on the mine plans map. On the west by the vertical plane bearing N. 30° W., astronomic, known as section 3000 W. on the mine plans map. At depth by the horizontal plane at actual elevation 1700 feet above mean sea level.

SPECIAL AGREEMENT CONCERNING LAND

In the event the Operator or any subsidiary thereof (whether wholly owned or otherwise), at any time during the period expiring ten years from the date of this contract acquires any interest, title or equity (exclusive of agreements granting the rights to explore, purchase, or acquire leases) in or with respect to any land, including minerals therein, situate within 1500 feet of the land described in this contract, at the contract date and the right to make such acquisition postdates this contract, it is agreed that such land shall thereupon become subject to the provisions of this contract, and the parties hereto shall promptly execute amendments to this contract listing such land as land included in this contract.

EXPLORATION PROJECT CONTRACT
APPALACHIAN SULPHIDES, INC.
DOCKET NO. DMA-[illegible]

ANNEX II

Article 13. Changes and Added Provisions.

(a) In the last sentence of Article 3, the words following the reference to Article 10 are deleted, and the following words are substituted: "shall have completed the work."

(b) In Article 6(a), that part of the last sentence in the first paragraph beginning after the semicolon is deleted.

(c) Categories (2) through (7) of Article 6(a) are deleted.

(d) In addition to the costs of work estimated in Exhibit "A" by categories of actual costs, the costs of work requirements specified in Exhibit "A" as "Fixed Unit Costs" are allowable costs of the project. The Government will contribute to the fixed unit costs as work units are performed. A "Fixed Unit Cost" is an agreed price for each unit of work to be performed regardless of costs incurred by the Operator. Costs set forth in Exhibit "A" include all allowable costs of the work to be performed under the contract.

(e) In Article 6(c), the words "Article 9" are changed to "Article 8".

(f) Notwithstanding any other provisions of the contract, the allowable unit cost per foot of a drilling item is the average unit cost per foot computed on the basis of all actual unit costs of said drilling item incurred by the Operator: Provided, That the Government will not contribute to any portion of an average unit cost of a drilling item that exceeds the estimated unit cost of said item set forth in the contract.

(g) In Article 8(b), the phrase "ten years" is amended to read "fifteen years".

EXPLORATION PROJECT CONTRACT
APPALACHIAN SULPHIDES, INC.
DOCKET NO. DMA-504

EXHIBIT "A"

Description of the Work

The purpose of the project is to explore for ores of copper and zinc by diamond drilling, plus incidental overburden drilling, if necessary. It is estimated that eleven diamond drill holes, with depths varying from approximately 900 feet to approximately 2,300 feet, will be required to accomplish the purpose of the project. The total drilling may not exceed 17,000 feet.

The locations, inclinations, and depths of all drill holes are subject to the prior approval of the Government.

The hole locations are indicated on the attached plan and section map. However, any locations may be changed, if warranted by the results obtained as the work progresses, with the prior approval of the Government.

All holes shall be drilled from the surface, with estimated inclinations of from approximately seventy degrees to approximately eighty degrees from the horizontal. All holes shall be surveyed with a Tro-Pari instrument, as necessary.

No hole may be drilled at a distance closer than 200 feet to another hole.

The Government will not participate in the cost of any holes of which any part is closer than one hundred feet to a property boundary.

All drill core shall be properly logged and made available to the Government for examination. All significantly mineralized units of core shall be properly sampled and the samples assayed for copper, and also for zinc if practical. No sample shall be taken representing more than five feet of core length. The assays, together with proper logs of drill holes, shall be reported to the Government monthly, together with adequate engineering-geological maps or sketches, including plan and section maps, showing the progress of the work.

Diamond drilling shall be done with AX size, or larger, coring bits.

The project work shall be supervised at all times by a competent engineer or geologist.

It is estimated that one hundred samples will require assaying.

Estimated Costs of the Project

Actual Costs

Category (1) Independent Contracts

Diamond drilling (with incidental overburden drilling)

Depths 0 to 500 feet

5,500 feet @ $2.75/ft.	$15,125.00	

Depths 500 to 1,000 feet

5,200 feet @ $3.00/ft.	15,600.00	

Depths 1,000 to 1,500 feet

3,700 feet @ $3.35/ft.	12,395.00	

Depths 1,500 to 2,000 feet

2,300 feet @ $3.85/ft.	8,855.00	

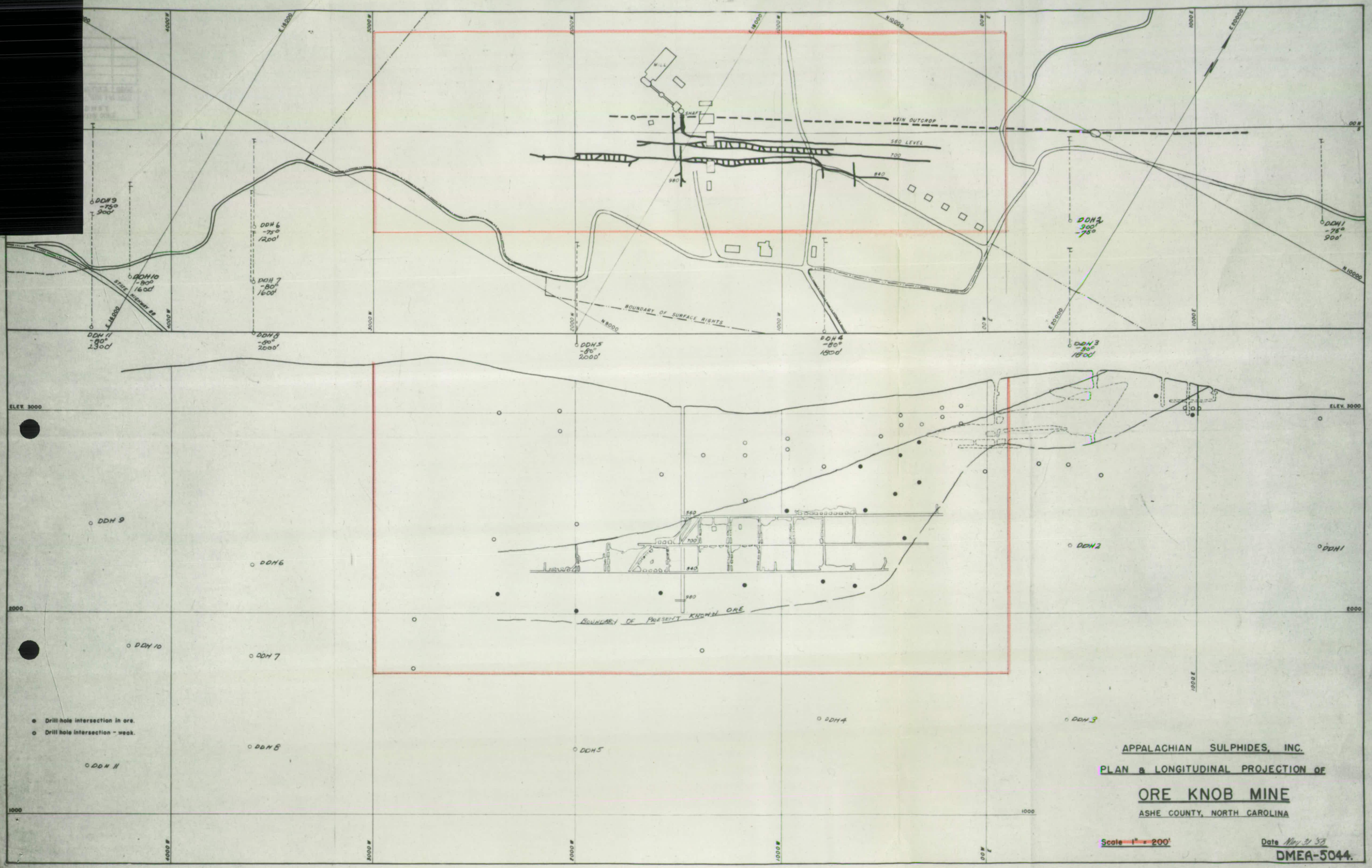
Depths in excess of 2,000 feet

300 feet @ $4.55/ft.	1,365.00	

Surveying of drill holes (using Tru-Pari instrument), 11 holes @ $160.00/each	1,760.00	$55,100.00

Categories (2) through (7)	None	
Fixed Unit Costs (See Article 13)		
Incidental allowance 1/ for each foot of drilling completed, 17,600 feet @ $0.17/ft.	$2,990.00	
Assaying		
100 samples (two determinations each), 200 determinations @ $1.00/each	200.00	$ 3,000.00
Total Estimated Cost of the Project		$58,190.00
Government's Participation, 50%		$29,095.00

1/ Includes all costs of the project whatsoever that are not included under Category (1) Independent Contracts and the fixed unit costs for assaying, and is in lieu of Categories (2) through (7) of Article 6(a) of the contract.


MILL
SHAFT
VEIN OUTCROP
560 LEVEL
700
840
980
BOUNDARY OF SURFACE RIGHTS
STATE HIGHWAY 88
DDH 9 -75° 900'
DDH 10 -80° 1600'
DDH 6 -75° 1200'
DDH 7 -80° 1600'
DDH 11 -80° 2300'
DDH 8 -80° 2000'
DDH 5 -80° 2000'
DDH 4 -80° 1900'
DDH 3 -80° 1800'
DDH 2 900' -75°
DDH 1 -75° 900'
N 8000
N 10000
E 18000
E 20000
ELEV. 3000
2000
1000
BOUNDARY OF PRESENT KNOWN ORE
● Drill hole intersection in ore.
○ Drill hole intersection - weak.
APPALACHIAN SULPHIDES, INC.
PLAN & LONGITUDINAL PROJECTION OF
ORE KNOB MINE
ASHE COUNTY, NORTH CAROLINA
Scale 1" = 200'
Date May 31 53
DMEA-5044.

EXTRA COPY
D M E A
RECEIVED JUN 30 1958

DATE	INITIALS	CODE

KEY MAP
VA.
TENN.
N.C.
JEFFERSON
ORE KNOB
ASHE CO.
TO JEFFERSON 10 MI. N.C. 88
THIS AREA RESERVED FROM DMEA TO ELEV. 1700
MAIN SHAFT
VEIN OUTCROP
BASELINE N. 60° E. 00 N
TO LAUREL SPRINGS 4 MI. N.C. 88
PROPERTY HOLDINGS
SURFACE AND MINERAL RIGHTS
MINERAL RIGHTS ONLY
AREA UNDER DMEA EXPLORATION
Coordinates bear true north & east
APPALACHIAN SULPHIDES, INC.
PROPERTY PLAN
ORE KNOB MINE
ASHE COUNTY, NORTH CAROLINA
Scale 1" = 800'
Date May 31 1958
DMEA-5044

EXTRA COPY
D M E A
RECEIVED JUN 30 1958

DATE	INITIALS	CODE

DMEA Form 14

Contract No. Idm-E 1222

Docket No. 5044

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
June 25, 1958	V	North Carolina	Copper-Zinc

Name and Address of Operator: Appalachian Sulphides, Inc.
360 Bay Street
Toronto, Ontario, Canada

	Reserve	Obligation
Prior Amount	0	0
Increase	29,095,00	0
Decrease	0	0
Revised Amount	29,095.00	0

Remarks:

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

Date delivered to Bureau of Mines, Washington 6/25/58

22845