



CONTACT INFORMATION

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Arizona Department of Mines and Mineral Resources Mining Collection

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PRINTED: 09/21/2001

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES AZMILS DATA

PRIMARY NAME: HUMDINGER GROUP

ALTERNATE NAMES:

PICACHO

OLD FRENCHMAN

LA PAZ COUNTY MILS NUMBER: 320

LOCATION: TOWNSHIP 3 N RANGE 18 W SECTION 2 QUARTER SE

LATITUDE: N 33DEG 37MIN 42SEC LONGITUDE: W 114DEG 04MIN 28SEC

TOPO MAP NAME: QUARTZSITE - 15 MIN

CURRENT STATUS: PAST PRODUCER

COMMODITY:

LEAD

SILVER

BIBLIOGRAPHY:

KEITH, S.B., AZBM BULL. 192, P. 169

ADMMR HUMDINGER GROUP FILE

HUMDINGER

Pb, Ag

Yuma

14

T 3 N, R 18 W

W. G. Kaiser, Box 3, Quartzsite

142

Keiser, W. G.
Box 3
Quartzsite, Arizona

6-7-40

*Humdinger mine
Oriole Group*

See L. J. Cuneo file
Re - lead properties

See K File - Re - dolomitic limestone

4-28-42

See K file

Re - letter from Holt re examination of
Keiser's property

10-19-42

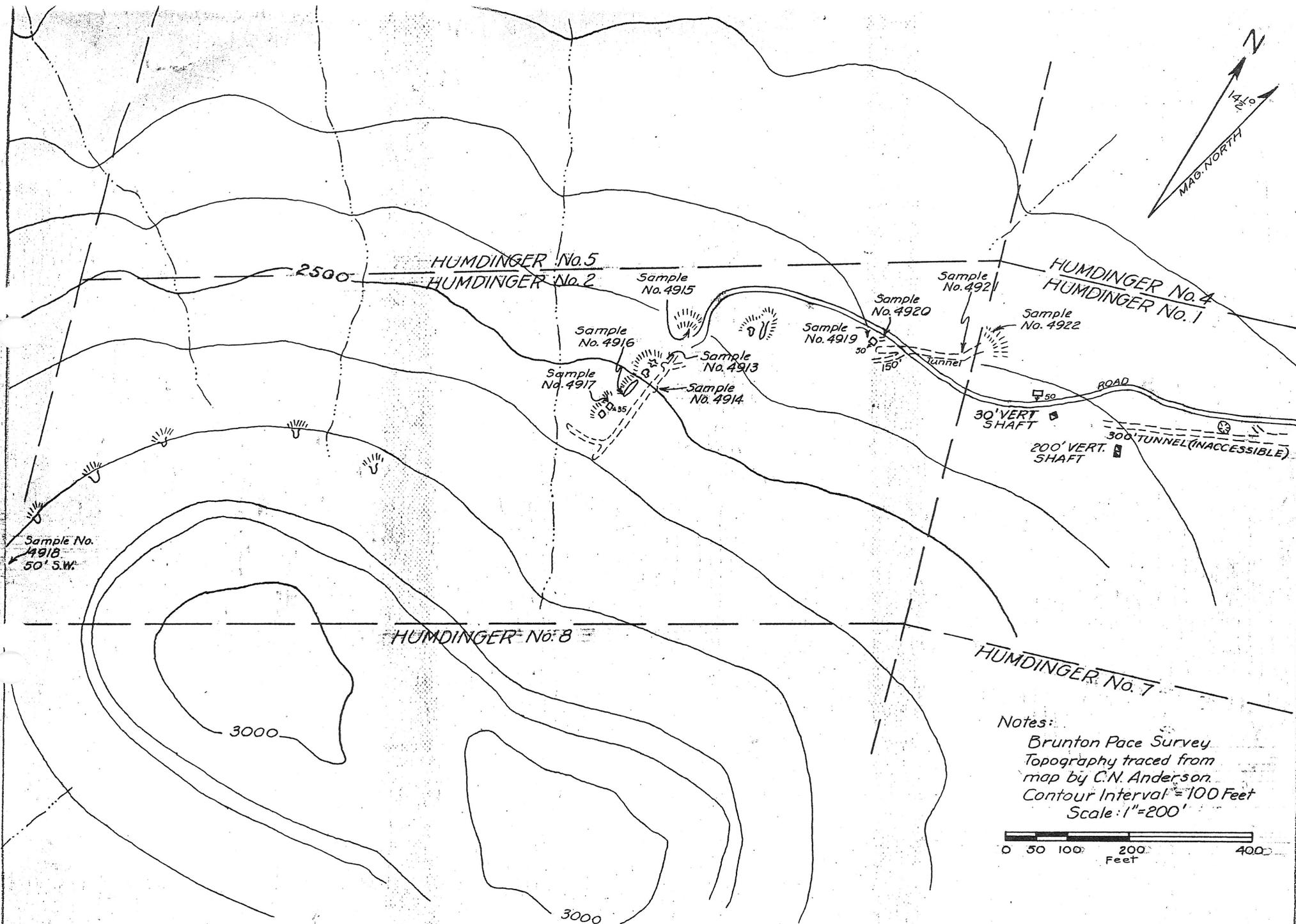


FIG. 1 - SKETCH MAP OF HUMDINGER MINE, SHOWING LOCATION OF SAMPLES - YUMA CO., ARIZ.

December 21, 1942

Mr. W. G. Keiser
Quartzsite, Arizona

Dear Mr. Keiser:

I have been delayed in replying to your letter of December 12 due to my absence from the office on certain field work.

I did take exceptions to Holt's report on the Humdinger lead silver property, mainly due to his statement under the heading "Capital Needs" as follows: "It is my candid opinion and belief that it would require a capital investment of not less than \$300,000." I have been on the property and for present purposes I feel as though such an estimate is of no value. Ultimately the property might require \$300,000, but there has got to be many thousands of dollars spent in development before such a figure could be considered at all sound. I differ with Holt in this, but we are all, naturally, entitled to our own opinions and it all depends on development as to how much money should be spent on a property.

For the purpose of our production possibility survey, however, I do think the report was a little out of line and will discuss it with Mr. Holt when he comes to the office for the regular engineers' conference on December 28.

The Reconstruction Finance Corporation's program of mine loans is more or less of a step project in development; for example, the small loan provides for making workings accessible by a \$5000 limit. After that development is considered with a first expenditure of \$20,000 and then a subsequent \$20,000; if the first expenditure so warrants at the end of this time, a general mining loan without limit is considered. This is considered a sound basis of procedure by the Reconstruction Finance Corporation and should be considered in presenting an application for a loan.

Regarding the settlement on a lead ore, the schedule on all settlements for lead, which I have before me from A S & R at El Paso, reads as follows: "Lead deducted from the set lead assay 1.5 units and pay for 90 per cent of the remaining lead at quoted selling price less a

HUMDINGER GROUP

YUMA COUNTY

RRB WR 3/27/81: Richard L. Nielsen, Nielsen Geoconsultants Inc., Suite 9B, CSB Bldg, 3560 N. Highway 74, Evergreen, Colorado 80439, was in the office looking at several properties in Yuma, Maricopa, and Mohave Counties for Hecla. He had the files on Humdinger Group, Yuma County, copied.

RRB WR 9/8/81: Visited the Humdinger Group in Sec. 1,2,11 and 12 T3N R18W. Cuts and regularly spaced flagging indicate recent sampling project.

RRB WR 8/22/83: Doug Snyder of Firestone called to get directions to the Picacho Mine southeast of Quartzsite. He apparently wanted the Humdinger (Picacho, Old Frenchman) in Section 1, T3N R18W. He had a report that a fleet of Wabco trucks were working there.

DEPARTMENT OF MINERAL RESOURCES
STATE OF ARIZONA
FIELD ENGINEERS REPORT

Mine Humdinger Mine Date September 6, 1961
District Plomosa Mtns. Dist., Yuma County Engineer Lewis A. Smith
Subject: Interview with Wm. Kaiser, owner.

Mr. Kaiser stated that he is now drilling a churn hole into the upper part of the claims. This hole is now down about 175 feet. The hole is 6 inches in diameter. At 55 feet the hole encountered a strong pyritic mineralization in sediments underlain by andesite porphyry. The pyritic zone is 75 feet thick. The pyrite is coated with a black mineral which could be argentite, or chalcocite, or manganese. Samples are now in Denver for assay and spectrographic tests. Under the pyritic zone spar (brown) containing pods and veinlets of galena is present to the bottom of the hole. Lower down and west of the hole a 200 foot adit was originally driven toward the present hole. This encountered ore, similar to that under the pyritic zone in the hole. Some pockets of ore from the tunnel were of good grade (40-50% lead and 35 oz. silver). The galena is altering to anglesite and the cleavage planes are coated by sooty argentite. The hole will probably be sunk to 350 or 400 feet.

Victure 10-1961

William Keiser stated that he had sunk a 300 foot diamond drill hole under the limestone capped hill in the east portion of the claims. The drilling ceased when the tools became stuck. The results were not too good as far as the values were concerned. The objective was to intercept a dike-schist contact at about 450 feet down. The contact has yielded good silver-lead ore near the surface. Should the surface showings continue downward, the mine would be greatly benefited.

Interview with William Keiser, Quartzsite 5-3-62

HUMDINGER MINE

Wm. Keiser died May 26, 1963 and according to Quartzsite people he willed his estate to his stepson, W. D. Jasper, 274, W. Center, Pomona California

MEMO LEWIS A SMITH June 6, 1963

December 9, 1942

MEMORANDUM

SUBJECT: Your Report
Humdinger Mine
Type 2-b

TO: Elgin B. Holt

FROM: J. S. Coupal

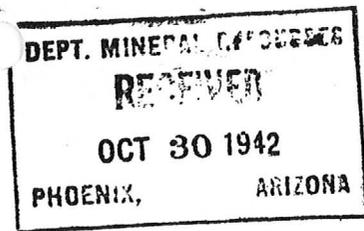
I have looked over your report on the Humdinger and your statement under "Capital Needs" that it would require \$300,000 to open up this mine does not seem to me to be at all justified at this time.

I went over this property with Mr. Kaiser, and whereas the showing does justify further development, the \$300,00 mentioned seems to be entirely out of line with any present showings. I do not believe such a statement adds value to a report coming from one of the Department engineer's. I may be wrong, but I believe we have got to stick to facts and give a picture more in line with the actual conditions as they exist on the property.

Earl Hastings has just called my attention to another report on the Hercules and Badger where there are rather lengthy quotations from the Schrader reports but very little information from your actual observations.

In these reports you state you were in the tunnel 300 feet, and if that is all that is accessible, it would pay to elaborate on the description of the workings that are accessible and tie them in with the published report by Schrader.

P. S. Your tires are to be shipped out today to Parker.



October 28, 1942

PRODUCTION POSSIBILITY SURVEY

Humdinger Mine

To: J. S. Coupal
From: Elgin B. Holt

Attached hereto is my report on the Humdinger Mine, located near Quartzite and owned by W. G. Keiser of that place.

You will note I have gone into the description of the possibilities of this property with more than usual care, as I fully believe it has most excellent possibilities of making a large tonnage lead-silver mine.

While R. F. C. has turned Mr. Keiser's loan application down during 1934, or 1935; and also I understood him to say that he had again submitted the same application to R. F. C. recently and got another turn down, it occurs to me he has not been given a "square shake" in this matter. Hence, I suggest you do what you can in this matter with a view to having R. F. C. re-examine, with a view to at least granting a \$20,000 loan, which would no doubt be enough to put considerable milling and shipping ore in sight - perhaps enough ore to warrant the granting of a loan large enough to really develop and equip the mine.

As I have pointed out to you several times, it is my firm opinion that no great amount of ore is going to be developed anywhere with these niggardly \$20,000 loans. Such loans were set up to put men to work, as relief measures, back in 1934, and not for the purpose of "putting rocks in the box". But now that the Class B. Development Loan is written into the law books, the "boobs" in Washington seem to think that \$20,000 is quite enough to develop a mine! It is to laugh!

Elgin B. Holt
Elgin B. Holt

cc - W. G. Keiser.

R. F. C. engineers' own figures, milling ores of this property should run well over \$20.00 per ton at the present time. Still R. F. C. turned the property down, for reasons best known to the said Corporation at that time. So it would seem, as strategic metals are now badly needed in our war effort, and as this property is essentially a lead mine in the making, R. F. C. might possibly now see fit to review Keiser's application for a \$20,000 loan, with a view to granting the same, or even a larger amount, as I will discuss later on in this report. Hence, I suggest that our Department take this matter up along the above lines.

VISIT: I visited this property on October 23, 1942, in company with W. G. Keiser. The various workings of the property were entered and inspected by me, except the main shaft which was not accessible for investigation. The vein is mainly opened by tunnels. I also looked over the report mentioned on the property by Carl N. Anderson, and made notations regarding some of the items in his report.

GEOLOGY - VEIN: The country rocks composing the Dos Picachos Mountain, in which property is located, consist of alternating beds of limestone, beginning at the top of the mountain, underneath which is slate, schist, andesite dike, quartzite, and another band of schist, forming the basal rocks of the mountain. The ore-bearing vein, which is from 2 to 20 feet wide, is composed of sheared and brecciated country rocks, later impregnated by ascending mineral solutions bearing quartz, calcite, gypsum, iron, lead, silver, plus traces of copper. The ore is mainly oxidized material, but lenses of almost pure galena were found and mined out in the surface workings, through the years. The said vein strikes South 70 degrees West and dips at an angle of 45 degrees S. E. The andesite dike mentioned lies on the foot wall of this vein, while the country rock on the hanging wall side is composed of calcareous schist. Broadly, the entire formation composing Dos Picachos Mountain, consists of alternating sedimentary beds intruded by the andesite dike referred to. The formation is ideal for the deposition of lead-silver ores.

MINE WORKINGS: The mineralized portion of vein is about 3,000 feet in length, in which a number of lenses or shoots of commercial ore outcrop at grass roots. The maximum depth vertically that could be attained by tunneling on this vein is approximately 700 feet. Mine workings consist of three tunnels, with lengths of 300', 150', and 350'; the latter being known as the Grubl Tunnel, which was run within the last two years and which was poorly directed, in that it crosses the main vein, following a minor fracture of no importance. The main productive tunnel was the lower 300' tunnel, said to have been run by the Frenchmen around 1840. There are three shafts, the main one being sunk vertically to a depth of 250', crossing the vein at a depth of 100'. Here an incline was run on vein to a depth of 35', in ore said to be of goodly grade. This shaft is inaccessible, as above states.

ORE RESERVES: Carl N. Anderson states in his report: "The proved and probable ore, at the present time, amounts to approximately 165,000 tons which will have an average value of 5.65 ounces silver per ton, plus 7.75% lead." It is believed that the above statement is correct except it should read: "The proved and possible ore, etc.", in that the mine workings are shallow, poorly directed and partly inaccessible, so that an engineer could hardly be justified in claiming any great amount of probably ore. By and large, the surface ore shoots have already been mined out, leaving only low grade material in the pillars and unmined vein segments. By all means, deeper work should be carried out in order to uncover virgin lenses of lead-silver ore. Again, as depth is attained the character of ore should change entirely to galena, instead of the oxidized ores now exposed in the old mine workings; said ores containing small lenses and streaks of galena at intervals.

PROBLEMS: The main problem at this property is to develop an underground ore supply, of sufficient magnitude to justify the installation at the property of a 100-ton gravity concentration and flotation mill, provided, of course, that an adequate supply of water may be developed by sinking on the Humdinger vein, as I believe will be the case. Otherwise, the mill would have to be built at Quartzite, where there is an ample supply of well water, now developed or which could be developed, to supply such a mill.

ORE SHIPMENTS: Through the years, Keiser has shipped short lots of ore from the Humdinger mine. The record of one of these shipments is as follows:

Date of shipment: July 3, 1919.
 Weight -----18,058 pounds.
 -----0-----
 Silver ----- 30.0 ozs. per ton.
 Lead ----- 32.7%
 Copper ----- 0.5%
 Iron ----- 5.0%
 CaO ----- 6.6%
 Insol. ----- 22.4%
 Net returns -----\$314.30

CAPITAL NEEDS: It is my candid opinion and belief that it would require a capital investment of not less than \$300,000, with which to do all things necessary to put the Humdinger mine into production and on a paying basis. Around \$150,000 of the said amount should be spent on mine development, consisting of sinking an inclined shaft on vein to a depth of 500 feet and running levels at intervals of 100 feet in order to block out an adequate ore supply. \$100,000 should then be spent in erecting a 100-ton mill at the property or at Quartzite, in the event the expenditure of the amount above mentioned should result in uncovering sufficient ore to warrant the installation of such a plant. The balance of \$50,000 would be needed to cover housing, incidental and all operating expenses that would be incurred after the mine and mill are put into active production until such time as returns would start coming in from concentrates marketed to the El Paso Smelting Works.

CONCLUSION: From facts herein given, I do not hesitate to recommend the Humdinger mine as a lead-silver property of more than usual merit. The outstanding fact in favor of the property is this: as stated, the entire formation composing Dos Picachos Mountain, consists of alternating sedimentary beds intruded by the andesite dike referred to. Hence all the geologic conditions are right for the development, with depth, of huge bodies of lead-silver ores, such as are frequently met with in the Republic of Mexico, under parallel conditions. Hence, this mine more than warrants the expenditure of monies as above set forth.

(Signed) Elgin B. Holt,
Field Engineer.

cc - W. G. Keiser

DEPARTMENT OF MINERAL RESOURCES

STATE OF ARIZONA

FIELD ENGINEERS REPORT

Mine Humdinger Mine

Date September 9, 1960

District Plomosa District, Yuma Co.

Engineer Lewis A. Smith

Subject: Conference with William Kaiser, Quartzsite.

Mr. Kaiser has recently done his assessment work along a limestone-quartzsite contact in the east half of the Humdinger claims. He found lenses of galena, cerussite and silver in the limestone. He stated that these lenses or pods were high grade but were limited in size. He said that he had collected several piles of lead nuggets below the limestone outcrop and felt that the limestone replacements had more promise than the schist deposits underneath. The schist pockets were smaller and not as good. He would like to have someone drill the limestone. Bill said that he had once shipped sorted ore which ran 350 ounces of silver and 30 percent lead. Some of the galena had coarse gold in it, but it is an exception.

DEPARTMENT OF MINERAL RESOURCES

STATE OF ARIZONA
FIELD ENGINEERS REPORT

Mine Humdinger-~~Splicer~~

Date September 10, 1959

District Plomosa Mtns., Yuma

Engineer Lewis A. Smith

Subject: Interview with Wm. ^{Kaiser} Kaiser at Quartzsite

The mine was adequately described by Holt, Arizona Department of Mineral Resources, in an earlier report. However, after an interview with Bill ^{Kaiser} Kaiser, it was decided that a description of the general Plomosa geology would be in order. ^{Kaiser} Kaiser agreed that my conclusions relative to the Middle Plomosa were probably correct.

This portion of the Plomosa consists of a series of schists varying in character from biotite hornblende (or augite) schists to muscovite-quartz schists. These trend about N 70° W and dip NE. The schists alternate in composition several times in a length of 8 miles. These have been transversely broken by a wide shear zone which trends NE-SW, varying from N 20° E to N 40° E. The shears are mostly vertical, but may dip steeply either W or E. The main shears are from 40 to 190 feet apart and are mostly occupied by quartz in weaving lenticular masses or veinlike tabular bodies. Two generations of mineralization, with a large time element between, appear to have occurred. The first, or gold-copper, seems to have favored the quartz and more acid schists. The second, lead-silver, appears to have ~~generally~~ ^{generally} favored the hornblende or augite schists. The major portion of the two epochs centered on the borders of the quartz areas spreading there from out into the schists. The lead-silver ores contain fragments and residuals of oxidized copper minerals on the Coiner-Splicer claims, and some partly oxidized pyrite and chalcopryrite were found in the quartz. Placers containing lead (galena) overlaid calache under which is a gold placer with oxidized copper-stained pebbles. The lead placer contains many rounded galena boulders coated by cerussite but little gold and copper. Old placer workings, according to Kaiser, indicate this same relation on the Humdinger. Mr. Kaiser stated that some "hot" spots showed galena with good silver. He was inclined to believe that the mine might develop copper in depth although little was found in the present workings. This can only be determined by deep drilling. Iron indications, evident in "gossans" along the east boundary of these properties, indicate ^{Some} chalcopryrite and strong pyrite. The general impression gleaned from several visits to the Plomosa Mountains is that the east central portion of the mountains favors copper, except for a localized lead silver area around the Ramsey mine. To the east the earlier pre-Cambrian formations are covered by a thick ~~(roughly 2000)~~ ^{series} of volcanics and intercalated lake deposits. These are mainly andesitic (see description of the Copper Queen mine). The shear zone of the Humdinger diagonally crosses the Plomosa from southwest to northeast where it eventually plunges ^{and other formations} under the flows, which probably range in age from Late Cretaceous (or earlier) to Late Tertiary.

Mr. ^{Kaiser} Kaiser found his best lead-silver along the sides of the quartz filled shears, particularly on the footwall side.

Time did not permit the determination of the concentration of the iron minerals or chrysocolla. Too, iron oxides such as those seen here may be derived from the oxidation of hornblende, augite or biotite and therefore could easily be confused with iron oxides from sulphides. This cannot be determined by a brief examination such as was made here. This is why "gossan" was used here.

*Old Hurdings Group
16 Claims*

STATUS OF DORMANT MINES

MINE NAME: W. G. Keiser

LOCATION: Plumma M. Dist. - Dps Picochost Mt. - 15-20 E

OWNER AND/OR LEASEE: W. G. Keiser & H. D. Evans - Owners -

ADDRESS: Quartzite, Arizona

APPROXIMATE PRODUCTION (Year of 1945):

COPPER None Lbs. LEAD None Lbs.
ZINC _____ Lbs. (OTHER) _____

CHECK THE CHIEF CAUSE OF YOUR DISCONTINUED PRODUCTION:

- (A) Easily available ore worked out.
- (B) Increased costs, but have quantity similar to past grade of ore.
- (C) Too close a margin to develop more ore.
- (D) Old workings must be cleaned out

new ones opened up - no finances -

If you have ore ready to mine please give your estimate of the amount of metal (name each metal) that you could produce in one year (after allowing 60 days to get started) if there were premiums above present market prices. Name amount with a low premium, and amount at a high premium; such as:

Copper at 22½¢ plus 5¢ premium..... 1,000,000 Lbs.
Copper at 22½¢ plus 10¢ premium..... 1,500,000 Lbs.

If you do not have ore ready to mine please discuss the following:

- (A) Do you think a reasonable development program would produce a justified tonnage of commercial ore at above mine?

Yes

- (B) With a premium price (guaranteed for one year) could you carry out such a development program yourself? What premium?

No - prices need aid

- (C) If you could not do this yourself, would a quick drilling program by some government agency (at government expense) be sufficient?

Yes - Tried to have B. of M. Drill.
But they were without funds

- (D) Or would you prefer a loan plan similar to the arrangements during World War II?

Tried for a loan, but was refused
Personal reasons - It is a Lead-Silver
Mine

How about a combination plan in two stages such as follows?

Stage 1: Government engineers review project and, if a little drilling appears to be justified and a preliminary key to the situation, such drilling program to be agreed upon by owner and government engineer, paid for by the government, but let by contract.

Stage 2: If results of drilling (or without drilling) justify underground development and/or production equipment, same to be obtainable via a mortgage loan on property.

Please discuss the above:

This property should
be drilled - Mr. Post made an
examination & a report and strongly
recommended quite a large loan -
which did not meet with the
approval of Mr. Campbell - and then
Campbell was refused a loan

SUGGESTIONS:

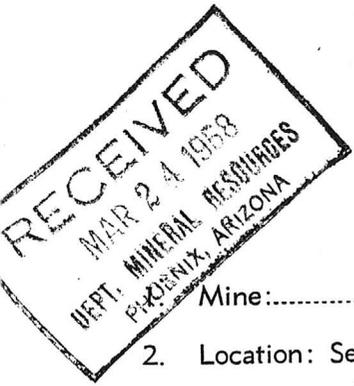
After drilling a reasonable
loan would be necessary to tap
the ore zone - the presence of
2 ft of lead sulphide in some old workings

DATE

July 5, 1950

SIGNATURE

W. G. Keiser



DEPARTMENT OF MINERAL RESOURCES

State of Arizona

MINE OWNER'S REPORT

Date Feb. 27, 58.

Mine: Old Hundinger

2. Location: Sec. ^{11 & 12} 1-2, Twp. 3 Range 18 Nearest Town Quartzsite Distance 13 miles
 Direction East Nearest R.R. Vicksburg Distance 25 miles
 Road Conditions 4 miles So from U.S. 60-70 - Rd. Fair

3. Mining District and County: Plomosa - Yuma Co.

4. Former Name of Mine: Old Hundinger - Old Frenchman Mine

5. Owner: W.G. Vein - H.D. Evans

6. Address: Quartzsite | Blythe, Cal.

6. Operator: _____

Address: _____

7. Principal Minerals: Lead - Silver - gold

8. Number of Claims: Lode 7 Patented 17 Unpatented _____
 Placer _____ Patented _____ Unpatented apparently Chloritic

9. Type of Surrounding Terrain: limestone - slate - schist - see Hoet Report -

10. Geology and Mineralization: Base dyke on Ft Wall - cutting the formation & dipping beneath the Limestone crest of Dos Pacachos Mt. Series of overlapping lenses for over 2000' up mt. Highest apex from base of mt 750' - Lenses from 2 to 20' wide - The later at Base dyke - Great bodies of good Milling ore - Much Lead Carbonates

11. Dimension and Value of Ore Body: Milling ore - according to government engineers 16 to 18 lbs ton Lead & silver - Lead @ 10% silver @ 90% - Necessary to get below zone of oxidation - Remarks of Lead Copping Co at depth

Please give as complete information as possible and attach copies of engineer's reports, shipment returns, maps, etc. if you wish to have them available in this Department's files for inspection by prospective lessors or buyers.

12. Ore "Blocked Out" or "In Sight": *Hard to see - Most old workings cased*

Ore Probable:

13. Mine Workings—Amount and Condition:

No.	Feet	Condition
Shafts <i>one</i>	<i>200' in 7' wall</i>	<i>Bad - sunk by Co in 1865 to 68</i>
Raises		
Tunnels	<i>4</i>	
Crosscuts		
Stopes	<i>Small one in 200' shaft - Ross Brown in 1867 estimated 350 tons argenticiferous galena on dump, later shipped from Conger Co -</i>	

14. Water Supply:

Plenty of water in this Plomosa Range - Many springs - First water at 150' - demonstrated by several shafts in adjacent properties

15. Brief History:

First worked by French - who packed lead float & Mill to Mud smelter - stone Cobins - still in evidence a Co operated at base of Mt in the 60's - Shipped some ag. ore to Red Cloud Mine owners at Silver Dist about 75 Miles so from Cheyenne

16. Remarks:

The property has every evidence of a big Mine - Geology perfect - 2 Periods of Mineralization - Cu indications seem proof that like some Ariz Cu Mines is capped by Lead - The low Main was capped by lead, quite Molybdenum ore -

17. If Property for Sale, List Approximate Price and Terms:

Will give good portion a yr. to demonstrate by drilling - either 1/2 int. or sell outright over a 5 yr. period with monthly guaranteed payment @ 10%

18. Signature:

W G Keiser

No doubt Mr. Elgin B. Holt's Report you had of that will sound very well

Quartzite, Ariz.
Dec 12, 1942

Mr. J. S. Coupel,
Port.

DEPT. MINERAL RESOURCES
RECEIVED
DEC 16 1942
PHOENIX, ARIZONA

Dear Mr. Coupel: - You do not
informed that you do not
take kindly to Mr. Holt's
Report on the Old Houndings
lead-silver property
traced like your ideas
and therein the Report was
at fault of course if the
owners of a mining property
must first prove up the
property before a R.F.C. loan
can be obtained then such
loan traced not be needed.
The owner could work it
themselves -

Another thing -
understand that El Paso may
pay 78 cts per unit for Pb. If
this is true how about the
9 1/2 % fixed by the Gov on newly
mined Pb. We expect to ship a
car load of 25⁰⁰ ore but of
course could not under these
circumstances. With kind
regards & the season's greetings
Sincerely, W. G. Keiser

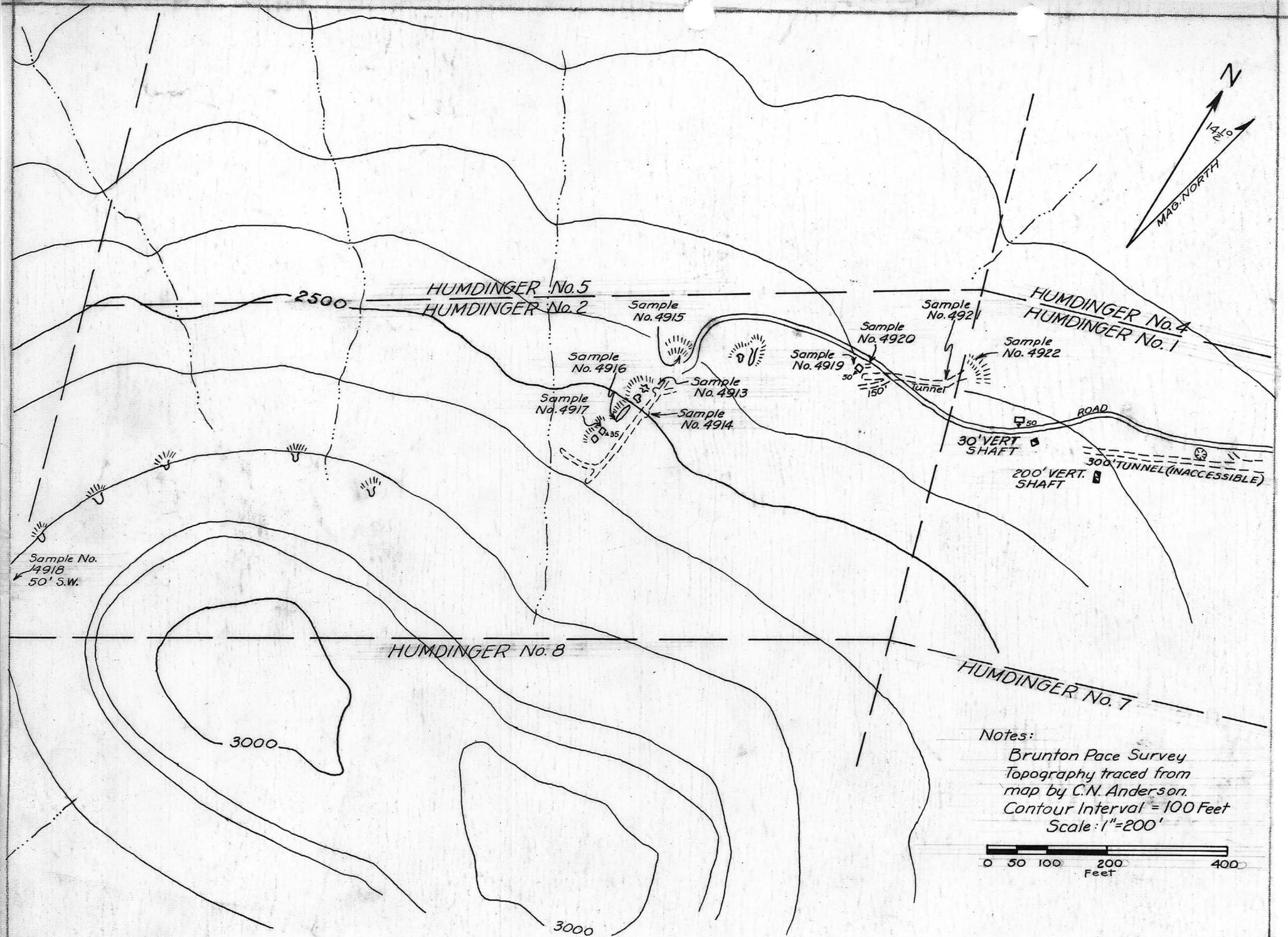


FIG. 1 - SKETCH MAP OF HUMDINGER MINE, SHOWING LOCATION OF SAMPLES - YUMA CO., ARIZ.

15-115

December 21, 1942

Mr. W. G. Keiser
Quartzsite, Arizona

Dear Mr. Keiser:

I have been delayed in replying to your letter of December 12 due to my absence from the office on certain field work.

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Regarding the settlement on a lead ore, the schedule on all settlements for lead, which I have before me from A S & R at El Paso, reads as follows: "Lead deducted from the set lead assay 1.5 units and pay for 90 per cent of the remaining lead at quoted selling price less a

deduction of 1.6 cents per pound of lead accounted for." On this basis a 15 per cent ore would deduct 1.5 per cent giving a net assay of 13.5 per cent which is equivalent to 270 pounds and 90 per cent of this would be 243 pounds. This is paid for at the rate of 4.9 cents per pound, which is 1.6 cents less than the quoted price of 6½ cents per pound. This gives a payment of \$11.91 which is equivalent to 79.4 cents for the contained lead. In addition to this there is a premium of 2-¾ cents per pound paid on 95 per cent of the lead content. This is equivalent to 54.08 cents per unit which means a total payment of 1.335 per unit of contained lead.

I hope I have made it clear that the settlement for lead must be taken in two steps; first, the smelter settlement at the quoted price of 6½ cents per pound, and then the 2-¾ cents per pound which is paid by the Metals Reserve.

If there is any further question about this, I would be glad to try and clarify it.

With best wishes and kindest regards, I am

Very truly yours,

J. S. Coupal, Director

JSC:kk