MME Form 9
Rev. Mar. 59

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

OFFICIAL DOCKET FILE

Contract No. 14-23- 2004 Docket No. MME- 6006

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [ ] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

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

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [ ] Certification of Discovery
- [x] Closing Letter
- [x] Cost Audits 11/4/59
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [x] Contract with all exhibits and annexes - 6-18-59
- [ ] Owner's Consent to Lien and Subordination Agreement
- [x] Application and Attachments - 2-5-59

Right Side

- [x] Project Summary (final)
- [x] Work Completed Analysis (final)

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

- [ ] Field Team Semiannual Report for Certified Project
- [ ] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab) - 10/14/59
- [ ] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [x] On-site Exam. Report (Tab) - 6-2-59
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No._____: Reports
- [ ] Analysis of Semiannual Inspection Reports
- [ ] Project Summary (Interim) by MME Engineers

Right Side

- [ ] Field Team Semiannual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] Operator's Monthly Reports with Transmittal, Narrative and Maps

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

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty Material

52615

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
2/18		500
	Arnold	500
2/19	Talbot	800
2/19	Selfridge	150
		110
2-19	gad	225

FEB 19 1960

Keys Mica Company
a partnership composed of
Sam L. Phillips, John Phillips
and J. R. Beam
Spruce Pine, North Carolina

Re: Docket No. OME-6006 (Mica)
Keys Mica Company
Keys Mine
Grafton County, New Hampshire
Contract No. 2004

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 possible production 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 contract. Your attention, however, is called to the provisions of the contract which require the operator to keep and preserve certain records for the periods indicated.

We appreciate your interest and participation in the OME exploration program.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

GLAult/gla 2-18-60
cc to: Director's Reading File
Operating Committee
CA&A Division
OME Field Team, Region V (2)
M. L. Skow, USBM
Harold Kirkemo, USGS
Code 500
Docket
Chron

43683

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Keys Mica Company, a partnership
c/o Sam L. Phillips
Spruce Pine, N. C.

pertaining to Exploration Project Contract No. 14-23-090-2004, OME No. 6006, for June 1959 to September 1959, inclusive, covering a mica project at the Keys Mica Mine, Grafton County, New Hampshire.

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, confirmation of work performed by reference to Field Team reports and correspondence, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the reason that:

> All of the acceptable costs were under a contract provision for contribution by the Government on the basis of fixed unit costs of work performed.

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

Total cost billed by Operator		$4,500.00
Exceptions:		
Prior to this review	$ -0-	
Herewith	-0-	-0-
Total acceptable cost		$4,500.00

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	$2,250.00
Paid to date	1,755.00
Balance due Operator	$ 495.00

pd. to Oper. 11/10/60
see Acct-Dept 159 MF-104

E. D. Talbert
E. D. Talbert, OME Auditor

November 4, 1959

Government's copy

MME Form 501
Feb. 1959

JUL 6 1959
O.M.E.

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

EXPLORATION CONTRACT
(Short Form)

Docket No.	Commodity	Contract No.	County	State
OME 6006	Mica	14-23-090- 2004	Grafton	New Hampshire

It is agreed 18 JUN 1959 (Date), between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and

Keys Mica Company, a partnership composed of Sam L. Phillips, John Phillips and J. R. Beam,

whose mailing address is Spruce Pine, North Carolina, hereinafter called the "Operator," as follows:

ARTICLE I. Authority and scope.--(a) This contract, entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before July 15, 1959 (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 3 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $4,500.00 The Government will contribute 50 percent of the total fixed unit costs of the work performed, not in excess of $2,250.00 in accordance with the provisions of Articles 4 and 5.

(c) Interest computation.--Simple interest computed annually at the rate of 6-3/8 percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

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

ARTICLE 2. Operator's rights in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

None

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the Lien Agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 6 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.--The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. To the extent that amounts in excess of fixed unit costs or in excess of the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such amounts for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the units of work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator.

(b) Monthly reports.--The Operator shall provide the Government with five copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; 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 monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the unit costs thereof.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's 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 the Government determines that 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 preparation or completion of same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the Government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the Operator's gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, 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 (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable 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. No costs of the Operator are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) 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.

(d) Unsold production.--If any production (ore, concentrate, 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, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 6(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) 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 Government, and this estimate shall be final and binding upon the Operator.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 7. Termination of the Government's Obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to pay on account of units of work not then performed; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is 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 pay on account of units of work not performed when the notice was given, and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 7 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 11.

ARTICLE 8. Notices to be given by the Government may be delivered to the Operator or may be sent by certified 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 9. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 10. Nondiscrimination.--In connection with the performance of work under this contract, the Operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the Government setting forth the provisions of the nondiscrimination clause.

The Operator further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

ARTICLE 11. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, Office of Minerals Exploration, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, Office of Minerals Exploration, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, Office of Minerals Exploration, a written appeal addressed to the Secretary. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, Office of Minerals Exploration," as used herein includes his duly authorized representative.

ARTICLE 12. Eight-Hour Law of 1912--Overtime compensation.--This contract, to the extent that it is of a character specified in the Eight-Hour Law of 1912, as amended (40 U. S. Code 324—326) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. Code 35—45), is subject to the following provisions and exceptions of said Eight-Hour Law of 1912, as amended, and to all other provisions and exceptions of said Law:

No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Operator or any independent contractor contracting for any part of said work contemplated, shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this clause. The wages of every laborer and mechanic employed by the Operator or any independent contractor engaged in the performance of this contract shall be computed on a basic day rate of eight hours per day; and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this clause a penalty of five dollars shall be imposed for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this clause, and all penalties thus imposed shall be withheld for the use and benefit of the Government.

ARTICLE 13. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 14. Changes and added provisions.--

Vernon Hoffman App'd. Sol. Off. Talbot Selfridge

Executed in quintuplicate the day and year first above written.

(Operator)

By John L. Phillips

Title John Phillips

THE UNITED STATES OF AMERICA

By Frank E. Johnson

Acting Director, Office of Minerals Exploration

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

Partner

Partner

Partner

[CORPORATE SEAL]

INT.-DUP. SEC., WASH., D.C. 52375

EXPLORATION PROJECT CONTRACT
KEYS MICA COMPANY
DOCKET NO. OME-6006

ANNEX I

The Keys Mica Company is the owner of the mineral rights in the following described land:

> Beginning on an iron stake on the east side of the open cut known as Keys No. 1 Mica Mine in Grafton County, New Hampshire, said stake being located at the Hoist House; and running 1,925 feet south to a stake; thence west 800 feet; thence south 800 feet; thence east 800 feet; thence north 800 feet to a point of closing.

The land is shown on the attached map entitled: "Figure 2, Property Map of Keys Mica Mine*, Keys Mica Company."

*** Also known as the Keyes Mica Mine**

EXPLORATION PROJECT CONTRACT
KEYS MICA COMPANY
DOCKET NO. OME-6006

EXHIBIT "A"

Exploration for concentrations of strategic mica shall be performed in the area indicated on the attached map entitled "Figure 1, Prospect No. 5, Keys Mica Mine, Grafton County, New Hampshire, as follows:

1. From a point approximately 38 feet below the established datum point on the east edge of the present No. 5 east cut, the Operator at its sole expense shall advance an opening approximately 5 feet wide and 10 feet high a distance of approximately 25 feet into the existing bench to provide the initial face for a crosscut.

2. From the face as established in Item 1, crosscut the pegmatite on an approximate S.70° W. bearing to the west wall to determine its internal structure. If mica-bearing zones are cut either at the quartz core or the west wall zone, drift in either direction. The total amount of crosscutting and drifting shall not exceed 150 feet.

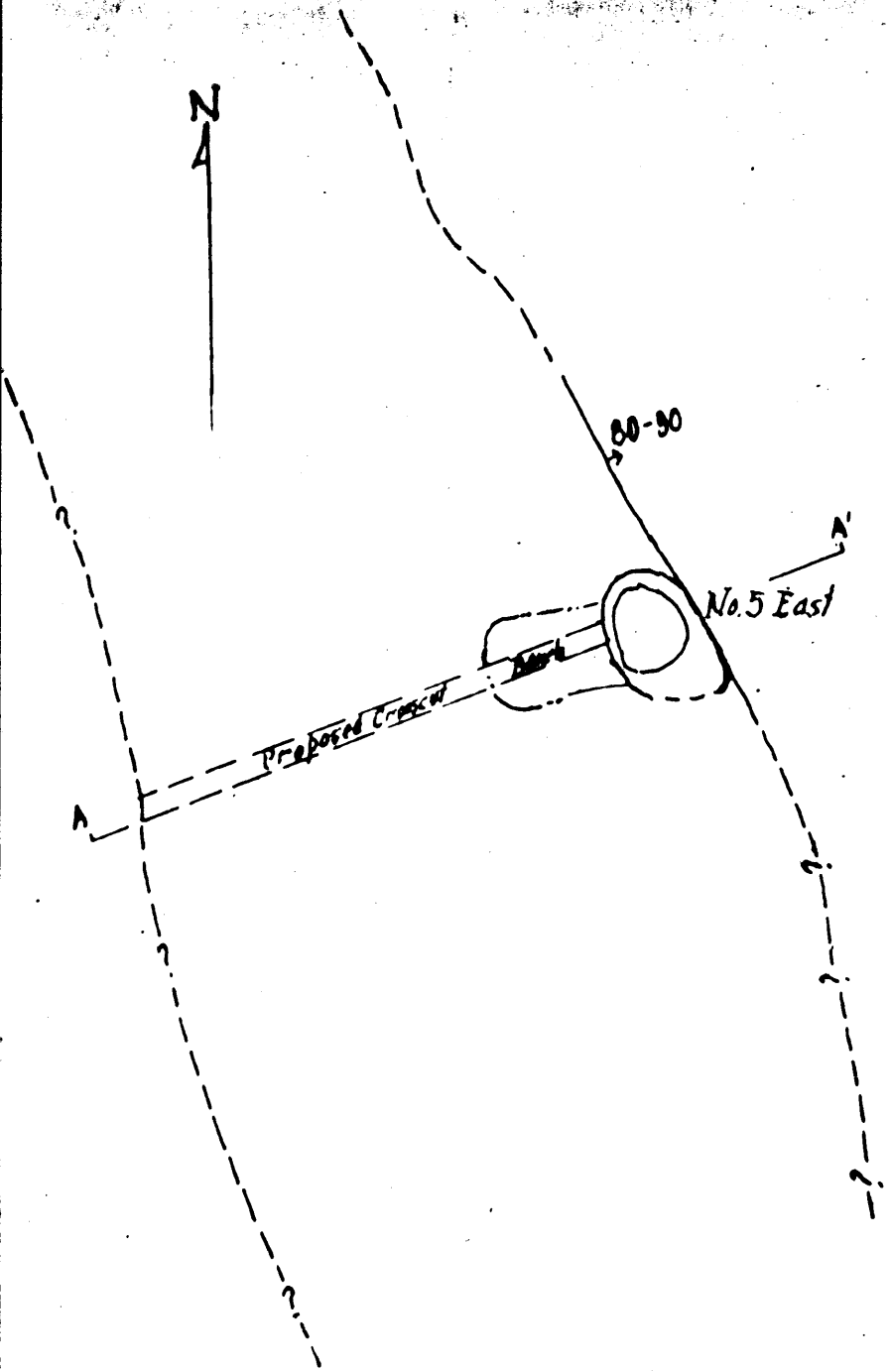
The crosscut and drifts shall be timbered as necessary and shall have cross sectional dimensions of not less than five feet by seven feet in the clear of timber.

No payment shall be made for work completed closer than 100 feet to the outside boundary of the property.

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

Estimated Cost of the Project

150 feet of crosscutting and/or drifting @ $30.00/ft.	$4,500.00
Estimated total cost of the work	$4,500.00
Government participation @ 50%	$2,250.00



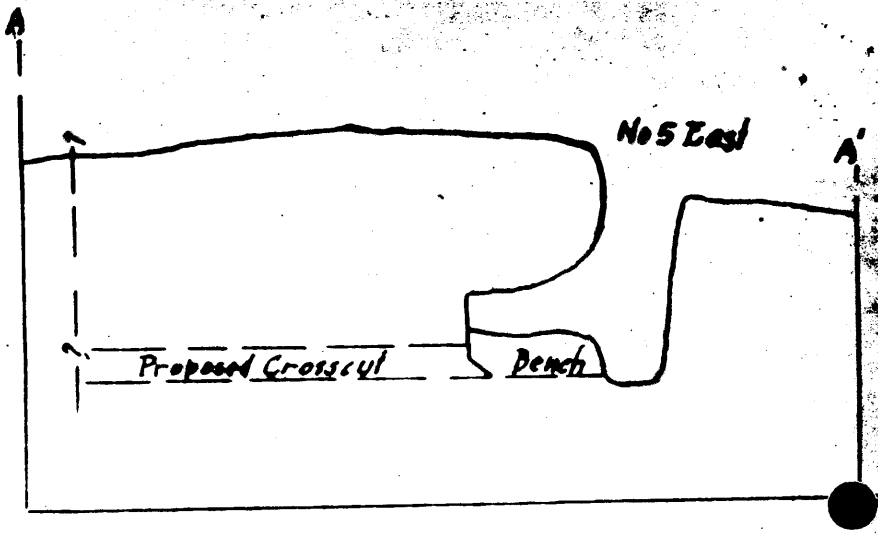
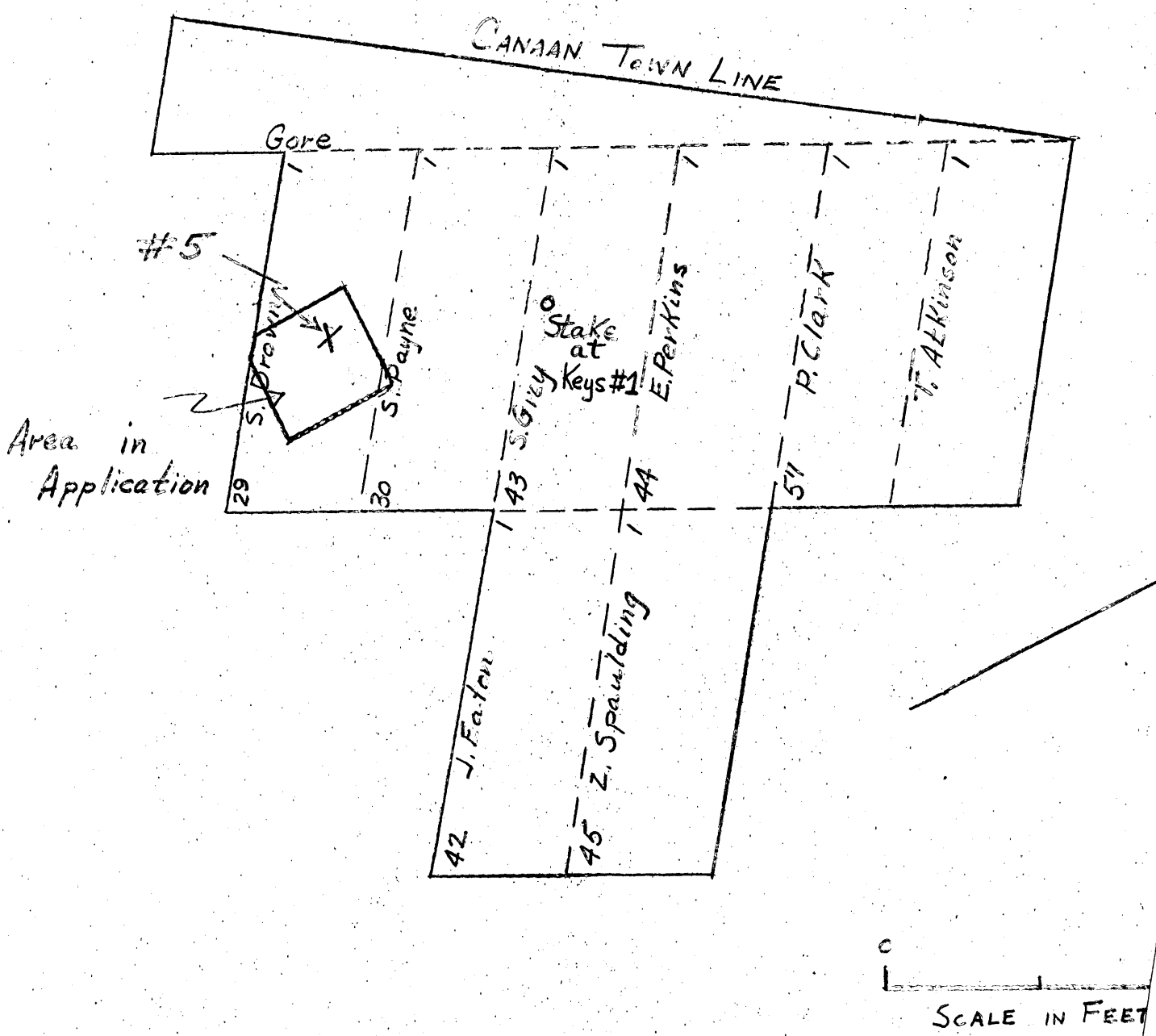


Figure 1
Prospect No. 5
Keys Mica Mine
Grafton County, New Hampshire
Docket No. OME-6006

0 20 40 80 Feet



PLAT OF KEYS MINE, N.H.

ORANGE TOWN

FIGURE 2. PROPERTY MAP OF KEYS MICA M

KEYS MICA COMPANY

the Keyes Mica Mine

AGREEMENT OF SALE

May 1, 1958

I, J.C. Buchanan, do hereby assign, sell and transfer all my right, title and interest in all the leasehold interests along with all mining machinery, mica on hand and bank accounts belonging to the partnership of Keys Mica Company, with offices located in Spruce Pine, N.C. to J.R. Beam, for the consideration of $10,000.00 cash receipt of which is hereby acknowledged. It is further understood that J.R. Beam will assume all liabilities of the above mentioned partnership and will cause my name to be removed from any and all notes now outstanding at the Northwestern Bank at Spruce Pine, N.C. that are indorsed in the name of the partnership and bearing the names of J.C. Buchanan, John Phillips and J.R. Beam. It is further agreed by me that I will in no way interfere in the present mining operations of the afore said partnership. More specifically I will not try to cause any friction between the operations of John Phillips, & J.R. Beam in their present endeavors in the New England States. I will further not interfere with the purchase of mica from the Whitehall Company or any other mica's that the above mentioned partnership has had dealings with for a period of five years.

Signed: J.C. Buchanan

April 15, 1958

AGREEMENT OF SALE

I, M.G. Sparks, do hereby assign, sell and transfer all my right, title and interest in all the leasehold interests along with all mining machinery, mica on hand and bank accounts belonging to the partnership of Sparks and Phillips Mica Company, with offices located in Spruce Pine, N.C. to John Phillips, J.C. Buchanan and J.R. Beam for the consideration of $20,000.00 cash receipt of which is hereby acknowledged. It is further understood that John Phillips, J.R. Beam and J.C. Buchanan will assume all liabilities of the above mentioned partnership and will cause my name to be removed from any and all notes now outstanding at The Northwestern Bank at Spruce Pine, N.C. that are indorsed in the name of the partnership and bearing the names of M.G. Sparks, J.C. Buchanan, John Phillips and J.R. Beam. It is further agreeded by me that I will in no way interfere in the present mining operations of the afore said partnership. More specifically I will not try to cause any friction between the operations of John Phillips, J.R. Beam and J.C. Buchanan in their present endeavers in the New England States. I will further not interfere with the purchase of mica from the Whitehall Company or any other mica's that the above mentioned partnership has had dealings with for a period of five years.

Signed: M. G. Sparks

ASSIGNMENT OF INTEREST IN KEYS MICA COMPANY

I, J.R. Beam, do hereby assign the one-third interest in the Keys Mica Company, which I purchased from J.C. Buchanan on May 1, 1958 to Samuel L. Phillips, for $10,000.00 and other valuable considerations.

Signed: J.R. Beam

J.R. Beam

Signed September 2, 1958

MME Form 40
Dec. 1958

FEB 10 1959
O.M.E.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Budget Bureau No. 42-R1368
Approval expires Dec. 31, 1963

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

Pursuant to Public Law 85-701 (72 Stat. 700; 30 U.S.C. 641)

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

Sam L. Phillips, John Phillips and
J.R. Beam, Partners
Keys Mica Company
Spruce Pine, N.C.

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: OME 6006

DATE RECEIVED: 2-10-59

REGION: V

DIVISION CODE: 600

BUSINESS ORGANIZATION *(Check one)*

INDIVIDUAL	
CORPORATION	
PARTNERSHIP	X
OTHER *(Specify)*	

STATE IN WHICH FIRM IS ORGANIZED: N.C.

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
Sam L. Phillips	Spruce Pine, N.C.	Partner
John Phillips	Spruce Pine, North Carolina	Partner
J.R. Beam	Spruce Pine, N.C.	Partner

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE: Mica

ESTIMATED COST OF PROJECT: $ 11,000.00

PROPERTY NAME: KEYES ~~Keys~~

LOCATION — COUNTY: Orange — STATE: N.H.

GENERAL INSTRUCTIONS

Before filling out this application, please read the *OME Regulations for Obtaining Federal Assistance in Financing Explorations for Mineral Reserves* (30 CFR Chap. III). To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit four copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 2, existing mine workings and geology in item 3, and the proposed exploration work in item 5. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 3(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Office of Minerals Exploration, Department of the Interior, Washington 25, D. C., or with the nearest OME Field Office.*

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief, and that he would not ordinarily undertake the proposed exploration under current conditions and circumstances at his sole expense.

2-5-59
DATED

John Phillips
BY *(Signature)*

Parnter
TITLE

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

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

(a) Submit evidence of efforts made within 90 days preceding the filing of this application to obtain credit from your bank of account and at least one other banking institution or other private source of credit. Such evidence shall include true copies of correspondence which show: (1) date of loan request, (2) amount and terms requested, (3) proposed use of loan funds, and (4) the replies from credit sources. If the loan was offered under terms which you consider unreasonable, state why you consider them so.

(b) List names and addresses of affiliated, parent, or controlling companies or organizations and state extent and nature of their interest.

(c) State how you propose to furnish your share of the exploration [redacted] cost.

2. Applicant's Rights in Land:

(a) State your interest in the land and mineral rights, whether owner, lessee, purchaser under contract, or other. If you are not the owner, submit one true copy of the lease, contract, or other document (with address of owner) under which you control the property. Describe all liens, mortgages, or other encumbrances on the land and state book and page number and official place where recorded.

(b) State the legal description (section, township, and range; metes and bounds; patent number of claims) of the land upon which you wish to explore and all adjacent land which you own or control. Describe any part of the land or workings which should not be subject to Government royalty and liens. If the land consists of unpatented claims, state book and page number for each recorded location notice, including amended locations, and official place where recorded. State all the names by which you know the property.

(c) For all land or mineral rights encumbered or not owned, submit five copies of Lien and Subordination Agreements on MME Form 52. If the agreements cannot be obtained, state reasons and provide copies of letters of refusal.

3. Physical Description:

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

(b) State your interest, if any, in operations described in (a).

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

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

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

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

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

4. Accessibility of Property:

(a) To aid the OME representative who may examine the property, state name and address of person who will meet him; give directions for reaching the property; and describe accessibility of property and of any mine workings.

(b) Name the shipping and supply points and state the distances to the property.

5. Exploration Work:

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

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

(c) If an OME contract is executed, state how soon thereafter work would be started and finished. State your anticipated average daily or monthly rate of progress for each type of work.

6. Experience:

State your operating experience and background to conduct this exploration work and also that of the person who will supervise the work.

7. Estimate of Costs:

Furnish detailed estimates of the necessary costs *for each item of the work proposed in 5(a)* under the headings listed below with a total for each heading and the estimated total cost of the work. Costs for any work to be performed by an independent contractor should be listed separately under category (a) below. Costs for any work that is not to be performed by an independent contractor should be listed under categories (b) through (g).

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

(b) Personal services. The cost of supervision, engineering and geological services, outside consultants, and labor should be itemized by numbers and classes of employees; rates of wages, salaries or fees; and periods of employment. State whether these services are available.

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

(d) Operating equipment. List items of equipment and tools costing $50 or more per unit. Give specifications and indicate how each item is to be acquired—i.e., rented, purchased or provided by the applicant. If rented or purchased, state the estimated rental or purchase price. If furnished by the applicant, state condition and present fair market value.

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

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

(g) Miscellaneous. Describe the type and estimate the cost of repairs and maintenance of the operating equipment listed in 7(d). Do not repeat initial repairs listed in 7(e). Show also the costs of analytical work, accounting, workmen's compensation and employees' liability insurance, payroll taxes, and other required costs that do not fall within the previous categories. [*Note*—The Government will not contribute to costs incurred before the date of the contract, or to costs of or incident to: (1) acquiring, using, or possessing land and any existing improvements, facilities, buildings, installations, and appurtenances, or the depreciation and depletion thereof; (2) general overhead, corporate management, interest and taxes (other than payroll and sales taxes); (3) insurance (other than employees' liability insurance); and (4) damages to persons or property (other than authorized repair to or replacement of equipment or other property used in the work).]

.-DUP. SEC., WASH., D.C. 48140

MF-103 (Continuation Sheet)

OFFICIAL FILE COPY
RECEIVED
DATE INITIALS

1. (A) Copies of letters to Bank and Mitchell County Building & Loan Assoc. enclosed.

   (b) none
   (c) Applicants are prepared to furnish their share of the costs, with cash and equipment.

2. (a) Applicants own the mineral rights, there is no lein.

   (b) Legal description: Prospects No. 5 and 6

   Beginning on an iron stake on the East side of the open cut known as Keys No. 1 Mica Mine in Orange, New Hampshire, said iron stake being located at the Hoist House; and running 1925' South to a stake; thence West 800'; thence South 800'; thence East 800'; thence North 800' to a point of closing.

3. (a) This property was last worked in 1944. We have no figures on past production. Prospects 1 and 2 are now being worked by applicant and some good quality mica is being produced.
   (b) Applicant had no interest in previous work but is partner in present operation.
   (c) No records available.
   (d) No records.
   (e) Map attached.
   (f) This property is located in a mica belt which has produced some of the best quality mica in New England. Nearby prospects are producing good mica.

4. (a) Projects are accessible for examination purposes, Sam Phillips or J.R. Beam, both of whom may be reached by mail at Canaan, N.H. or by Telephone No. Lakeside 3 4420, will meet the government representative.
   (b) Canaan, N.H. is nearest supply point. Employees live at this town.

5. (a) We plan to explore Prospects No. 5 and No. 6 by lowering shaft 20' deep and drifting or crosscutting with vein on No. 5, and by drifting or crosscutting a distance of 150' on No. 6. See estimated cost below.
   (b) No access road to be built.
   (c) Work will begin within 60 days, weather permitting.

6. Now on file with DMEA.

7. Estimate of costs:

   Prospect No. 5 -

   Lower Shaft 20' @ $50.00 per foot . . . . . $ 1,000.00
   Drift and or crosscut @ $40.00 per foot 4,000.00

   Prospect No. 6

   Drift and or crosscut 150' @ $40.00 per foot 6,000.00

   Total cost of projects 5 and 6 - - $ 11,000.00

EDWARD FORTNER, PRESIDENT CHARLES S. GUNTER, VICE PRES. EDWARD BALLEW, JR., SECY.-TREAS.

MITCHELL COUNTY BUILDING AND LOAN ASSOCIATION

SPRUCE PINE, N. C.

February 6, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 10 1959

DATE	INITIALS	CODE

Mr. Sam L. Phillips
Spruce Pine
North Carolina

Dear Mr. Phillips:

Re: #5, Orange Cty.
Canaan, N. H.

Our loan committee has turned down your request for a loan of $ 11,000.00, for the purpose of prospecting for mica, on the above mentioned property.

Very truly yours,

Edward Ballew, Jr.

Edward Ballew, Jr.

B/m

W. H. LEE
CASHIER

JAMES DALE
ASST. CASHIER

The Northwestern Bank

CAPITAL & SURPLUS $3,100,000.00

Spruce Pine, N. C.

BOARD OF MANAGERS
DR. C. A. PETERSON
EDWARD FORTNER
CHARLES S. GUNTER
DAVID G. BLEVINS

February 3, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 10 1959

DATE	INITIALS	CODE

Mr. Sam L. Phillips
Spruce Pine
North Carolina

Dear Mr. Phillips:

We are in receipt of your application for loan in the amount of $11,000.00 to explore mining property number five and six near town of Canaan, New Hampshire - Orange County.

We will be unable to make the loan requested because this loan would be to explore for mica and my loan committee do not think this would be a sound loan.

Yours very truly,

W H Lee

Cashier.

WHL:bgd

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 10 1959

DATE	INITIALS	CODE

Spruce Pine, North Carolina
January 29, 1959

Mr. W.H. Lee
Northwestern Bank
Spruce Pine, North Carolina

Dear Mr. Lee:

We are interested in obtaining a loan for the purpose of prospecting for mica on a twelve acre tract of land near the town of Canman, New Hampshire - Orange County. These particular prospects are known as prospects number five and six and are located south of Keys No. 1, which is a well known mine. The applicant is the owner of the mineral outright.

This property was last worked in 1944, no figures on past production are available, however, prospect number I and II on this property have been worked recently and some very good quality mica was produced.

We will need approximately $11,000.00 to explore prospect number five and six. We have done quite a volume of business with your bank and others in the area, and you are aware of our reputation for handling obligations. We believe this is a sound venture, inasmuch as any mica mining venture can be judged sound. We shall appreciate your advising us as soon as possible what arrangements may be made for a loan.

Very truly yours,

Sam L. Phillips

P/bjg

EXTRA COPY
O. M. E.
RECEIVED FEB 10 1959

DATE	INITIALS	CODE

Spruce Pine, North Carolina
January 29, 1959

Mr. Edward Ballew, Jr.
Mitchell County Building & Loan Association
Spruce Pine, North Carolina

Dear Mr. Ballew:

We are interested in obtaining a loan for the purpose of prospecting for mica on a twelve acre tract of land near the town of Canaan, New Hampshire - Orange County. These particular prospects are known as prospects number five and six and are located south of Keys No. 1, which is a well known mine. The applicant is the owner of the mineral outright.

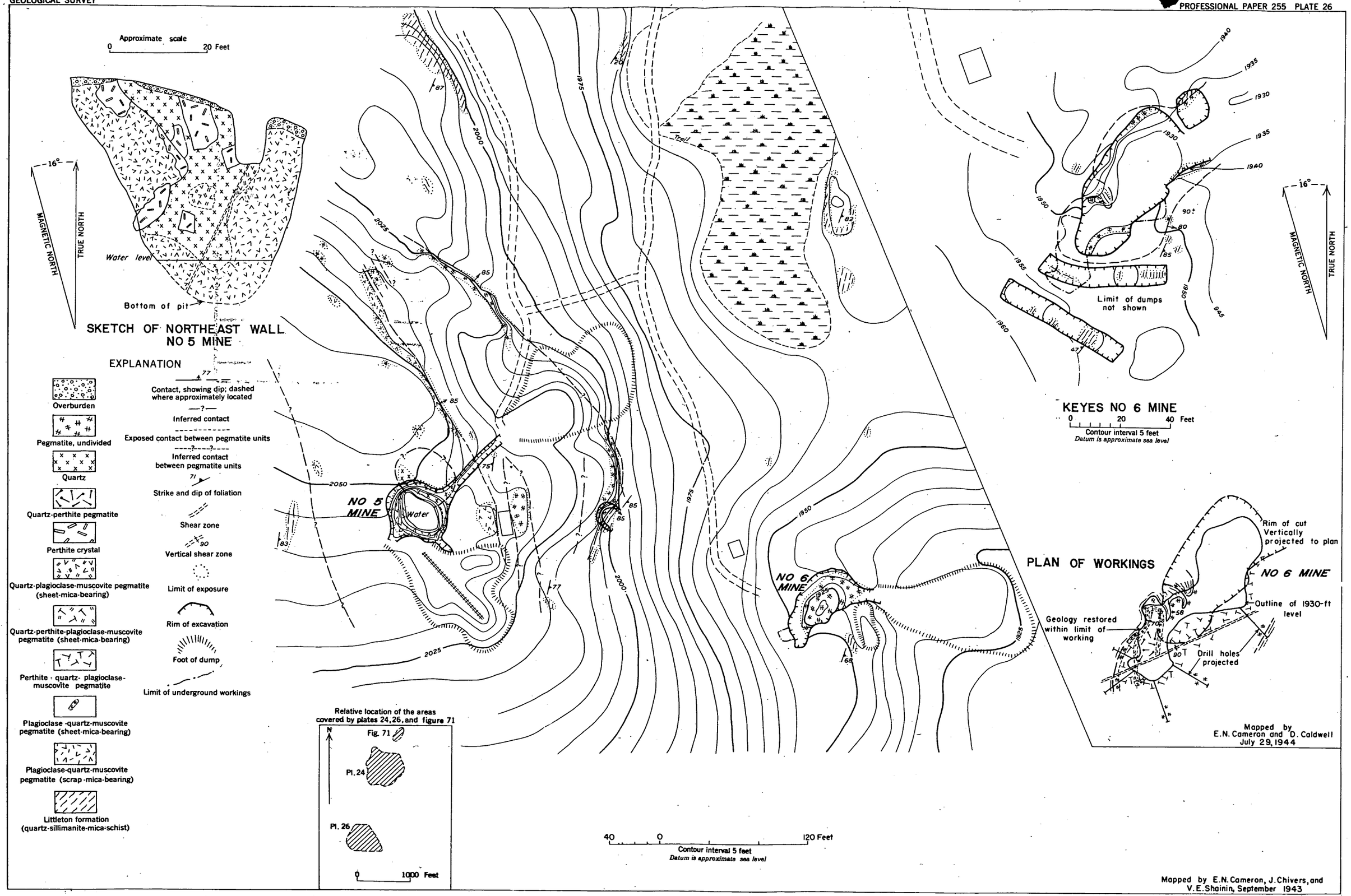
This property was last worked in 1944, no figures on past production are available, however, prospect number I and II on this property have been worked recently and some very good quality mica was produced.

We will need approximately $11,000.00 to explore prospects number five and six. We have done quite a volume of business in this town, and you are familiar with our reputation for meeting our obligations. We believe this is a sound venture, inasmuch as any mica mining venture can be judged sound. We shall appreciate your advising us as soon as possible what arrangements may be made for a loan.

Very truly yours,

Sam L. Phillips

P/bjg



GEOLOGIC MAPS AND DIAGRAMS OF THE KEYES NOS. 5 AND 6 MICA MINES, ORANGE, NEW HAMPSHIRE.

255298 O - 53 (In pocket)

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 10 1959

DATE	[illegible]	[illegible]

M 6 REFERENCE SLIP

-59 OFFICE OF MINERALS EXPLO

	Code ~~130~~ ~~120~~		
	" ~~110~~		
3.	" 220		
4.	" 500		
5.			
FROM:	W. R. Griswold	11/30	

FOR: Check items for action desired

____ Action ____ Reply for signature of _____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions X Your information

REMARKS:

~~Completion letter not to be mailed until 4/14/60. To be written later.~~

Will require different type of letter from DMEA showing only [illegible] See back page of [illegible]

T.-DUP. SEC., WASH., D.C. M56300-59

ocket signed

PROJECT SUMMARY REPORT

By: J. W. Alt November 30, 1959

1. Docket No. OME-6006 (Mica)
   Contract No. 2004

   Operator: Keys Mica Company, a partnership composed of Sam L. Phillips, John Phillips and J. R. Beam
   Spruce Pine, North Carolina

   Property: Keyes Mica Mine
   Grafton County, New Hampshire

   Operator's Property Rights - Owner

2. Contract Form MME 51 (Feb. 1959) dated June 18, 1959

   The purpose of the project is to explore for concentrations of strategic mica.

Estimated Cost of the Project

150 feet of crosscutting and/or drifting @ $30.00/ft.	$4,500.00
Estimated total cost of the work	$4,500.00
Government Participation @ 50%	$2,250.00

Amendments:

None

Work Completed:

Operator at its sole expense removed a bench adjacent to the bottom of the shaft.

Completed the 150 feet of crosscutting @ $30.00/ft.	$4,500.00
At its own expense advanced the crosscut an additional 27 feet.	
Total cost of the work under the terms of the contract	$4,500.00
Government Participation @ 50%	$2,250.00

Final Reports -

Operator's final report dated October 8, 1959 received October 14, 1959.
Field Team's final report dated October 23, 1959 received November 12, 1959.

Work under the terms of the contract began on June 22, 1959, and was completed on September 28, 1959.

3. Audit Report of Review, made in lieu of a final audit, dated November 4, 1959

Total cost billed by Operator	$4,500.00
Exceptions	-0-
Total acceptable cost	$4,500.00
Government Participation @ 50%	$2,250.00

4. Certification of Discovery: None issued.

5. Comments:

The crosscut has penetrated for almost its full distance, an intermediate zone of plagiaclose - quartz - muscovite pegmatite. No strategic quality mica was recovered. A "horse" of quartz - biotite schist about 8 feet thick was penetrated about 70 feet from the portal of the crosscut. In the last ten feet of the crosscut a gradual change in grain size and mineral assemblage occurs and the possibilities for ore ahead are favorable. Grain size is coarser; white massive quartz is more abundant and in larger masses; and books of mica up to two inches in diameter are sparsely disseminated in the rock.

The wall zones of pegmatites in the vicinity of Keyes No. 5 prospects are known to be favorable sites for strategic mica deposits. The crosscut in the No. 5 pegmatite did not reach the west wall and, therefore, not all targets were tested.

Although the heading of the crosscut is in favorable rock, strategic grade mica in commercial quantities was not found. The Field Team does not recommend a certification of discovery.

Additional work on this project with Government financial assistance is warranted. However, the Operator has not requested additional work and in his final report states that in this particular pegmatite further work is not warranted.

J. W. Alt

JWAlt:kb - November 30, 1959
cc to: Docket
Director's reading file
Mr. Alt
Chron.

3. Audit Report of Review, made in lieu of a final audit, dated November 4, 1959

Total cost billed by Operator	$4,500.00
Exceptions	-0-
Total acceptable cost	$4,500.00
Government Participation @ 50%	$2,250.00

4. Certification of Discovery: None issued

5. Comments:

The crosscut has penetrated for almost its full distance, an intermediate zone of plagiaclose - quartz - muscovite pegmatite. No strategic quality mica was recovered. A "horse" of quartz - biotite schist about 8 feet thick was penetrated about 70 feet from the portal of the crosscut. In the last ten feet of the crosscut a gradual change in grain size and mineral assemblage occurs and the possibilities for ore ahead are favorable. Grain size is coarser; white massive quartz is more abundant and in larger masses; and books of mica up to two inches in diameter are sparsely disseminated in the rock.

The wall zones of pegmatites in the vicinity of Keyes No. 5 prospects are known to be favorable sites for strategic mica deposits. The crosscut in the No. 5 pegmatite did not reach the west wall and, therefore, not all targets were tested.

Although the heading of the crosscut is in favorable rock, strategic grade mica in commercial quantities was not found. The Field Team does not recommend a certification of discovery.

Additional work on this project with Government financial assistance is warranted. However, Operator has not agreed to additional work and in his final request stated that in this particular instance the Jury Team would be not warranted. The Field Team has advised that Operator has removed all equipment.

J. W. Alt

J. W. Alt

JWAlt:kb - November 30, 1959
cc to: Docket
Director's reading file
Mr. Alt
Chron.

OFFICE OF MINERALS EXPLORATION

WORK COMPLETED ANALYSIS

Certified — After final audit or review report is received, prepare in duplicate. File original in official docket. Send copy to Code 210.

Operator: Keys Mica Company

Actual Cost

State: New Hampshire

Mica

Agreed Unit Cost: $4,500.00

Final Report of Audit

Commodity

Docket No. OME 6006

Final Report of Review: November 4, 1959

Contract No. 2004

Type of Work (Use these categories only)	Authorized by Contract and Amendments		Completed and Paid for		Net cost after sale of Gov't. Property
	Units	Cost 1/	Units	Cost 1/	
Drifting & Crosscutting	150'	$4,500.00	150'	$4,500.00	
Raising					
Shafts					
Winzes					
Drilling (Specify)					
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify)					
Totals		$4,500.00		$4,500.00	2/

1/ Round off to dollars.
2/ Net cost total must agree with final report of audit or review.

Prepared by J. W. Cole Date 11/12/59

52616

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

OFFICIAL FILE COPY O. M. E. RECEIVED NOV 17 1959		
DATE	INITIALS	CODE
11-17	gad	VVO
"	dlt	VOO
November 16, 1959		

Memorandum

To: Division of Minerals
Office of Minerals Exploration

From: Acting Chief, Branch of Ceramic and Fertilizer Materials

Subject: OME-6006 (mica)

Applicant: S. L. Phillips, et al

Name and Location of Property: Keyes No. 5 Mine
Grafton County, New Hampshire

Contract Number: Idm-E 2004

Date of Field Team (Final) Report: November 10, 1959

Date Rec'd by Br. of Ceramic & Fertilizer Materials: November 13, 1959

Field Team Recommendation: Recommend no certification on basis of work completed to date; but recommend amendment to contract for additional work.

Comments:

1. One hundred and fifty feet of cross-cutting and drifting was completed under the contract and an additional 27 feet by the operator.

2. Some small books of clear ruby mica were recovered.

3. Towards the end of the drift the grain size increases and more favorable ground appears to lie ahead.

4. Expenditures -

Total approved	$4,500
Total cost	4,500
Gov't. share of the cost	2,250
Value of production during operation	-----
Royalty paid	-----

Recommendation:

I concur with the recommendation of the field team and believe consideration should be given to the possibility of doing additional work as suggested by field examiners.

Donald R. Irving

Donald R. Irving

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
ROOM 11 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

November 10, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 12 1959

DATE	INITIALS	CODE
11-12	gad	120
11-12	JB	130
"	JB	110
11-17	JB	130
11-17	gad	220
"	JB	110
11/19	[illegible]	800
"	alt	500

Memorandum

To: Operating Committee, OME - Washington

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

Subject: OME-6006, Contract No.2004(mica) Keys Mica Co., Spruce Pine, North Carolina.
Keys No.5 Mine, Grafton County, New Hampshire
Field Team Final Report.

FIELD TEAM FINAL REPT

Enclosed are the original and two copies of the Field Team final report on the Keys No.5 Mine contract, by W. P. Williams.

It appears that further work would be justified here, since the western wall zone of the pegmatite was not reached. Although the Operator has not requested it, we recommend an amendment authorizing an additional 75 feet of crosscutting and/or drifting in order to test this target.

As it stands upon completion of the authorized work, certification cannot be recommended.

Insufficient work entitlement?

Robert A. Laurence
Robert A. Laurence
Executive Officer, OME
Region V

Reviewed by
OME OPERATING COMMITTEE
11-17-59
(date)

V. J. Lynch, Member
Bureau of Mines

OFFICE OF MINERALS EXPLORATION

FINAL FIELD TEAM REPORT

KEYES MICA COMPANY

KEYES MINE-MICA

OME-6006, Idm-E2004

Operator: Sam L. Phillips, Spruce Pine, North Carolina

Location: Keyes mine, Grafton County, New Hampshire

The Keyes No. 5 East prospect, the site of the completed OME exploratory work, was visited by the writer on October 23, 1959. About 6 hours were spent examining the Keyes No. 5 prospect and the adjoining Keyes No.'s 1 and 2 mines, now being operated by the Keyes Mica Company. The writer was accompanied by J. R. Beam, partner in Keyes Mica Company, and Roy Wiseman, mechanic-foreman.

The Keyes No. 5 East prospect is located in the northwest corner of Orange Township, about 4 miles northeast of Canaan, Grafton County, New Hampshire.

Work Completed: Work under the terms of Contract Idm-E2004 began on June 22, 1959, and was completed on September 28, 1959.

During the work period the Operator removed a bench adjacent to the bottom of the shaft. He then completed 177 feet of crosscut within the pegmatite. The contract limits Government participation to 150 feet of crosscutting and drifting.

Reviewed by
OME OPERATING COMMITTEE
11-17-59
(date)

The cross sectional dimensions of the crosscut are at no place less than 5 feet wide by 7 feet high. The ground stands well. Timber was neither needed nor used. No equipment was purchased with contract funds.

EXPENDITURES

Total approved:	
150 feet of crosscutting and/or drifting at $30.00/ft	$4,500
Total cost of project:	
150 feet of crosscut at $30.00/ft	4,500
Government participation at 50%	2,250
Government's share unexpended	--
Value of production	--
Royalty paid to date	--

Efficiency of operations appeared to be reasonably adequate, although safety measures were not good.

Geology: The No. 5-East pegmatite is a thick lens-like body enclosed in quartz-sillimanite-mica schists of the Littleton formation of Devonian age. The pegmatite strikes about N.22°W; and the east contact dips steeply to the east or is vertical.

The pegmatite body is poorly zoned. Along the east contact a wall zone consists mostly of medium-grained quartz, plagioclase, and muscovite, with accessory tourmaline, garnet, apatite, and secondary sericite. A quartz core about 40 feet in

diameter is enclosed in the wall zone. The quartz core has a keel about 10 feet above the floor level of the OME crosscut. Locally, the quartz core is in contact with an intermediate zone of coarse-grained perthite, quartz, and muscovite.

Very small amounts of clear, flat, free splitting, ruby mica have been recovered from the intermediate and wall zones near the quartz core. Production records are unavailable.

The OME crosscut has penetrated, for almost its full distance, an intermediate zone of plagioclase-quartz-muscovite pegmatite. No strategic quality mica was recovered. A "horse" of quartz-biotite schist about 8 feet thick was penetrated about 70 feet from the portal of the crosscut. In the last 10 feet of the crosscut a gradual change in grain size and mineral assemblage occurs and the possibilities for ore ahead are favorable. Grain size is coarser, white massive quartz is more abundant and in larger masses; and books of mica up to 2 inches in diameter are sparsely disseminated in the rock.

Conclusions and recommendations: Field inspection indicates that the Operator has completely fulfilled the requirements of OME Contract Idm-E2004, and the Operator is entitled to reimbursement by the Government.

The wall zones of pegmatites in the vicinity of Keyes No. 5 prospects are known to be favorable sites for strategic mica deposits. The crosscut in No. 5 pegmatite did not reach the west

wall and therefore not all targets were tested.

Although the heading of the crosscut is in favorable rock, strategic grade mica in commercial quantities was not found and there is no basis for certifying the project as a discovery.

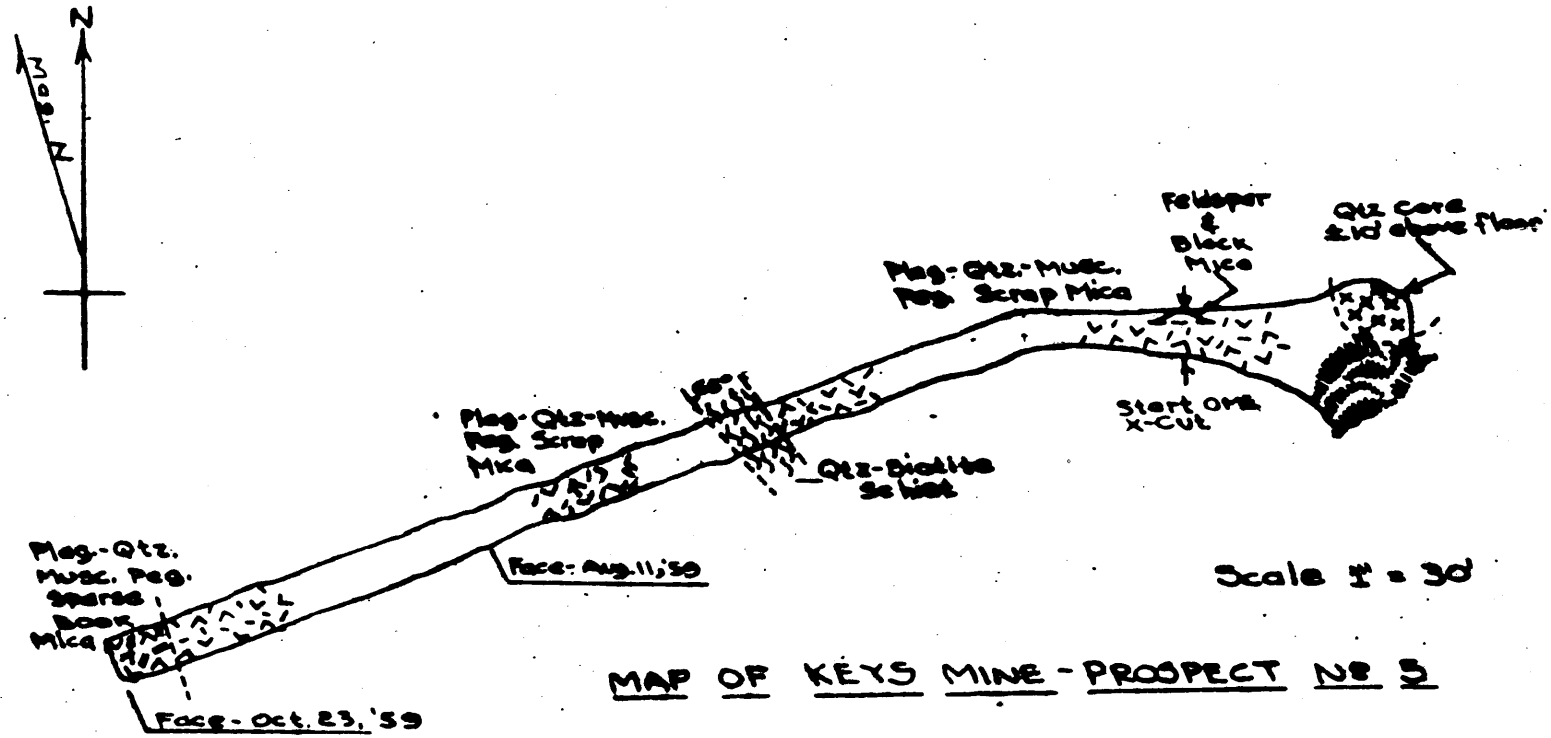
In his "final report", dated October 8, 1959, the Operator states, "It is the opinion of the operators that this particular pegmatite does not warrant further exploration." I do not agree; and during the field examination the Operator stated that the crosscut heading was favorable and that at some future time the crosscut would be advanced to the west wall. I believe such work would be well justified.

Inspected: October 23, 1959

W. P. Williams

W. P. Williams, Geologist
U. S. Geological Survey

OME 6006



MAP OF KEYS MINE - PROOPECT NO 5

OME 6006 - IDM-E 2004
KEYS MICA COMPANY
GRAFTON COUNTY, N. H.

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
11-4	gad	220
11/6	alt	500

NOV 4 1959

Memorandum

To: Executive Officer, OME Field Team, Region V

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

Subject: Docket No. OME-6006 (Mica)
Keys Mica Company
Keys Mine
Grafton County, New Hampshire
Contract No. 2004

As requested by Mr. Lynch's November 2 memorandum a review in lieu of a final audit of the subject contract has been made. The original and three copies of the Report of Review are attached.

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

The original of the final (Aug. & Sept. 1959) MF-104, MF-104A, and narrative are returned herewith.

Attachments

EDTalbert/ama
November 4, 1959

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

43683

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

November 2, 1959

Official file

~~EXTRA COPY~~
O. M. E.
RECEIVED NOV 4 1959

DATE	INITIALS	CODE
11/5	alt	500

Memorandum

To: Contract Administration & Audit Division, OME

From: Acting Executive Officer, OME Field Team, Region V

Subject: Docket No. OME-6006, Contract No.2004 (mica)
Keys Mica Company, Spruce Pine, North Carolina
Keys Mine
Grafton County, New Hampshire

Work under the subject contract was completed September 28, 1959.

The number of units of work completed by the Operator and accepted by the Field Team consisted of 150 feet of drift work.

An acceptable final engineering and geological report has been received and sent to the Operating Committee under date of October 12, 1959.

A total of $1,755.00 has been paid to the Operator, $495.00 having been withheld pending final audit or Report of Review.

A Report of Review, in lieu of final audit, is in order and requested. The final (Aug. & Sept. 1959) Operator's Monthly Report and Voucher is attached.

V. J. Lynch,

VJL/sm
cc
Lynch
Opr. Com.-2
Finance

Official File Copy

~~EXTRA COPY~~ O. M. E. RECEIVED OCT 16 1959		
DATE	INITIALS	CODE
10-16	gad	110
10/19	[illegible]	110
10/19	[illegible]	800
10/20	[illegible]	500

October 14, 1959

Memorandum

To: Operating Committee, OME - Washington

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

Subject: Narrative portions of Monthly Reports.

Because processing of these vouchers is being suspended for a variety of reasons, I am sending you herewith, one copy of the narrative monthly report for each of the following:

DMEA-5008, Idm-E1204, September 1959

OME -6003, Contract 2005, August-September 1959

final? — OME -6006, Contract 2004, August-September 1959

OME-6011 Contract 2001, September (final)

MF-104 and 104A has been detached from these reports and will be forwarded through regular channels when processed for payment.

Robert A. Laurence

RAL/sm

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
ROOM 11 POST OFFICE BLDG.
KNOXVILLE 2, TENN.

October 12, 1959

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 14 1959

DATE	INITIALS	CODE
10/14	RCW	225
10/14	[illegible]	800
10/15	[illegible]	500

Memorandum

To: Operating Committee, OME - Washington

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

Subject: OME-6006, Contract No.2004-mica. Keys Mining Co., Spruce Pine, N.C. Keys No.5 project, Grafton County, New Hampshire.

Enclosed are the original and two copies of the Operator's Final Engineering and Geologic report on the subject exploration contract. The project has been inspected only once during its progress, late in August. A final inspection is to be made within a few days, and payment of the final voucher is being withheld until a report of that inspection, verifying units of work done, has been received here.

OPR'S FINAL REPORT

Robert A. Laurence

Robert A. Laurence

RAL
zm

Operator's final Report

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 14 1959

DATE	INITIALS	CODE

Spruce Pine, North Carolina
October 8, 1959

Mr. Robert A. Laurence, Executive Officer
OME, Region V
Room 2-B, Post Office Building
Knoxville 2, Tennessee

Re: Docket No. OME 6006
Contract No. 2004
Prospect No. 5, Keys Mica Mine
Grafton County, N.H.

Dear Mr. Laurence:

Work began on the above project on June 22, 1959, and was completed on September 28, 1959.

The operator advanced an opening approximately 5' wide and 10' high for a distance of 25' into the existing bench to provide the initial face for a crosscut. We then began work on the drift, we completed a total of 150' of drift, however, we never cut completely across the pegmatite. No mica of commercial value was recovered.

The 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 are as follows: after the completion of 150' of drift without recovering any mica of commercial value, it is the opinion of the operators that this particular pegmatite does not warrant further exploration.

We wish to thank the field team for their assistance on the Keys No. 5 project.

Yours very truly,

Sam L. Phillips

Sam L. Phillips, Partner

KEYS MINING COMPANY

P/bjg

RECEIVED
OCT 12 1959
U. S. Geological Survey
Geologic Division
Knoxville, Tenn.

November 10, 1959

Memorandum

To: E. D. Talbert, Office of Minerals Exploration, Interior Building, Washington 25, D. C.

From: Administrative Assistant, Norris, Tennessee

Subject: Monthly reports and vouchers

We are enclosing two copies each of the following monthly reports and vouchers:

Idm-E1206	The New Jersey Zinc Company Docket No. DMEA-4907 7th and final payment Month of April Termination Date: 5-20-59 Amount $1359.00
14-23-090-2004	Keys Mining Company Docket No. OME-6006 2nd and final payment Month of Aug-Sept. Completion Date: 9-28-59 Amount $495.00

Helen R. Miller

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

EXTRA COPY
O. M. E.
RECEIVED NOV 12 1959

DATE	INITIALS	CODE

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
OPERATOR'S MONTHLY REPORT AND VOUCHER

PAID ON VOUCHER AND SCHEDULE OF PAYMENTS N-7

NOV 12 1959 O.M.E.

Month of Aug. & Sept., 1959 Docket No. ~~DMEA~~ OME 6006 Contract No. 2004

Operator's Name Keys Mining Company Minerals Mica

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

Contract Amount, $ 4,500.00 Government Participation: 50 % Amount, $ 2,250.00

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						
Bulldozing						
Crosscutting						
33' Drifting @ $30.00	990.00	3510.00	4,500.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	990.00	3,510.00	4,500.00	990.00	3510.00	4500.00

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

Date 10-8-59 *Payee Keys Mining Co. By. Sam L. Phillips

Per Sam L. Phillips Title Partner

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

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

$ 495.00

Signature Helen R. Miller
(Authorized Certifying Officer)

Date NOV 10 1959 Vou. No. 7

(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DME-2004 in accordance with the terms of the contract.

Signature N. J. Lynch Title MINING ENGINEER U. S. BUREAU OF MINES Date NOV 1 [illegible]

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature ..... Title EXEC OME FIELD TE[illegible] REGION V Date NOV 1 [illegible]

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 1962)

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 Aug. & Sept. 1959 Docket No. ~~DMEA~~ OME 6006 Contract No. 2004

Operator's Name Keys Mining Co pany Minerals Mica

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

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting	Ft.	990.00	33	4,500.00	150	30.00	150	30.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		990.00		4,500.00				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
TOTAL COSTS		990.00		4,500.00				

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

Date 10-8-59 Operator Keys Mining Company By: ~~Keys~~ Sam L. Phillips

Per Sam L. Phillips Title Partner

REMARKS:

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)

NOV 12 1959
O.M.E.

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

OPERATOR'S

Progress Report

Docket No. OME 6006
Contract No. 2004
Prospect No. 5, Keys Mica Mine
Grafton County, N.H.

Work Accomplished:

Work has been completed. During August and September we completed the additional 33' of drift, however, there was no discovery of mica. We never cut completely across the pegmatite. The operators ~~er~~ are of the opinion that this particular pegmatite does not warrant further exploration.

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

Budget Bureau No. 42-R1036.5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

AUG 26 1959
O.M.E.

PAID ON VOUCHER & SCHEDULE OF PAYMENTS A-3

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of June & July, 1959 Docket No. ~~DMEA~~ 6006 Contract No. 2004
Operator's Name Keys Mining Company Minerals Mica
Address c/o Sam L. Phillips, Spruce Pine, N.C.
Contract Amount, $4,500.00 Government Participation: 50 % Amount, $ 2,250.00

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:						J.W.A. 8/27/59
Drilling						
Bulldozing						
Crosscutting						
117' Drifting @ $30.00	3510.00		3510.00			
(2) Labor and Supervision:						
Labor						
Supervision						
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Sampling and Analysis						
Payroll Taxes						
Liability Insurance						
(8) Contingencies (specify):						
TOTALS	3510.00		3510.00	3510.00	—	3510.00

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

Date 8-14-59 *Payee Keys Mining Company By: Sam L. Phillips

Per Sam L. Phillips Title Partner

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

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

(Instructions on reverse)

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

$ 1755.00

Signature Helen R. Meier
(Authorized Certifying Officer)

Date AUG 24 1959 Vou. No. 3
(See other side)

1755.00

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. 2004 in accordance with the terms of the contract.

Signature [illegible] Title MINING ENGINEER U. S. BUREAU OF MINES Date AUG 20 1959

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Robert A. Lawrence Title EXECUTIVE OFFICER OME FIELD TEAM REGION V Date AUG 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

AUG 26 1959
O.M.E.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of June & July 1959 Docket No. ~~DMEA~~ OME 6006 Contract No. 2006

Operator's Name Keys Mining Company Minerals mica

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

OPERATION	Unit	Costs This Month	Units This Month	Costs to Date	Units to Date	Unit Costs to Date	Authorized by Contract: Units	Authorized by Contract: Unit Costs
Drifting	Ft.	3510.00	117	3510.00	117	30.00	150	30.00
Crosscutting								
Raising								
Shafts								
Winzes								
Drilling: Core								
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
Total Distributed Costs		3510.00		3510.00				Total Costs Authorized by Contract
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc.								
Total Costs		3510.00		3510.00				

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

Date 8-14-59 Operator Keys Mining Co. By; ~~Betty J. Grindstaff~~ SAM L. Phillips

Per Sam L. Phillips Title Partner

Remarks:

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)

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

OPERATOR'S

Monthly Progress Report

Docket No. OME 6006
Contract No. ~~14-23-890~~ 2004
Prospect No. 5, Keys Mica Mine
Grafton County, N.H.

Work Accomplished:

Work began on June 22nd. 1959, and todate we have drifted a total of 117 ft. The operator advanced an opening approximately 5' wide and 10' high, for a distance of 25' into the existing bench to provide the initial face for a crosscut. We then began work on the drift, we are in vein material, however, no mica of commercial value has been recovered.

Daily Notes:

June 22thru 26: The operator advanced an opening approximately 5' wide and 10' wide.

June 28 " July 4: This opening ran a distance of approximately 25' into the existing bench to provide the initial face for a crosscut.

July 6 " July 11: Began work on drift.
" 13 " " 18: Shot drilled, mucked out waste and pumped water daily.

" 20 " " 25: Continued work on drift, now in vein material.

" 27 " " 31: We have completed atotal of 117' of drift to date. We are working in vein material, however, no mica of commercial value has been recovered.

EXTRA COPY
O. M. E.
RECEIVED AUG 26 1959

DATE	INITIALS	CODE

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 26 1959

DATE	INITIALS	CODE
8-26	gad	220
		120
8/26	bEF	800
8/27	Elt	500

OFFICE OF MINERALS EXPLORATION
Interim Report
OME 6006, Idm-E2004, Mica

Operator: Keys Mica Company, Spruce Pine, North Carolina

Location: Keys Mica Mine, Prospect 5, Grafton County, New Hampshire

The Keys No. 5 mine was visited by the writer on August 11, 1959, accompanied by Roy Wiseman, mine foreman. S. L. Phillips and J. R. Beam, officers in Keys Mica Company, were not present, although they had been notified in advance of the inspection visit. About 3 hours were spent on the property.

Work Completed: According to Mr. Wiseman, operator's representative, exploration work under the terms of Contract Idm-E2004 was started on June 30, 1959. A bench at the bottom of No. 5 east cut has been removed by the operator, a working face was established, and a total of 114 feet of crosscut has been driven in the pegmatite. Cross sectional dimensions of the crosscut are about 7 feet high by 5 to 6 feet wide. No timber has been used; none is so far required.

The contract specifies that the crosscut shall have an approximate bearing of S.70°W. The crosscut was inadvertently started on a bearing of due west, presumably to follow a thin lens of coarse mica. After about 20 feet the heading was turned to the stipulated S.70°W. direction, Figure 1.

The operator employs four men on the project; and the crosscut is advanced $4\frac{1}{2}$ to 5 feet per 10-hour shift. Five shifts are worked per week.

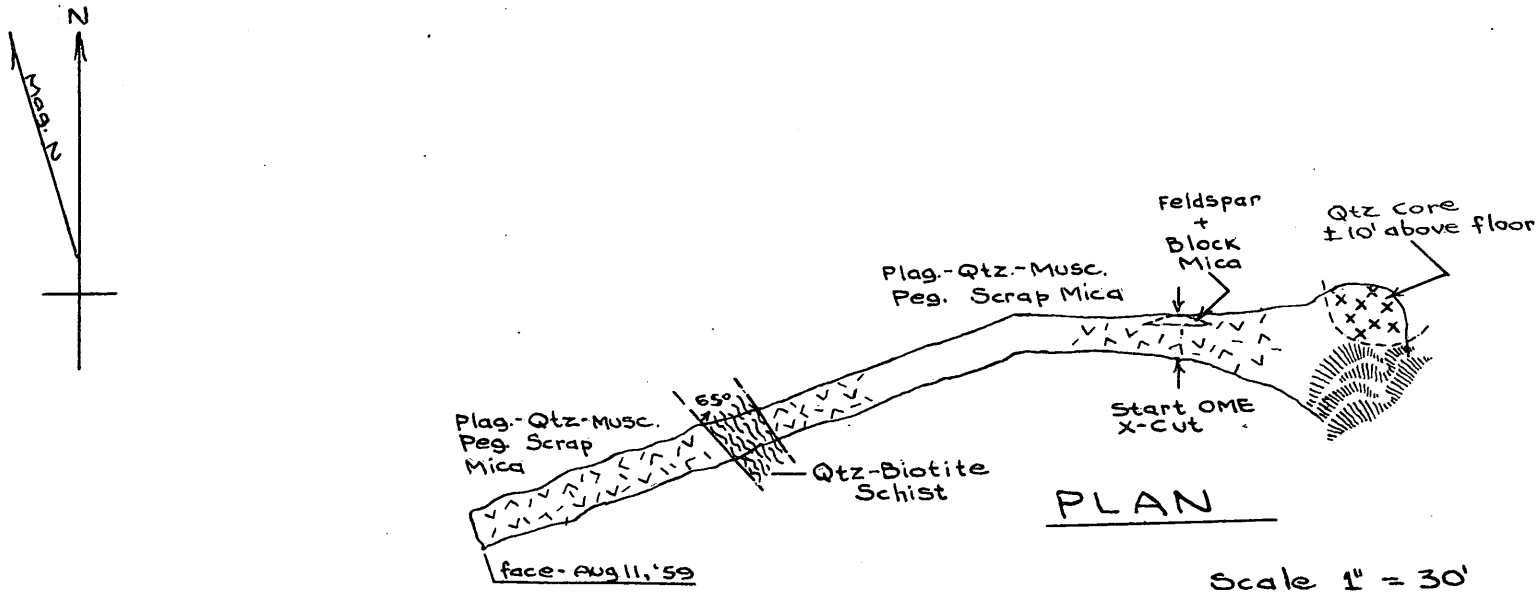
Geology: The crosscut was started in plagioclase-quartz-muscovite pegmatite. About 55 feet from the portal the heading passed through a thickness of about 8 feet of dark gray to black quartz-biotite schist. The crosscut then continued its full length in plagioclase-quartz-muscovite pegmatite. A short, thin (about 18 inches thick) lens of pegmatite was noted at the portal that contains books of ruby mica that are about 6 inches by 4 inches by 2 inches thick. None other than scrap mica was noted throughout the length of the crosscut. Up to the date of inspection no mica of strategic quality had been found in the crosscut. On August 11, the crosscut had not reached the west wall of the pegmatite.

Conclusions and recommendations: The exploration work appears to be progressing at a satisfactory rate. Safety measures are poor but probably equal to those in mica mining in general.

Although results in the crosscut are, so far, disappointing, the possibility still exists that sheet mica may be found as the wall zone of the pegmatite is reached. I recommend that the crosscut be advanced on its present bearing in accordance with the aims and objectives outlined in the contract and in the Field Examination Report.

Inspected: August 11, 1959

W. P. Williams, Geologist
U. S. Geological Survey



KEYS MINE-PROSPECT № 5

FIG. 1

OME 6006 - IDM-E 2004

KEYS MICA COMPANY

GRAFTON COUNTY. N. H.

AUGUST, 1959

W.P. Williams, U.S. GEOL. SURVEY

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O. M. E.
RECEIVED AUG 26 1959

DATE	INITIALS	CODE

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 JUL 6 1959

DATE	INITIALS	
7-6	gad	VVO
7/6	C	VIO
7/7	~~wkly~~	~~500~~
7/7	~~alt~~	~~500~~

July 2, 1959

Memorandum

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

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

Subject: Signed Contract - OME-6006, Contract No. 2004 (Mica)
Keys Mica Company, Spruce Pine, North Carolina
Keyes Mica Mine, Prospect No. 5
Grafton County, New Hampshire

Enclosed are the Government's and Audit's copies of the subject contract. The contract was signed by the Operator and mailed at the Spruce Pine, North Carolina Post Office on the morning of June 30, 1959. The original envelope is attached.

Attached to the contract are a photostat copy of the land plot and a sketch map labeled figure 2. The area outlined in red on the photostat was done by Sam Phillips to indicate the area covered by this lease and it agrees with the original quick-claim deed now in Mr. Phillips' office in Spruce Pine, North Carolina. The leased area as plotted on the sketch map indicates that the prospect is within the leased area.

The usual distribution of the other copies has been made by this office.

V. J. Lynch
V. J. Lynch
Acting Executive Officer

Frank G. Lesure
Frank G. Lesure
Geologist
U. S. Geological Survey

Enclosures

OFFICE OF MINERALS EXPLORATION

INTERIM REPORT

OME-6006, Idm-E2004- Mica

Operator: Keys Mica Company, Spruce Pine, North Carolina

Location: Keys Mica Mine, Prospect 5, Grafton County, New Hampshire

The Keys No.5 mine was visited by the undersigned in company with S. L. Phillips on July 1, 1959.

Work on removing the bench (at Operator's sole expense) had just begun. Work on the contract crosscut will begin immediately upon completion of the work.

Inspected: July 1, 1959

Robert A. Laurence,
Geologist
U. S. Geological Survey

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 20 1959

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7-20	gad	220
"	JZ	110
7/21	[illegible]	800
7-22	aet	500

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DMEA Form 7
(12-56)

OFFICIAL

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6/18	[illegible]	
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6/19	G	220
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JUN 18 1959 600

Memorandum

To: Executive Officer, OME Field Team, Region V

From: Chairman, Operating Committee, OME

Subject: Docket No. OME-6006 (Mica)
Keys Mica Company
Sam L. Phillips, et al.
Keyes Mica Mine
Grafton County, New Hampshire

Attached are the original and four copies of a proposed short-form contract signed by the Acting Director for the Government. It consists of the form, Annex I (1 page), Exhibit "A" (1 page), and one map. Also attached are two extra copies of Annex I and Exhibit "A" for Field Team use.

Please advise the Applicant that the 6-3/8% interest accrues from the date the money is made available and like the principal is repayable from royalty on production.

On June 12, 1959, we wrote the Applicant requesting that a property map and a copy of the instrument by which M. C. Sparks conveyed his interest to Sam L. Phillips and J. R. Beam be sent to you. Should it appear that there are any outstanding rights or claims affecting the Applicant's interests, the usual subordination agreements must be obtained and added to the contract. When the property map is received, will you entitle it as specified in Annex I. We are not allowing for the benching as we consider this preparatory work.

If the proposed contract meets with your approval, and after the property map has been attached, present it to the Applicant for execution. Copies of the executed contract are to be distributed in the usual manner. If any part of this proposed contract does not have either your approval or that of the Applicant and cannot be amended within your delegated authority, then the original and all copies of the contract and the two extra copies of Annex I and Exhibit "A" are to be returned to this office, together with the proposed changes for consideration.

As the current appropriation for financial assistance expires for obligation purposes on June 30, 1959, this contract must be

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executed on or before that date. If this cannot be done, the unexecuted original and all copies should be returned to this office for rewriting as an obligation under the 1960 appropriation, if and when available.

Copies of memoranda, dated June 9 and 11, 1959, by Mr. H. Kirkemo, USGS, and Mr. Donald R. Irving, USBM, respectively, relating to the project are attached.

/s/ George C. Selfridge (HB)

Approved:

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

Harold Kirkemo (HB)
Member, Geological Survey

Attachments 11

JWAlt/gad/GCSelfridge/hb (6/18/59)
Copy to: Director's Reading File
Operating Committee
Mr. Kirkemo, USGS
Mr. Skow, USBM

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/15	ALD	600

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OFFICE OF MINERALS EXPLORATION

Report on Exploration Assistance Application

Applicant:
Keys Mica Company
A partnership composed of: Sam L. Phillips, John Phillips and J. R. Beam
Spruce Pine, N. C.

Docket No. OME-6006-Mica
Date of application: February 5, 1959
Date application received: February 10, 1959
Name of property: Keys Mica Mine
Grafton County, New Hampshire

Applicant's proposed exploration and cost

Prospect No. 5

Lower shaft 20 feet @ $50.00/ft.	$1,000.00
Drift and/or crosscut 100 ft. @ $40.00/ft.	4,000.00
Total cost, Prospect No. 5	$5,000.00

Prospect No. 6

Drift and/or crosscut 150 ft. @ $40.00/ft.	6,000.00
Total costs of prospects 5 and 6	$11,000.00

1. Financial Eligibility:

One of the partners, Sam L. Phillips, wrote to one bank and to a building and loan association requesting a loan of approximately $11,000.00. Both applications for loans were refused.

Loans were requested from:

Mr. W. H. Lee
The Northwestern Bank
Spruce Pine, North Carolina

Mr. Edward Ballew, Jr.
Mitchell County Building and Loan Association
Spruce Pine, North Carolina

Financial statements were submitted for three partners of the Keys Mica Company: J.R.Beam, John Phillips and Sam L. Phillips.

The analysis indicates that the Applicant is unable to receive loans for mica exploration from the two institutions contacted.

43683

2. Reviews: The Bureau of Mines concurs with the recommendation of the Field Team. The Geological Survey recommends that only the crosscutting and drifting be allowed and that there be no allowance for the benching. The Division of Nonmetallic Minerals recommends that a contract be granted the Applicant allowing the Field Team's recommendation for crosscutting and drifting but that the benching be done at the sole expense of the Operator.

(a) Geologic Probability:
Recent work at Prospect No. 5 disclosed a north-plunging mica shoot in the coarse-grained perthite-muscovite intermediate zone near a prominent quartz core. Production amounted to four to five tons of good quality mine-run mica. Although some recent work has also been done at Prospect No. 6, ice and water in the open cut prevented examination of new exposures.

The mica recovered in 1958 has been sold with the Keys No. 1 mica so that no record of its quality is available. Mr. Beam, one of the partners, reported that one block weighed 40 pounds. Pieces picked up on the dump were good quality ruby mica--hard, clear, flat, and free splitting. Some ruling and reeving are present.

The Field Team recommends that exploration assistance be granted for work on Prospect No. 5.

(b) Estimated cost to explore the target (Prospect No. 5):

Crosscut and/or drift 150 feet @ $30.00/ft.	$4,500.00
Total estimated cost of the work of the project	$4,500.00
Government participation @ 50%	$2,250.00

(c) Plan and method of conducting exploration:
From a point approximately 38 feet below the established datum point on the east edge of the present No. 5 east cut, the Operator at its sole expense shall advance an opening approximately 5 feet wide and 10 feet high, a distance of approximately 25 feet into the existing bench to provide the initial face for a crosscut.

From the face as established above, crosscut the pegmatite on an approximate S. 70° W. bearing to the west wall to determine its internal structure. If mica-bearing zones are cut either at the quartz core or the west wall zone, drift in either direction. The total amount of crosscutting and drifting shall not exceed 150 feet.

(d) The project area is accessible for exploration and mine work the entire year.

(e) Applicant's background and experience:
The partners of this company have had considerable experience in conducting exploration projects.

(f) Applicant's title and right to possession of the land:
Owner of the mineral rights. To date we have not received a property map. On June 12, 1959, a letter was written to the Applicant requesting such map.

J. W. Alt

J. W. Alt

JWAlt:gad 6/15/59
Copy to: Dir. R. File

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

June 15, 1959

Memorandum

To: Acting Director
Office of Minerals Exploration

From: Acting Associate Solicitor
Division of Mineral Resources

Subject: Docket No. OME-6006, Keys Mica Company, Keys Mica Mine, Grafton County, New Hampshire

We have drafted in final form the subject contract pursuant to the memorandum to the Associate Solicitor which was received in this office on June 12, 1959. The draft submitted has been followed but we note the following matters are required for the completion of the document:

1. The names of the partners have been inserted in the first paragraph.

2. The word "Operator's" in Article 6(c) has been stricken.

3. It is stated in the attachment to the application (paragraph 2(a)), dated February 5, 1959, that "Applicants own the mineral rights, there is no lien." However, the following appears in the field examination report on page 3:

> "No instrument was available to the examiners, showing a transfer of interests in this property from M. G. Sparks to Sam L. Phillips and J. R. Beam. This instrument should be obtained from the Applicants together with a legal description of the property, which is now lacking. The Applicant is owner of mineral rights only."

It is not clear from the statement quoted above what interests were transferred from M. G. Sparks to Sam L. Phillips and J. R. Beam. Should it appear that there are any outstanding rights or claims affecting the operator's interest, the usual subordination agreements must be obtained. We have been informally advised by your office that the applicant has been requested to furnish a copy of the instrument referred to above.

J. L. Hofflund

MME Form 7
(10-58)

OFFICIAL FILE COPY

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6/11	[illegible]	600
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SOLICITOR
JUN 11 1959
INTERIOR DEPT.

RECEIVED
JUN 12 1959
ASSOC. SOLICITOR
MINERAL RESOURCES

600

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Division of Nonmetallic Minerals, OME

Subject: Preparation of contract for Keys Mica Company (a partnership), Keys Mica Mine, Orange County, New Hampshire, Docket No. OME-6006, Mica.

Will you please prepare a contract for the cited Applicant.

A draft of the contract (MME Form 51), Annex I, Exhibit "A", and one map entitled Figure 1, Prospect No. 5, Keys Mica Mine, Orange County, New Hampshire, are attached to this memorandum.

To date we do not have a property map. The map will be attached to the contract when it is prepared or attached by the Field Team when the contract is forwarded to them.

Attachments

JWAlt:gad 6/11/59
Copy to: Dir. R. File

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MME Form 7
(10-58)

JUN 12 1959

600

OFFICIAL FILE COPY

Date	Surname	Code
6/12	Alt	600
6/12	Houk	600
6/12	Selfridge	120
"	Johnson	110
6/15	G	220
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Messrs. Sam L. Phillips, John Phillips
and J. R. Beam
Keys Mica Company
Spruce Pine, North Carolina

Re: Docket No. OME-6003 (Mica)
Sam L. Phillips, et al.
Keys Mica Company
Rice Mine
Grafton County, New Hampshire

Docket No. OME-6006 (Mica)
Sam L. Phillips, et al.
Keys Mica Company
Keys Mica Mine
Grafton County, New Hampshire

Gentlemen:

In order to complete the processing of the cited applications, property maps are needed for these projects. On these maps should be shown where the proposed work is to be done. Also, please submit a copy of the instrument by which M. G. Sparks conveyed his interest to Sam L. Phillips and J. R. Beam.

The above mentioned items should be sent to Mr. Robert A. Laurence, Executive Officer, OME Field Team, Region V, Room 2-B, Post Office Building, Knoxville 2, Tennessee.

An early submission of these requests will expedite the processing of these applications.

Sincerely yours,

Lawrence Q. Houk
Chief, Division of Nonmetallic Minerals

JWAlt:gad 6/12/59
Copy to: Dir. R. File
Region V
Mr. Kirkemo, USGS, 5222
Mr. M. L. Skow, USBM, 3425

43683

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

June 11, 1959

Memorandum

To: Nonmetallic Minerals Division
Office of Minerals Exploration

From: Acting Chief, Branch of Ceramic and Fertilizer Materials

Subject: OME 6006 (mica)

Applicant: Keyes Mica Company

Name and Location of Property: Keyes Mica Mine Prospects Nos. 5 and 6
Grafton County, New Hampshire

Date Rec'd by Br. of Ceramic and Fertilizer Materials: June 11, 1959

Date of Field Team Report: June 2, 1959

Field Team Recommendation: Recommend approval of a contract as outlined in Field Examiners Report.

Comments:

1. Thick tabular pegmatites containing good quality mica, have been exposed by wartime, and recent (1958) mining.
2. In 1958, 4 to 5 tons of good quality mica was recovered from prospect No. 5.
3. Geologic environment is favorable for substantial quantity of mica at prospect No. 5.
4. Costs estimates are in line with equivalent OME projects.

Recommendation:

I concur with the recommendation for OME assistance on prospect No. 5, as outlined by the field team.

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O. M. E.
RECEIVED JUN 11 1959

DATE	INITIALS	CODE
6/12	C	220
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Donald R. Irving

Donald R. Irving

IN REPLY REFER TO:

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

OFFICIAL FILE COPY O. M. E. RECEIVED JUN 10 1959		
DATE	INITIALS	CODE
6/10	W	225
		600

June 9, 1959

Memorandum

To: L. G. Houk, Office of Minerals Exploration

From: H. Kirkemo, U. S. Geological Survey

Subject: Review of field examination report, OME 6006 (Mica) Keyes Mica Company, Keyes Mica Mine, Prospects Nos. 5 and 6, Grafton County, New Hampshire

The examining team has submitted a report recommending approval of a contract to explore a mica-bearing pegmatite dike with a crosscut from the No. 5 prospect and a limited amount of drifting as warranted. Total work recommended is for 150 feet of work costing an estimated $5,287.00.

I agree with the recommendation of the examining team to approve exploration assistance for the crosscut but I question the advisability of the Government's participation in advancing the bench 25 feet. The additional depth (11 feet) gained by advancing the bench from the bottom of the existing pit at Prospect No. 5 does not increase the chances of successful discovery in crosscutting the pegmatite. Unless there is an operating advantage to offset the estimated cost ($754.00) of advancing the bench as the examining team proposed, I would recommend that only the proposed crosscut and subsequent drifting be approved in a contract.

H. Kirkemo

H. Kirkemo

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

ROOM 2-B POST OFFICE BLDG.
KNOXVILLE 2, TENN.

June 2, 1959

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DATE	INITIALS	CODE
6/4	a	220
6/9	JHB	130
6-9	C	220
		602

Memorandum

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

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

Subject: Field Examination Report - OME-6006 (Mica)
Keyes Mica Company, Spruce Pine, North Carolina
Keyes Mica Mine, Prospects Nos. 5 and 6
Grafton County, New Hampshire

Should be Orange County

Enclosed are the original and two copies of the subject Field Examination Report.

We recommend approval of a contract as outlined in the report.

When we receive the map and lease transfer, we will forward them to you.

We consider the Applicant's 800 foot square to be adequate for the proposed exploration work. We do not agree with the proposal to include the Keys No. 1 mine in the project area as the No. 1 mine is 1,925 feet away and will not benefit in any way from the proposed exploration work.

Robert A. Laurence

Robert A. Laurence
Executive Officer

V. J. Lynch f/SL
V. J. Lynch, Member
Bureau of Mines

Reviewed by
OME OPERATING COMMITTEE
6-9-59
(date)

UNITED STATES

DEPARTMENT OF THE INTERIOR

OFFICE OF MINERALS EXPLORATION

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUN 4 1959

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FIELD EXAMINATION REPORT, REGION V

On-site Examn. Rpt.

OME-6006 (Mica) KEYES MICA MINE, PROSPECT Nos. 5 and 6

Grafton County, New Hampshire

Frank G. Lesure, Geologist
U. S. Geological Survey

Harry L. Burmeister, Mining Engineer
U. S. Bureau of Mines

Reviewed by
OME OPERATING COMMITTEE
6-9-59
(date)

June 2, 1959

FIELD EXAMINATION REPORT

OME-6006 (Mica) KEYES MICA MINE, PROSPECT Nos. 5 and 6
Grafton County, New Hampshire

Applicant: Keys Mica Company, Spruce Pine, North Carolina

SUMMARY

Mining has exposed two thick tabular pegmatites at Prospects Nos. 5 and 6 of the Keyes mine, Grafton County, New Hampshire. Most of the workings were mapped and studied during the war-time mapping program. Recent work at Prospect No. 5 disclosed a north-plunging mica shoot in a coarse-grained perthite-quartz-muscovite intermediate zone near a prominent quartz core. Production amounted to four to five tons of good quality mine-run mica. Although some recent work has also been done at Prospect No. 6, ice and water in the open cut prevented examination of new exposures.

We recommend that exploration assistance be granted to explore Pegmatite No. 5 with 150 feet of crosscutting and/or drifting. No work is recommended at Prospect No. 6.

INTRODUCTION

Location

The No. 5 and No. 6 Prospects of the Keyes mica mines are in the northwest corner of Orange township, Grafton County, New Hampshire, about half a mile northeast of Mt. Tug (fig. 1 and Cardigan, New Hampshire, USGS 15-minute quadrangle). To reach the mines follow State Highway 118 northeast from Canaan, New Hampshire, for 0.5 mile to the Orange road. Turn right and go 2.85 miles to the fork just east of Orange Brook. Turn left on the graded road for 1.15 miles to a sharp right turn. A poorly graded mine road leads north from this turn about 2.5 miles to the mine area. About 0.25 mile from Keyes No. 1 and 2 mines a short road to the left leads to Prospects Nos. 5 and 6. The mine roads are very rough and impassable except to four-wheel-drive vehicles or trucks.

Examination

The examination of Prospects Nos. 5 and 6 was made on May 14, 1959 and lasted about two hours. Mr. J. R. Beam accompanied the Examiners. Mr. Beam was not familiar with the proposals in the Applications but knew where the prospects are. No map was included with the copy of the Application sent for field use although the Application states that a map was submitted. Maps prepared by Cameron, Chives, and Shainin of the U. S. Geological Survey (U. S. Geol. Survey Prof. Paper 255, Pl. 26) were used for the examination.

History

No. 5 and No. 6 prospects of the Keyes mine consist of several open cuts (fig. 2) on two pegmatites. No. 5 has two circular cuts about 50 feet deep. The West cut (figs 2 and 3) was begun before 1941 (Cameron and others, 1954, p. 186) and enlarged in 1941-43. It is essentially as mapped in 1943. At the time of the examination it contained about 10 feet or so of ice and water in the bottom. The East cut was apparently started after the mapping in 1943 and was cleaned out and deepened 15 to 20 feet by the Applicants in 1958. A heading about 10 feet above the floor of the cut was driven 25 feet to the southwest. Mr. Beam stated that during this work they recovered 5 to 6 tons of good quality mica. At the time of the examination about 10 feet of ice and water was in the bottom of the east cut although it had been partly pumped out for the examination.

Prospect No. 6 is essentially like it was when last mapped by Cameron and Caldwell in 1944 (fig. 2). This cut was worked prior to 1940 but most of the work was done in 1942-43. Curran enlarged the cut in 1944. The Applicants cleaned out the cut and took up about six feet of bottom for about 20 feet at the southwest end of the cut in 1958. Mr. Beam reports that they recovered about one ton of mica. At the time of the inspection No. 6 cut was partly full of water and inaccessible. An attempt had been made the day before the examination to pump it out.

Property rights and maps of property

No instrument was available to the examiners, showing a transfer of interests in this property from M. G. Sparks to Sam L. Phillips and J. R. Beam. This instrument should be obtained from the Applicants together with a legal description of the property, which is now lacking. The Applicant is owner of mineral rights only.

Mr. Beam states that he will try to get both the property description and a copy of the plot from the County Recorder of Grafton County. Mr. Beam has a written memorandum to the effect that the operating Keyes No. 1 shall be located on the map and that Prospect No. 5 East shall be located in relation to No. 1.

GEOLOGY

Two pegmatites have been partly mined at Prospects Nos. 5 and 6. Several smaller pegmatites are also exposed in the mine area (fig. 2). The following descriptions of the individual pegmatites are taken from Cameron and others, 1954, p. 186-187. Additional observations made during the examination in the later cut at Prospect No. 5 have been added.

Prospect No. 5

"The pegmatite appears to be a thick sheet or lens that strikes approximately N. 22° W. The east contact, where exposed, has a dip ranging from vertical to 80° E., and the pegmatite as a whole probably has a steep easterly dip. Exposures east and northeast of the pegmatite suggest the presence of three other pegmatite bodies of roughly similar attitude.

"The pegmatite mined is poorly zoned. Along contacts a thin border zone consisting of quartz, scrap muscovite, and plagioclase is present, and inside this is a wall zone consisting largely of medium-grained quartz, plagioclase, and muscovite, with accessory tourmaline, garnet, apatite, and secondary sericite. The wall zone shows very few muscovite books large enough to yield sheet. Enclosed in it is a core of quartz about 40 feet in diameter and roughly circular or elliptical in plan. Its long axis appears to be nearly vertical. The bottom of the body is a few feet above the bottom of the pit.

"The northeast wall of the pit appears to have barely intersected the margin of the core, into which large perthite crystals project. Outside the perthite crystals, a discontinuous intermediate zone of coarse plagioclase, quartz, and book muscovite appears to have been present. (See sketch, pl. 26). Opposite the crosscut trench, a small concentration of mica books, apparently associated with a small pod of coarse quartz and perthite, was found in the wall of the pit and mined out.

"Mica from the pit is a hard ruby muscovite forming books 4 to 12 inches broad and $\frac{1}{2}$ to 6 inches thick. Ruling reeving, cross-fractures, and "A" structure mar most of the books seen, and ruling is especially conspicuous, but areas lacking these defects yield sheet of high quality. The mica adjacent to the sheer zone shown in the sketch (p. 26) is badly deformed, and part of the ruling may be due to the deformation that caused the shear zone. In part, however, the ruling may be related to an earlier deformation that produced three conspicuous sets of intersecting fractures in the quartz core.

"According to Smith and the quarry foreman, sheet mica was found unevenly distributed along the margins of the core, as suggested by exposures, and was abundant in places. As the margin was followed northward from the crosscut the yield decreased. The condition of the mica adjacent to the shear zone discouraged mining along the southeast margin of the core, and the pit was then enlarged southwestward in the hope of finding another quartz body. This attempt was unsuccessful and operations ceased. Curran's later prospecting along the north rim of the pit revealed little mica.

"Mica showing in the pit is poor but is probably not representative of the product of the mine, as Smith reports that good mica was obtained away from the shear zone. Possibilities for future production cannot be assessed accurately. The discontinuous quartz-plagioclase-muscovite zone is a deposit of the intermediate-zone type. The margin of the quartz body has not been fully explored, and mica-rich parts of the zone may be concealed. However the operators' experience indicates that, as is common in intermediate-zone deposits, the distribution of mica is spotty, and the average yield of the zone would probably be low."

In the East cut sunk after the war-time mapping the wall zone is composed of medium-grained feldspar, quartz and muscovite. The 25 feet of drift to the southwest is in an intermediate zone of coarse-grained perthite, quartz, and muscovite. Mr. Beam reported that a mica-rich shoot containing large books of good quality muscovite up to 12 inches in diameter was encountered in this drift. This shoot according

to Mr. Beam's description may have plunged to the northeast. The deeper part of the cut now filled with ice and water is reported to have followed this shoot. Along the south side of the drift the massive quartz core is exposed which is a continuation of the quartz core in the West cut. A few books of sheet muscovite were seen in place in the intermediate zone near the quartz core on the south side of the cut.

The schist along the east contact of the pegmatite contains small folds. The axes of these folds plunge steeply to the northwest suggesting that structures of the pegmatite may also plunge to the north.

The mica recovered in 1958 has been sold with the Keyes No. 1 mica so that no record of its quality is available. Mr. Beam reported that one block weighed 40 lbs. Pieces picked up on the dump were good quality ruby mica--hard, clear, flat, and free splitting. Some ruling and reeving are present.

Prospect No. 6

"The pegmatite was exposed during operations for about 80 feet along the strike. It appears to be a lens, roughly 35 feet thick, that strikes approximately N. 34° E. Its dip is unknown. The northwest wall is steep but irregular. Available data suggest that the body plunges southwestward beneath schist, at an angle less than 35 degrees.

"The internal structure of the pegmatite is obscure. A narrow border zone of quartz, plagioclase, and scrap muscovite is present where contacts are exposed. Along the northwest wall underground, a wall zone composed of medium- to coarse-grained quartz , plagioclase, and book mica was present in places inside the border zone. This zone carried accessory tourmaline and apatite, and was ½ to 2 feet thick. The remainder of the pegmatite consists largely of quartz, perthite,

muscovite, and plagioclase. Muscovite occurs largely as strips of every size up to 5 feet long, 1 foot broad, and 1 inch thick. This part of the pegmatite is all coarse-grained, but is coarser in some places than in others. The coarser parts consist chiefly of quartz with stout perthite crystals, 6 inches to 2 feet long and appear to be ill-defined pods. Muscovite is associated with them, both as large strips and as scattered books 2 to 10 inches broad and $\frac{1}{4}$ to 2 inches thick.

"Along the northwest side of the drift a pod consisting of quartz with subordinate coarse perthite was traced for 29 feet, appearing to plunge approximately S. 5° W. at an angle of 32°. In a narrow layer around the body (see pl. 26, plan of 1930-foot level) books of muscovite were abundant. A similar pod partly exposed in the floor of the shallow chamber on the southeast side of the cut appears to have yielded most of the sheet mica produced in 1943.

"Muscovite occurs in the deposit both as strips and as books, mostly ruled and cross fractured. Many of the strips consist of overlapping scales and are riddled with flat tourmaline inclusions, and some contain intergrown biotite. Parts of the thicker and broader strips, however, yield free-splitting ruby sheet of high quality. The books are reeved, ruled, and cross fractured, but sheet recovery from them during Curran's operations was high. The percentage of large sheet, however, was low. Recovery of crude mica from rock mined in the drift was about 1.4 percent. In the southwest part of the mine the pegmatite is cut by several shear surfaces, and here the mica is broken and stained by limonite.

"The structure of this deposit is only partly known, and its potentialities are difficult to assess. The chief sources of mica have been pods of quartz and of quartz and perthite, but some sheet mica has been recovered from strips and scattered books of muscovite elsewhere in the pegmatite. Owing to this, and because the pods seem to be unusually numerous, this pegmatite is more promising than most pod-bearing pegmatites. The content of muscovite in the pegmatite as a whole may be less, however, than the yield of 1.4 percent would indicate, for the ratio applies to a part of the pegmatite that seems richer in book mica than the pegmatite as a whole. The yield of sheet per ton of crude mica would likewise probably be less, owing to the preponderance of strip mica."

Although there has been some work done on this pegmatite since the war-time mapping the cut was partly full of ice and water at the time of the examination and the results of the recent work could not be seen.

RECOMMENDATIONS

We recommend that exploration assistance be granted for work on Prospect No. 5. The East cut has exposed another part of the quartz core along which mica was obtained in the West cut. The extent of the core and of the sheet mica-bearing intermediate zone are not known. The presence of the mica shoot found by the Applicant in the work done in 1958 suggests that other similar shoots may be associated with the core.

It is recommended that a contract be written to provide for the following exploration.

From a point approximately 38 feet below the established datum point on the east edge of the present No. 5 East cut advance an opening 5 feet wide and 10 feet high a distance of 25 feet into the existing bench to provide the initial face for a crosscut. From this face crosscut the pegmatite on an approximate S. 70° W. bearing to the west wall to determine the internal structure of the pegmatite. If mica-bearing zones are cut either along the quartz core or in the west wall zone a limited amount of drifting may be done to outline reserves. A total of 150 feet of crosscut and/or drift is to be allowed.

No work is recommended at Prospect No. 6 because water and ice prevented an examination of the recent work. Without such examination no suitable exploration program can be planned.

COSTS

Costs were calculated after the Operator agreed that five (5) feet of advance could be made in the 5' x 7' drift and/or crosscut each 10 hour shift on straight time. Depreciation of equipment was calculated on data furnished by the Operator. Wages currently paid by the Operator were used. Costs involved in advancing the bench preliminary to drifting and/or crosscutting were calculated on similar data.

150 feet of 5' x 7' Crosscut and/or Drift

			10 hr. Shift	Total Shift
Driller-	1.80/hr.	=	$18.00	$18.00
3 Mucker-	1.54/hr.	=	15.40	46.20
1 Hoist & top man-	1.54/hr.	=	15.40	15.40
Drill helper-	1.54/hr	=	15.40	15.40
	Total Labor (1 shift)- 5'			$95.00
Supt. - 1 at 8.00 /day				8.00
	Total Labor & Super. per shift			$103.00

Equipment	30 working days	
1 Elec. pump- cost 250.00 at 36 mo.-(1 mo.)=7.00	$10.00	$ 0.33
1 Compressor- new $3,000. depret. over 60 mo. =$50.00/mo. Allow 1½ mo. = $75.00	75.00	2.50
1 Elec. gen. $3,000 - 60 mo.-1 mo.=$50.00	68.00	2.26
1 Hoist, cable, bucket $2,000 dep.over 60 mo. =$33.00/mo.-allow 1½ mo.=$49.00	49.00	1.63
Drill & jackleg - $600.00 dep. over 24 mo. =$25.00/mo.-allow 1½ mo.=$37.50	37.50	1.25
Total Equipment for 1 shift of 5 ft.		$7.97

Supplies

1 case, 50 pounds powder per 5' of advance	12.50
Gas & oil (compressor & hoist) 28 gal. gas-4 qts.oil	10.44
Detonators 18 at $0.30	5.40
Drill steel, 1 set carb. tung steel, 3 to set	2.33
Gas & oil for generator for pump	3.30
Total Supplies 1 shift	$33.97

Miscellaneous

Taxes & O.A.P.-Ins.-6% on $103.00 =	6.18
Total all costs 1 shift or 5 ft.	$151.12

$\frac{151.12}{5}$ = $30.22 per ft. of drift or crosscut

Total 150' drift and/or XC = $4,533.00

Advancing a bench 25', bench 10' high, 5' wide

		Per Foot
4 drilling shifts - $1.80/hr. - 40 hrs.	$ 72.00	2.90
16 mucking shifts - $1.54/hr. - 160 hrs.	246.40	9.86
8 hoist & top man shifts - $1.54/hr.-160 hrs.	123.20	4.93
Total Labor	$441.60	$17.69
Supervision $8.00/day 3 days	24.00	0.96
Total Labor & Super.	$465.60	$18.65

Equipment

1 elec. pump at $7.00/mo.-1/2 mo.-	3.50	
1 compressor $50.00/mo.-1/5 mo.-	10.00	
1 elec. gen. $60.00/mo.-1/5 mo.-	12.00	
1 hoist etc. $33.00/mo.-4/5 mo.-	26.40	
Drill etc. $25.00/mo.-1/5 mo.-	5.00	
Total Equipment	$56.90	2.28

Supplies

Powder, 4 cases at $12.50	50.00	
Gas & oil (compress. & hoist) 9 days at $10.44	93.96	
Gas & oil (gener.) 6 days at $3.30	19.80	
Detonators - 80 at $0.30	24.00	
Drill Steel use	15.00	
Total Supplies	$202.76	8.11
Taxes & Ins. at 6% on $465.60	27.94	1.12
	$753.20	$30.16

Total cost per ft. of bench advance $30.16
Total cost 25' advance of bench at $30.16 = $754.00

Total cost of benching and drifting and/or crosscutting $5,287.00

REFERENCE

Cameron, E. N., and others, 1954, Pegmatite investigations 1942-45, New England: U. S. Geol. Survey Prof. Paper 255.

Frank G. Lesure, Geologist
U. S. Geological Survey

Harry L. Burmeister, Mining Engineer
U. S. Bureau of Mines

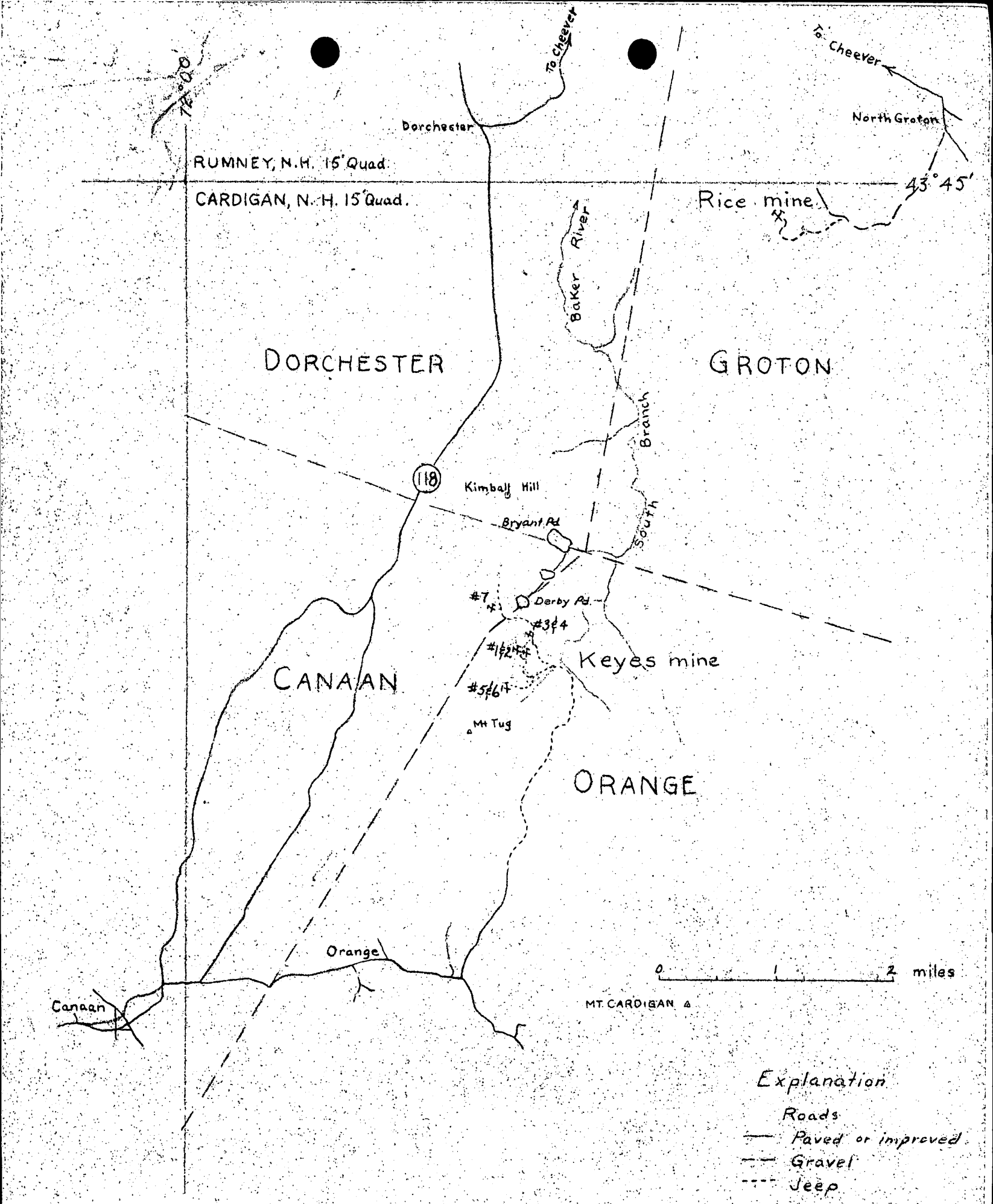

Fig. 1 – Location of Keyes and Rice mines, Grafton County, N.H.

F.G.L. 9/69

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O. M. E.
RECEIVED JUN 4 1959

DATE	INITIALS	CODE

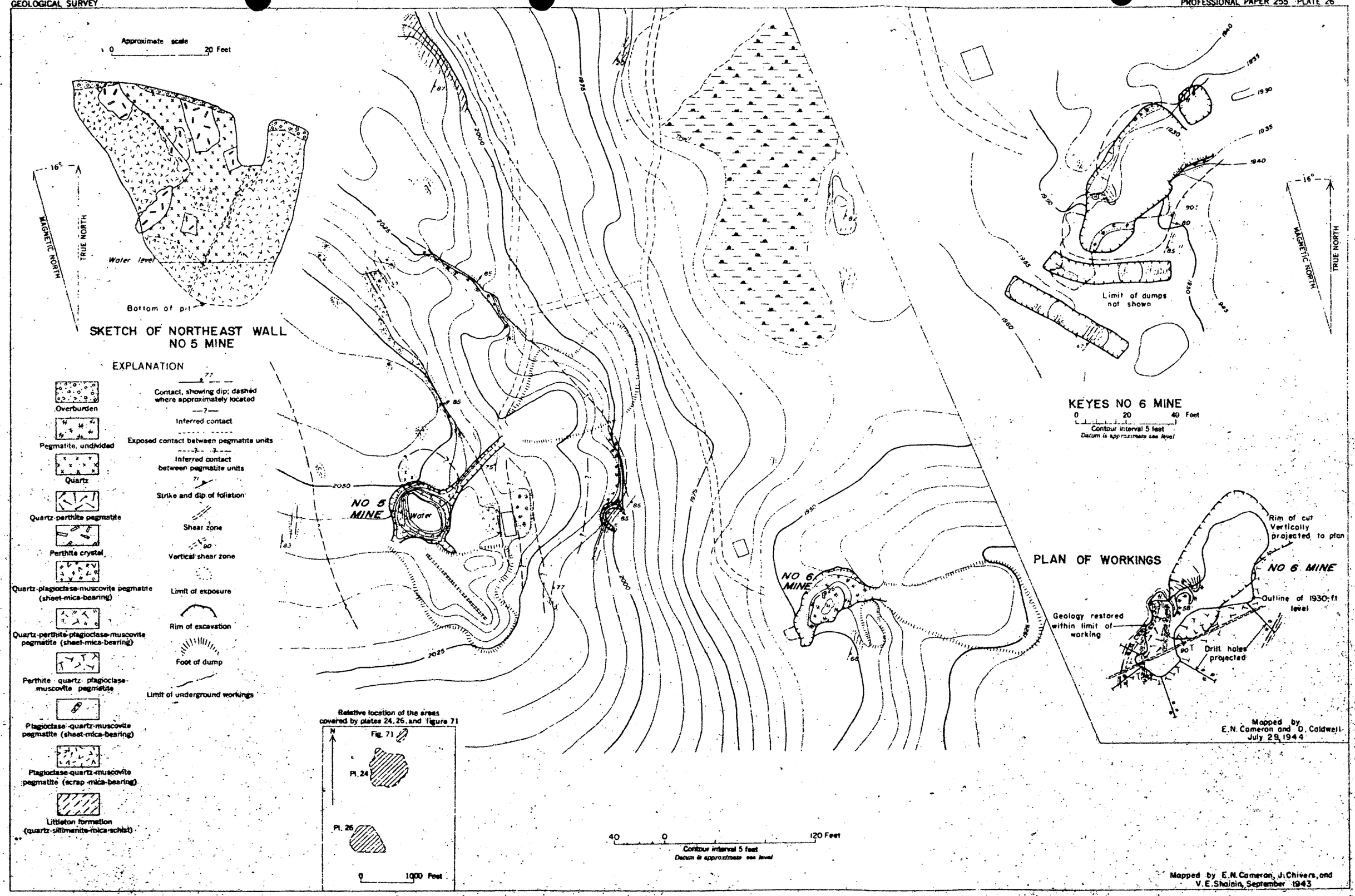

Fig. 2 GEOLOGIC MAPS AND DIAGRAMS OF THE KEYES NOS. 5 AND 6 MICA MINES, ORANGE, NEW HAMPSHIRE.

255298 O - 53 (In pocket)

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O. M. E.
RECEIVED JUN 4 1959

DATE	INITIALS	CODE

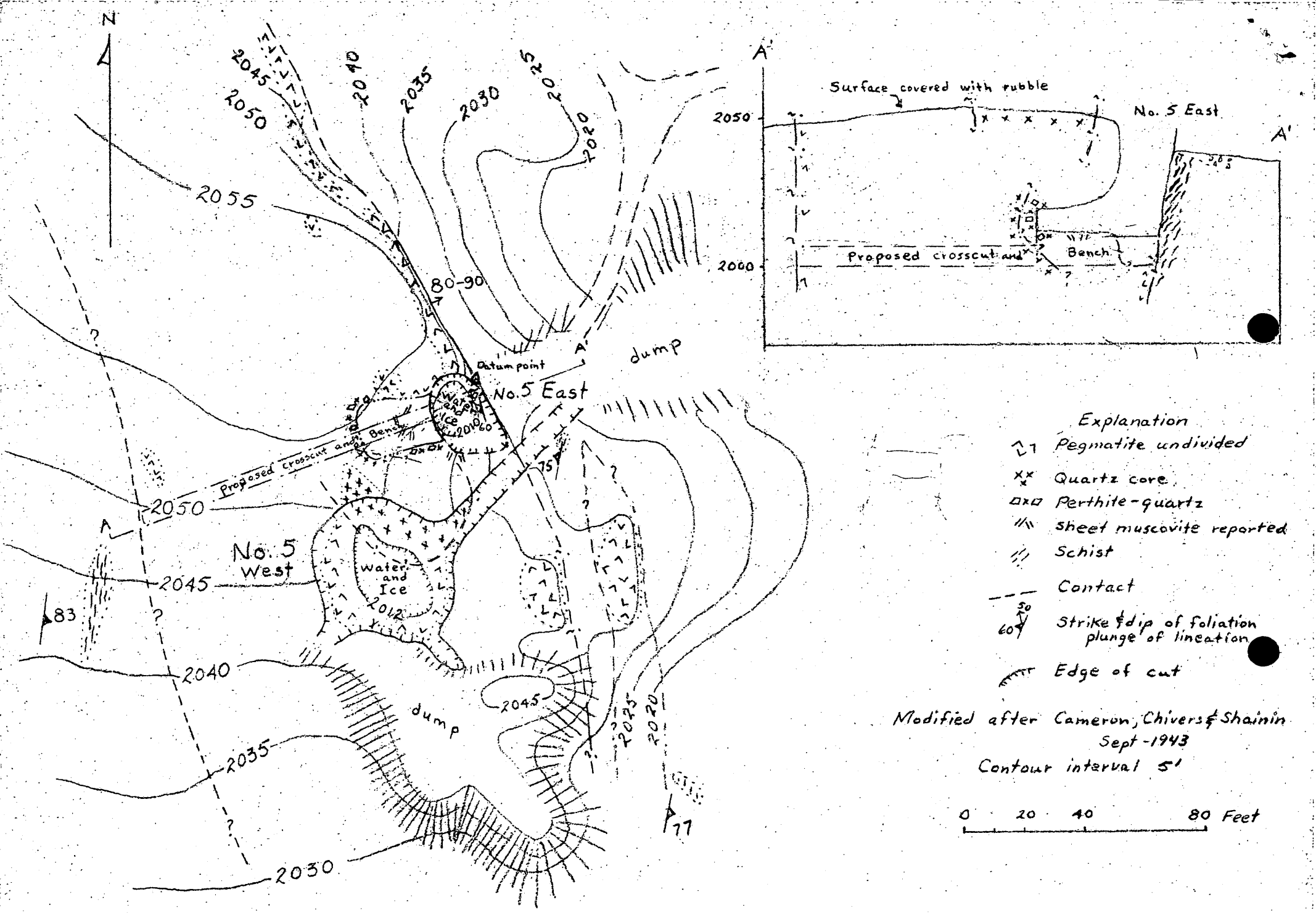

Fig. 3 - Prospect No. 5 Keyes mine, Grafton County, N.H.

FGL 5/59

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O. M. E.
RECEIVED JUN 4 1959

DATE	INITIALS	CODE

OFFICIAL FILE COPY

Date	Surname	Code
5/6	Houk	600
5/8	[illegible]	130
"	Johnson	110
		~~100~~
5/11	G	220
		600

MAY 8 1959

Memorandum

To: Executive Officer, OM Field Team, Region V

From: Chairman, Operating Committee

Subject: Dockets Nos. [illegible]-6703, 6704, 6705, 6706 (Mica)
Keys Mica Company
Sam L. Phillips, et al.
Keys Mica Mine and Mica Mine
Grafton ~~Orange~~ County, New Hampshire

Receipt is acknowledged of your letter of April 30 requesting information received from the applicants.

You will find enclosed:

1. Legal description of the Mica Property

2. List captioned "Equipment That Would Be Used for Mines In New Hampshire." Note: Only such equipment as needed in the exploration work may be allowed toward the applicants' share of the cost of the work.

3. Purchase Agreement dated July 31, 1957, describing the lots in the Keys Mine Area.

A study of the applicants' financial statements shows the partnership eligible.

/s/
George C. Selfridge

(JLB)

Approved:

(sgd.) G. W. Josephson (JLB)
Member, Bureau of Mines

N. E. Nelson (JLB)
Member, Geological Survey

Attachments - 3

EGHouk/fw-5/7/59
cc: Dockets
Dir. Read. File
Operating Committee
Mr. Kiilsgaard
Mr. Skow, Rm. 3425

8623

EXTRA COPY
O. M. E.
RECEIVED MAY 4 1959

DATE	INITIALS	CODE

April 30, 1959

Memorandum

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

From: Field Team, OME, Region V, Knoxville 2, Tennessee

Subject: OME-6071, 6076, 6085, 6086 (Mica, New Hampshire)
Lego Mica Company, Spruce Mica, North Carolina

Receipt of your memorandum of April 27, requesting field examination is acknowledged.

On February 16, Mr. Johnson wrote to Applicants, requesting (1) financial data of the partnership and partners, (2) metes and bounds description of the tracts, with tie-in of proposed work to the nearest property corner and (3) description and value of equipment to be used on the proposed project. We assume that the Applicants have replied to this letter, but neither their reply nor the requested data have been sent to us. Before a field examination can be planned, we should have this information.

When Mr. Lawrence was in Washington in March, he was told that review of the financial data submitted by the Applicants indicated that they were not eligible for OME assistance. If this is so, then there seems to be no reason for a field examination.

Please advise us as to the status of the Applicants' financial eligibility, and send the additional data described above, so that we may decide whether a field examination is necessary.

Robert A. Lawrence
Executive Officer

V. J. Lynch
Member, Bureau of Mines

RAL/mg
cc - Operating Committee (2)
Mr. Thor H. Kiliegaard
Mr. V. J. Lynch
Files

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
4/23	Houk	600
4/24	Martin	130
		110
4/27	G	220
4/24	Johnson	130
		600

600

APR 27 1959

Messrs. Sam L. Phillips, John Phillips
and J. R. Beam
Keys Mica Company
Spruce Pine, North Carolina

Re: Dockets Nos. OME-6004, 6005,
and 6006 (Mica)
Keys Mica Company
Sam L. Phillips, et al.
KEYES ~~Keys~~ Mica Mine
~~Orange~~ County, New Hampshire
Grafton

Gentlemen:

The applications for assistance in exploring your property, under the captioned docket numbers, have been reviewed by the Division of Nonmetallic Minerals of the Office of Minerals Exploration. They have been referred to Mr. Robert A. Laurence, Executive Officer, OME Field Team, Region V, Room 2-B, Post Office Building, Knoxville 2, Tennessee.

The Regional Office will contact you in regard to your projects if additional information is required. Any assistance you may give the members of the Field Team will be appreciated.

Sincerely yours,

Frank E. Johnson (for)

Acting Director

LGHouk:gad 4/23/59
Copy to: Dir. R. File
Region V
Operating Committee
Mr. Kiilsgaard
Mr. Skow, 3425

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
4/23	Houk	600
4/24	Martin	130
"	Johnson	110
		220
4/24	Kiilsgaard	
4/27	G	600

APR 27 1959 600

Memorandum

To: Executive Officer, OME Field Team, Region V

From: ACTING Chairman, Operating Committee, OME

Subject: Dockets Nos. OME-6004, 6005, and 6006 (Mica)
Keys Mica Company
Sam L. Phillips, et al.
KEYES ~~Keys~~ Mica Mine
~~Orange~~ County, New Hampshire
Grafton

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

Copies of memoranda dated February 12 and 13, 1959, by Mr. N. E. Nelson, USGS, and Mr. W. F. Dietrich, USBM, respectively, relating to the projects are enclosed. There are also enclosed copies of the applications for the use of the Field Team.

If a contract is recommended, please have the Applicants provide this office with a copy of the property map showing the exterior boundaries of the lots in which the proposed exploration work is to be performed, and a tie to the closest identifiable corner. They should also be asked to supply a copy of the instrument by which M. G. Sparks conveyed his interest to Sam L. Phillips and J. R. Beam. If field conditions warrant, please consider the three applications together.

/s/ W. S. Martin

Approved:

(sgd.) G. W. Josephson (JHB)
Member, Bureau of Mines

Thor H. Kiilsgaard (JHB)
Member, Geological Survey

(JHB)

Attachments 9

LGHouk:gad 4/23/59
Copy to: Dir. R. File
Operating Committee
Mr. Kiilsgaard
Mr. Skow, 3425

43683

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

March 12, 1959

Memorandum

To: Mr. Frank E. Johnson, Acting Director

From: Lawrence G. Houk, Chief, Division of Nonmetallic Minerals LGH

Subject: Comparative interest of Sam L. Phillips, and/or John Phillips, and/or J. R. Beam in the DMEA program. (1)

	Mica Contracts			
	Group	Total DMEA	%	%
Number of contracts	53	297	17.8	17.8
Total value of contracts	$317,285	$1,711,729	18,5	17.7
Total Govt. Participation	$250,461	$1,395,075	18.0	16.5
Government Expenditure	$165,000	$1,000,000	(approx.) 16.5	16.6
Operators' Expenditure	$ 43,536	$ 260,000	(estimated) 16.5	16.6
Royalties paid	$ 26,000	$ 105,000	24.8	43.1
Value of Production	$1,500,000	$3,477,785	43.1	27.9
Certifications	19	68	27.9	40.0
Paid back in full	4	10	40.0	28.5
Amount paid	$ 18,231	$ 64,189	28.4	25.0
Certified Projects Operating (Not repaid in full)	1	4	25.0	

(1) All contracts have been completed or terminated. Each member of the group has interests as individuals, together as a partnership, individually with one other in the group, individually or in pairs with outsiders in partnerships, or as officers in corporations in other contracts. We have been informed that individuals in the group have varying interests in DMEA contracts in which their names do not appear in the docket.

Rec'd March 9, 1959

SEE DOCKET OME-6004 for Purchase Agreement (cc) signed by
Serge and Stella J. W. Cheremeteff and
JOHN MADERIC of the Keys Mica Company.
Dated July 30, 1957, and
Dated Sept. 4, 1957

Note: "P.S. M. G. Sparks sold his interest out to Sam L. Phillips
and J. R. Beam."

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code

600

February 27, 1959

Memorandum

To: Mr. Frank E. Johnson, Acting Director

From: Lawrence G. Houk, Chief, Division of Nonmetallic Minerals

Subject: Keys Mica Company - OME-6003, OME-6004, OME-6005, OME-6006

The Keys Mica Company has requested $62,700 for exploration work on these two properties, the Rice and the Keyes Mines. The Applicant has provided the required letters from the bank and a net worth statement.

There are seven prospects within the area. Prospects 1 and 2 are being worked at the present time by the Company. We have three applications in the Keys mining area, OME-6004, OME-6005, and OME-6006, totalling $28,500.

OME-6004, Prospect 7, $6,000
OME-6005, Prospect 3, $6,000
Prospect 4, $5,500
OME-6006, Prospect 5, $5,000
Prospect 6, $6,000

They also have an application on the Rice Mine, OME-6003, requesting $34,200 at five locations:

Location 32, $10,500
Location 30, $ 6,500
Location 38, $ 5,500
Location 29, $6,500
Location 28, $5,200

LGHouk:gad 2/27/59
Copy to: Dir. R. File
Mr. Houk

C O P Y

Financial Statement - J. R. BEAM (See OME-6004 for original)

Assets		Liabilities	
Cash on hand and in bank	$15,000.00	~~Net Worth~~	
Cash value of life insurance	40,000.00	Bills payable for merchandise	None
Machinery and Fixtures Mining	25,000.00		
Real Estate	120,000.00	Net Worth	$200,000.00
Total Assets	$200,000.00	Total	$200,000.00

Financial Statement - JOHN PHILLIPS

Assets		Liabilities	
Cash on hand and in bank	$2,000.00	Notes due banks	$15,000.00
Stocks and bonds	11,125.00		
Machinery and fixtures (Mining)	15,000.00	Total liabilities	15,000.00
Real Estate	92,833.00	Net Worth	105,958.00
Total Assets	$120,958.00	Total	120,958.00

Financial Statement - SAM L. PHILLIPS dated 2/19/59.

Assets		Liabilities	
Cash on hand and in bank	$13,000.00	Bills Payable for merchandise	$2,000.00
Stocks and bonds	45,644.17		
Machinery and fixtures (Mining)	15,000.00	Total Liabilities	2,000.00
Real Estate	78,083.00	Net Worth	149,727.17
	$151,727.17		$151,727.17

See OME-6004 for schedules of real estate, insurance, and stocks and bonds, list of equipment, and comparative balance sheet of Keys Mica Company.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
	[illegible] G. Houk	600

600

Memorandum

To: Mr. Frank E. Johnson, Acting Director

From: Lawrence G. Houk, Chief, Division of Nonmetallic Minerals

Subject: Comparative interest of Sam L. Phillips, and/or John Phillips, and/or J. R. Bean in the DMEA program. (1)

	Mica Contracts		
	Group	Total DMEA	
Number of contracts	53	297	
Total value of contracts	$317,285	$1,711,729	
Total Govt. Participation	$250,461	$1,395,075	
Government Expenditure	$165,000	$1,000,000	(approx.)
Operators' Expenditure	$ 43,536	$ 260,000	(estimated)
Royalties paid	$ 26,000	$ 105,000	
Value of Production	$1,500,000	$3,477,785	
Certifications	19	68	
Paid back in full	4	10	
Amount paid	$ 18,231	$ 64,189	
Certified Projects Operating (Not repaid in full)	1	4	

(1) All contracts have been completed or terminated. Each member of the group has interests as individuals, together as a partnership, individually with one other in the group, individually or in pairs with outsiders in partnerships, or as officers in corporations in other contracts. We have been informed that individuals in the group have varying interests in DMEA contracts in which their names do not appear in the docket.

LGHouk:gad 3/12/59
Copy to: Dir. R. File
Mr. Houk
OME-6003
OME-6004
OME-6005
OME-6006

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
2/12	Houk	600
2/13	Selfridge	220
		110
2/17	C	220
		600

FEB 16 1959 600

Messrs. Sam L. Phillips, John Phillips
and J. R. Beam
Keys Mica Company
Spruce Pine, North Carolina

Re: Docket No. OME-6004-Mica
Sam L. Phillips, et al.
Keys Mica Company
KEYES ~~Keys~~ Mica Mine
Orange County, New Hampshire

Docket No. OME-6005-Mica
Sam L. Phillips, et al.
Keys Mica Company
Keys Mica Mine
Orange County, New Hampshire

Docket No. OME-6006-Mica
Sam L. Phillips, et al.
Keys Mica Company
KEYES ~~Keys~~ Mica Mine
~~Orange~~ County, New Hampshire
Grafton

Gentlemen:

Please provide a list of the equipment owned by the partnership and which is to be used on the proposed work, giving make specifications, condition and fair market value.

Provide evidence that the partnership is the owner of the mineral rights to the property. Give a metes and bounds description of the entire tract as these three applications will be considered together and inclusion of the entire tract may be required.

Please submit your latest detailed balance sheet and profit and loss statement for the last year for yourself, each partner, and the partnership.

Sincerely yours,

LGHouk:gad 2/12/59
Copy to: Dir. R. File
Region V
Mr. Kiilsgaard
Mr. Dietrich
Mr. Houk

(signed) FRANK E. JOHNSON

Acting Director

8623

IN REPLY REFER TO:

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 17 1959

DATE	INITIALS	CODE
2-18	C	220
		600
Memorandum		

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

February 13, 1959
Re: OME 6006
Sam L. Phillips,
John Phillips & J. R. Beam
KEYES ~~Keys~~ Mica Mine
Grafton ~~Orange County~~, N. H.
$11,000 - Mica

To: L. G. Houk, Office of Minerals Exploration

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

Subject: The review of application OME 6006

The applicants request assistance in sinking a shallow shaft, drifting and crosscutting to further the exploration of two pegmatites. The pegmatites are well described in U. S. Geological Survey Professional Paper 255, Pegmatite Investigations 1942 - 1945.

Of Prospects No. 5 and No. 6, the Professional Paper says, pages 186 and 187, "Mica showing in the pit is poor but is probably not representative of the product of the mine, as Smith reports that good mica was obtained away from the shear zone. Possibilities for future production cannot be assessed accurately. The discontinuous quartz-plagioclase-muscovite zone is a deposit of the intermediate-zone type. The margin of the quartz body has not been fully explored, and mica-rich parts of the zone may be concealed. However the operators' experience indicates that, as is common in intermediate-zone deposits, the distribution of mica is spotty, and the average yield of the zone would probably be low."

Mine No. 6, page 187, "The structure of this deposit is only partly known, and its potentialities are difficult to assess. The chief sources of mica have been pods of quartz and of quartz and perthite, but some sheet mica has been recovered from strips and scattered books of muscovite elsewhere in the pegmatite. Owing to this, and because the pods seem to be unusually numerous, this pegmatite is more promising than most pod-bearing pegmatites. The content of muscovite in the pegmatite as a whole may be less, however, than the yield of 1.4 percent would indicate, for the ratio applies to a part of the pegmatite that seems richer in book mica than the pegmatite as a whole. The yield of sheet per ton of crude mica would likewise probably be less, owing to the preponderance of strip mica."

Referral of the application to the Field Team is recommended.

N. E. Nelson

N. E. Nelson

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

February 13, 1959

Memorandum

To: Nonmetallic Minerals Division
Office of Minerals Exploration

From: Chief, Branch of Ceramic and Fertilizer Materials

Subject: OME 6006

Applicant: Keys Mica Co. (John Phillips et al.)

Name and Location of Property: ~~Keys~~ KEYES Prospects Nos. 5 and 6
~~Orange~~ Grafton County, New Hampshire

Date Application Rec'd. by Br. of Ceramic & Fertilizer Materials: 2/12/59

Comments:

1. This property was mined for mica in 1944 but no records of production are available.
2. Applicant wishes financial aid to explore two prospects on this property.
3. Although it would be desirable for the applicant to furnish more complete information, it appears that a visit by an examiner would furnish more useful data.
4. Application OME 6005 covers Prospects 3 and 4 on the same tract of land as this.

Recommendation:

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

W. F. Dietrich

W. F. Dietrich

February 11, 1959

Mr. Sam. L. Phillips
Spruce Pine, North Carolina

Subject: OME-6006
Keys

Dear Mr. Phillips:

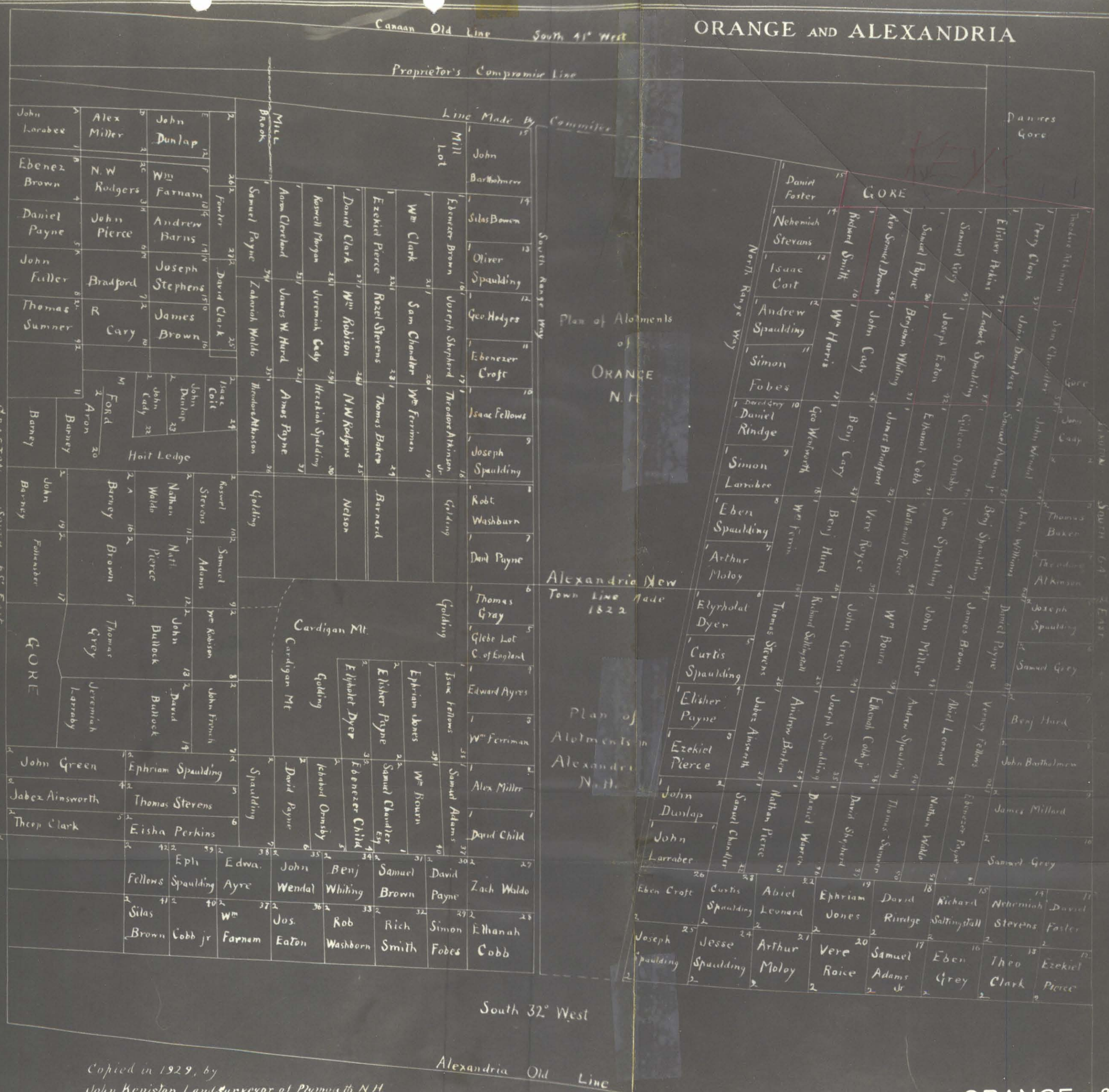
Your application for exploration assistance, dated February 5, 1959 submitted to our office at Washington, D. C. has been assigned Docket number OME-6005 and referred to Nonmetallic Minerals Division in the Washington Office. Kindly identify all future correspondence relating to your application by this Docket number.

Sincerely yours,

Allen S. Dakan, Director
Operations Control and
Statistics Division

Copy to Region V

ORANGE AND ALEXANDRIA



Copied in 1929, by
John Keniston, Land Surveyor, of Plymouth, N.H.
from a copy owned by Everett C. Merrill of Bristol, N.H.

ORANGE & ALEXANDRIA