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07/16/97

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES FILE DATA

PRIMARY NAME: PAYDIRT

ALTERNATE NAMES:

MARICOPA COUNTY MILS NUMBER: 270A

LOCATION: TOWNSHIP 6 N RANGE 6 W SECTION 26 QUARTER NW
LATITUDE: N 33DEG 50MIN 08SEC LONGITUDE: W 112DEG 51MIN 43SEC
TOPO MAP NAME: VULTURE MOUNTAINS - 15 MIN

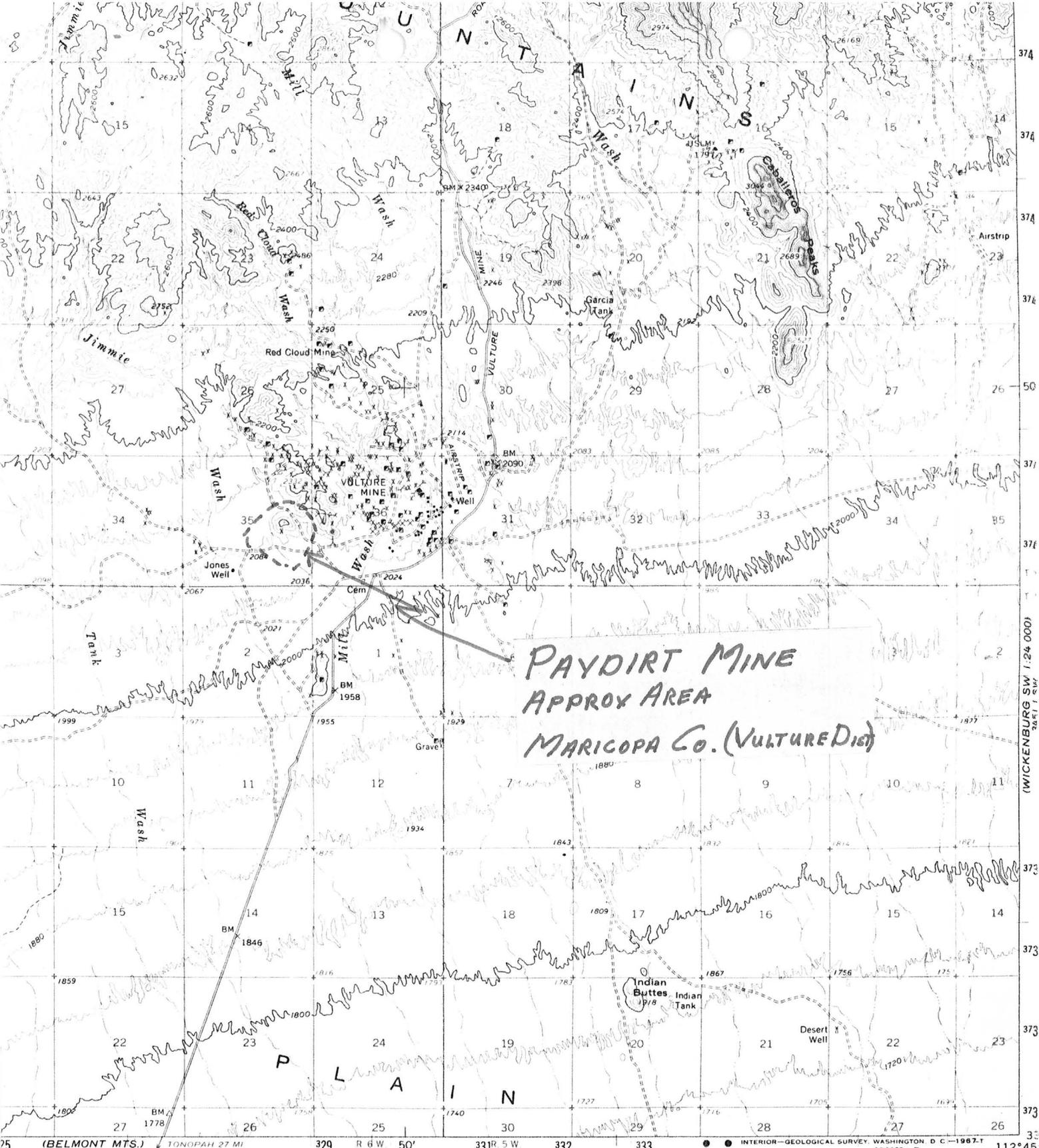
CURRENT STATUS: DEVEL DEPOSIT

COMMODITY:

GOLD LODE
SILVER
LEAD
MOLYBDENUM

BIBLIOGRAPHY:

USGS VULTURE MTNS QUAD
ADMMR PAYDIRT FILE
ADDING PILOT PLANT VAT & HEAP LEACHING
CIRCUIT WITH CARBON ABSORBTION TO SMALL
CYANIDE PLANT



**PAYDIRT MINE
APPROX AREA
MARICOPA CO. (VULTURE DIST)**



CONTOUR INTERVAL 40 FEET
DOTTED LINES REPRESENT 20-FOOT CONTOURS
DATUM IS MEAN SEA LEVEL



QUADRANGLE LOCATION

ROAD CLASSIFICATION

Heavy-duty		Light-duty	
Medium-duty		Unimproved dirt	
	U.S. Route		State Route

VULTURE MOUNTAINS, ARIZ.
N3345—W11245/15

1961

AMS 3451 IV—SERIES V798

CONFORMS WITH NATIONAL MAP ACCURACY STANDARDS
FOR PHOTOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

PAY DIRT CLAIMS

MARICOPA COUNTY

KAP WR 8/13/82: In the company of Dick Beard, a visit was made to the Pay Dirt Mine, Vulture District, Maricopa County. Ted Housley reported that the mine is currently idle, and that the majority owner-investors (he has retained a 25% ownership) made money on the cyanide heap leaching operation and are now in the process of making a decision on what to do next. The Pay Dirt Mine property consists of the Try #1-8 claims.

KAP WR 11/21/80: Ted Housely reported he is now in operation at the Pay Dirt Mine, Vulture District, Maricopa County. He has a mobile telephone installed; to call him, one must call the "0" operator, ask for the mobile operator, give number 774-7450, and tell the mobile operator it is a Flagstaff registered, Phoenix roaming number.

KAP WR 12/26/80: Ted Housley reported he is running a pilot leach of 150 tons at his Pay Dirt Mine, Vulture District, Maricopa County. He reported to have recovered approximately 1 tr.oz/ton of gold from cyanide leach operation.

CJH WR 12/26/80: Ted Housley, Wickenburg, was in and mentioned that he is now stripping his own carbon adsorption unit.

AT Office Visit 4/16/81 Ted Housley stopped by and reported that they were expanding their operation to 4500 tons. He says he has four people employed and that his gold is being purchased by someone in Louisiana who flies out and picks it up. He also reported that they have blocked out 25,000 tons of ore.

He is looking for someone to live at the mine as a watchman. The ideal person would be someone on Social Security. He says he would provide a small trailer, water and electricity and a small salary in exchange for having someone look after things when he has to come to town.

KAP WR 3/20/81: Ted Housley, Pay Dirt Mine, Vulture District, Maricopa County, reported that he is currently cyanide leaching on 2-500 ton pads. Construction is under way to construct 2-1500 ton pads.

RRB WR 1/29/82: Ted Hously called for information on barite and beryl. He reports that he has sold the Sunrise and he thinks he has the Pay Dirt sold.

RRB WR 8/13/82: In the company of Ken Phillips we visited the Pay Dirt Mine, Vulture Mining District, Maricopa County. Ted Housley reports that operations are expected to resume soon.

PAYDIRT CLAIMS

MARICOPA CLAIMS

KP/WR 7/25/79 - Discussed cyaniding of gold ores with Ted Housley, Pay Dirt Mine, Maricopa Co. He is constructing his operation so that no cyanide bearing solution will be discharged. 8/10/79 a. p.

CH/Report Nov. 23, 1979 - Ted Housley has installed a charcoal column in his cyanide circuit (homemade from an oil drum). The loaded carbon will be sent to Ted and Arie Hildebrand for stripping at their operations at the San Marcos Mine southeast of Wenden.

KP/WR 11/11/79 - Traveled to Ted Housley's Pay Dirt Mine, Vulture Dist. Maricopa Co. Mr. Housley is presently adding a pilot plant vat and heap leaching circuit with carbon adsorption to his small cyanide plant. His experimental carbon adsorption column will contain approximately thirty-five (35) pounds of carbon.

CJH WR 4/8/80: Visitor, Mr Harry Hartzell, P.O. Box 2022, Wickenburg, Arizona 85358, phone 955-5688 (Phoenix). Pad is located at Pay Dirt Mine -- Ted Housley's property.

RRB WR 5/16/80: Paid a courtesy visit to the Vulture Mine and then drove around to see Ted Housley at the Pay Dirt Mine. His leach pad leaked so he now is leaching just a tiny area.

RRB WR 8/15/80: Visited the Paydirt Mine, Maricopa County with Ken Phillips. Talked to Ted Housley and John Holmes. Mr. Holmes is the representative of the people providing funds to develop the property and put it in production. They are preparing to leach by crushing the ore (approximately 1") and then screening with the coarse going on the pad. The fines will be pelletized in a drum pelletizer before being placed on the pad. The gold is to be reclaimed from solution by charcoal.

KAP WR 8/8/80: Don Cunningham and Ted Housley from Paydirt Mine, Vulture District, Maricopa County, have completed small tonnage testing operation on their gold ore to evaluate recovery by cyanide leaching. They now plan a 1200 ton per month operation using two 600 tons pads. (A separate report has been written.)

KAP WR 9/12/80: Ted Housley, Pay Dirt Mine, Vulture District, Maricopa County, reported he has two leach pads approximately 80% completed. Other equipment ordered for the operation is arriving slowly.

Discussed cyanidation of gold with Ted Housley, owner of mine, he is living on the property. He is involved in attempting to cyanide his ore. The gold is coarse and fine free milling and averages 0.25 tr. oz/ton. A heap leach test at Arizona Bureau of Geology & Mineral Technology could obtain only a 40% recovery with an 8 day leach (longer leach-no additional recovery and no increase in NaCN consumption). He is now crushing, grinding in a ball mill, amalgamating in a barrel and retorting the amalgam. He plans to try agitation cyanidation by adding cyanide to a ball mill following his amalgamation barrel. He is buying his partner's (Jim Vaughn) interest. All previous owners have been paid off in full. 11/24/78 a.p. 7/10/78 KP/WR

Russ Hart called to explain that he was continuing to sample and evaluate the Pay Dirt claims in the Vulture District. He has had quite a number of assays made but prefers not to release the data yet. KAP WR 3/25/74

Talked with Ron Hanna who, along with Russ Hart, are partners in the Pay Dirt claims in the Vulture District. KAP WR 7/16/74

Russ Hart is continuing to sample and evaluate some claims in the Vulture District near Wickenburg. Pay Dirt, 11/24/74

Conrad Seibel, 2001 W. Utopia, Phoenix, 993-1958, was in to read riles on mines in the Vulture mine area. He and Chester Moore, 2008 W. Sharon, Phoenix, 993-8512, have just purchased the Pay Dirt Claims from Russ Hart, Ron Hanna, Triangular Mining Company. They plan to buy milling equipment and start mining and milling gold ore. KAP WR 4/21/75

Advertisement appearing the the Calif. Mng. Journal, 4/75, p. 26: "Gold Mine: Adjoins Vulture mine near Wickenburg, Arizona. Eight unpatented claims. Assays two to four ounces gold. Ready for limited production. \$48,000 -- \$8,000 down. Also have possible open pit gold, silver, copper mine near Sells, Arizona, and large copper prospect near Wenden, Arizona. Triangular Mining Company, 345 E. Pierson, Phoenix, Arizona, 85012."

Ron Hanna reported that the purchasers of the Pay Dirt Claims are still making their monthly payment of \$150 to Triangular, but the property is idle. KAP WR 11/14/75

Ron Hanna, Triangular Mining Co., reported that the Pay Dirt claims which had been sold to Conrad Seibel and Chester Moore for \$2500 and \$150 a month have reverted back to Triangular. Jim Vaughn has taken a short perliminary free option to test the property and if he approves will purchase the claims. Triangular will, if Jim Vaughn buys the claims, refund the \$2500 to Seibel and Moore. KAP WR 2/4/76

Jim Vaughn came in to request an examination of the old Pay Dirt Au mine about a mile NW of the Vulture. He said he and his partner, Ted Housley, had acquired the property recently and had moved some milling equipment on it. Now they need some ore. GW WR 3/23/76

Jim Vaughn & partner came in saying they are losing 80% of their Au into the tailings. They have a 2'X3' amalgamation barrel. They were shown several texts on the process. They asked that I examine their operation which I will do next Wednesday. GW WR 6/11/76

Went to the Paydirt mine about 2 miles by road NW of the Vulture to try to determine why the operators, Jim Vaughn & Ted Housley, are unable to recover the Au by amalgamation. Because they had been adding NaOH to the amalgamation barrel it was suggested that acid be tried which resulted in less disintegration of Hg. However, some Au could still be seen when the tails were panned. The amalgamation barrel was slowed to 12 rps & 2 of the 3-3" diameter pieces of shafting were removed which seemed to reduce the "flowering" of the mercury. A launder about 14" wide and 3" deep was rigged under the discharge of the barrel but about that time the 4HP gasoline motor on the barrel quit and couldn't be started again. Therefore, another launder made of metal was rigged from the discharge of the ball mill to the 14" launder which was covered with carpet. After about 150 lbs. of ore had passed through the ball mill the carpet was removed and washed with the result that several small pieces of Au were visible. And panning of the tails showed no Au. GW WR 6/16/76

Ted Housley and wife came in to report a Mr. Weigand of Illinois had offered to pay him \$50,000 for an interest in his Pay Dirt Claims. Mr. Weigand has apparently been induced by Mr. Freistad of the Oro Grande to put up a considerable sum to purchase that property but the money wasn't used for that purpose. GW WR 6/22/76

Visited Jim Vaughn's place in Mesa and observed a portion of an experiment along the lines of the "Julian" Au amalgamation process. He made a slurry of about 5 lbs. of dried material from mill tailings and placed it in a 3 gallon plastic bucket in which were a Cu and a Carbon electrode. Before turning the DC current on he added about 3 lbs. of Hg to the slurry then the current was turned on and an impeller was lowered into the bucket. The Cu electrode was completely covered with the slurry but the carbon just touched the top of the tailings. In about 15-20 minutes Mr. Vaughn stopped the experiment and allowed the slurry to settle then decanted it placing the mixture of ore and Hg in a retort. After retorting he got a yellowish residue about the size of a nickel coin but about twice as thick which was quite heavy. He was advised to have it assayed. GW WR 8/5/76

Ted Housley said that he and his partner, Jim Vaughn, were preparing to start the Paydirt mine again; it's about 1 mile northwest of the Vulture. GW WR 12/14/76

Went to the Pay Dirt Au-quartz mine about 1 mile airline NW of the old Vulture where Jim Vaughn & Ted Housley have set up a small hammer mill, a 2 ft. ball mill and a Dixie concentrator but they have no water. They were in a quandry as to where to begin mining. There are several barrels and 5 gallon buckets of quartz on the surface near the collar of a 32 ft. inclined shaft. It was suggested they start their milling operation on this material while driving a drift at the bottom of the shaft in a southerly direction on a 6" quartz-hematite vein toward a probable intersection with a 2 ft. flat-lying quartz vein to the northwest of the shaft. GW WR 3/25/76

Went to Vaughn & Housley mill on the Pay Dirt Claim 3/4 miles NW of the Vulture where they have built a 2'x3' ball mill followed by a 2'x3' amalgamation barrel. Both machines are built from 24" pipe; the ball mill contains 400# of 2" balls and steel liners, the amalgamation barrel has 2 pieces of 2" shafting in it. The discharge of the ball mill is about 60 mesh but the tails from the barrel are very fine, perhaps -200 mesh. They claim they are recovering all the Au which amounts to 1.25 oz. per ton. The ore was mined by prior operators who stored it in oil drums & 5 gal. paint buckets. They thing they can mill about 5 tons per 24 hours, therefore, they will have to begin mining soon. GW WR 5/12/76

Jim Vaughn & partner came in, saying they are losing 80% of their Au into the tailings. They have a 2'x3' amalgamation barrel. They were shown several texts on the process. They asked that I examine their operation, which I will do next Wednesday. GW WR 6/11/76

TERMS

Mr. A.B. (Duffy) Boiarsky wants \$ 5,000 for a 6 month option to explore. The sale price would be: (option price would apply to sale)

claims 1,2,3,4,5,6	\$ 65,000
11	6,000
7	8,000
10	8,000
9	8,000

Claim # 12 is to be held by the partners.

RECOMMENDATIONS

If the whole 1640 acres were covered with about one yard of gravel which ran \$1.50 (as claimed by Duffy), there would be about 8 million yards of dirt valuing 12 million dollars. Both figures are high. The mining cost (digging, transportation, stamping, and washing) would run at least 80¢ a yard. The value of such an investment would be 4 million dollars, figureing 10 year operation with desired interest of 12% on original investment. Development of a mill and water and the equipment would run almost that high.

The previous figures are based on hearsay. The terms are unreasonable. Considerable exploration would be required, and 6 months is not sufficient for a survey.

The placer gold on the claims result from weathering and concentration from the numerous dikes that cross the area. The gold in the small fractures (with the calcareous clays) are possibly secondary. There is small chance of a primary gold mine (underground) unless the wide spaced (although numerous) dikes coalesce with depth.

The claims offered are not worth considering unless a regional exploration survey, including geophysical studies, indicates a possible ore-body at depth.

The region, name y the Vulture Mining District, appears to warrant exploration by a medium-sized corporation. The Duffy claims can only be worked profitably (if at all) by a very small outfit.

Charles H. Miles

Charles H. Miles



JOHN O. CLAY EXPLORATION, INC.

PETROLEUM BUILDING 510 N. 17TH ST.

MONROE, LOUISIANA 71201

(318) 388-3868

May 10, 1983

on JMD

*PAY DIRT Mine
FILE MARICOPA COUNTY*

Mr. James E. Bond
% Melvin Cool Co., Inc.
Post Office Box 948
Welch, West Virginia 24801

Re: Pay Dirt Mine
Maricopa County, Arizona

Dear Sir:

Enclosed is information concerning this mine, which we are offering for \$300,000.00 for a 100% interest therein. There is no royalty or overriding royalty burdening the property, which is composed entirely of Federal Lode claims.

If you are interested, an inspection and opportunity to obtain specimens for assay purposes can be arranged.

Very truly yours,

William E. Dent, Jr.
Vice-President

Enclosure - 1

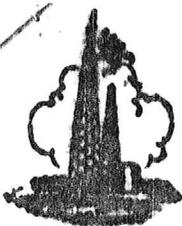
Ted Housley

mobile connector

looking mobile Telephone Phoenix area

602 - 774 - 7450

West terminal on Y L



JOHN O. CLAY EXPLORATION, INC.

PETROLEUM BUILDING 510 N. 17TH ST.

MONROE, LOUISIANA 71201

(318) 388-3868

November 1982

PAY DIRT GOLD MINE

Present Status of Exploration

Location

The Pay Dirt Mine is located 15 miles SW of Wickenburg, Arizona in Maricopa County on 160 acres of claims from the U. S. Government.

History

Pay Dirt is a surface mining operation in a low grade gold bearing vein which can be traced on the surface from the old Vulture Mine, 1 mile to the East, across the Pay Dirt claims in an East-West direction.

The Vulture mine, discovered in 1863, was a prolific gold producer from both the surface exposure of the veins to a depth of 3000+ feet in the veins. It was shut down during World War II and has been recently purchased for further exploitation.

First development of Pay Dirt began many years ago in the Vulture vein exposed on a steep ridge overlooking the Vulture Mine. Initial exploitation was limited to a shaft, approximately 6' in diameter with a maximum depth of about 60'.

In the late 1970's a small hand-worked cyanide heap leach operation was started. John O. Clay Exploration, Inc. purchased the claims in August, 1980 and expanded the heap leach process with the use of mechanized equipment.

Assays had determined that both the vein rock and the surrounding country rock were mineralized in varying degrees. It was our intention to extend the shaft laterally by blasting off the side of the ridge in order to evaluate a volume heap leaching operation of both the vein and the adjacent rock. In the process we encountered a second gold bearing vein - also low grade.

It is worthy of note that there is a second old shaft located approximately 1200' West of our surface operation that Housley reports is 300' deep. It bears further investigation, but should be entered only by underground mining experts.

Results to Date

Since taking over the Pay Dirt operation, we blasted off the downhill side of the veins for a horizontal distance of approximately 150 feet to a depth within a few feet of the bottom of the 60' shaft. The vein rock and the adjacent mineralized country rock were transported to our expanded pads and cyanide leached in heaps of various volumes and configurations (from 200 ton to 2000 ton volumes at heights of 6 to 12 feet). We also experimented with both crushed and un-crushed ore.

We completed our last testing in April, 1982 and came to the following conclusions:

- 1) The country rock mineralization is too low to justify the transporting and leaching process.
- 2) This vein ore responds favorably to cyanide leaching without any adverse chemical reactions.
- 3) The ore must be crushed for the leaching process to be effective.
- 4) Close chemical control of the cyanide mixture during the circulatory process is critical to optimum recovery.
- 5) The carbon adsorption recovery process is apparently effective, particularly with the use of the graduated tower system. It too must be systematically monitored.
- 6) An Atomic Adsorption Unit would probably make the leaching process more efficient.
- 7) At \$400 an ounce the shallow ore is not economic.

Conclusions

It is my considered opinion, and that of an impartial mining consultant that more exploration with the drill is necessary to define the lateral and vertical extent of the veins.

Most of the Vulture Mine ore came from depths greater than we have yet tested at Pay Dirt.

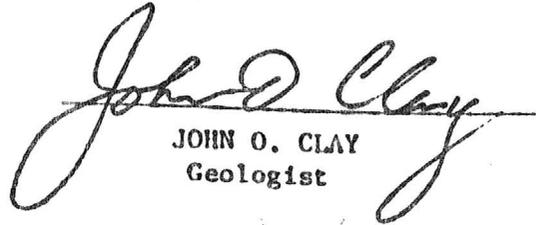
It is not unlikely that Pay Dirt will also find its best ore values below the present level of stripping. With the number of veins now known to be present on the Pay Dirt claims further exploration may encounter some outstanding gold concentrations at the vein intersections. However, core drilling or cuttings evaluation would seem to be better economics than continued leaching of the rock at our present depths and location.

It is my, and our consultants, recommendation that we test with the drill to a depth of at least 200 feet in the 2 veins presently exposed by our stripping.

If this testing does not prove encouraging at this location we recommend either of the following:

- 1) Deeper drilling at the present location with some lateral extension.

- 2) Test drilling in the area of the deeper shaft that was opened years ago approximately 1200 feet West of our present surface operations. There is evidence that a considerable volume of vein ore was removed from this shaft. There are no tailings piles in the immediate vicinity of the shaft suggesting that the ore was transported by wagon to the old Vulture Mine leaching vats. This old shaft probably could be entered and assayed by knowledgeable underground mining experts in order to lend direction to the drilling and testing operations.


JOHN O. CLAY
Geologist

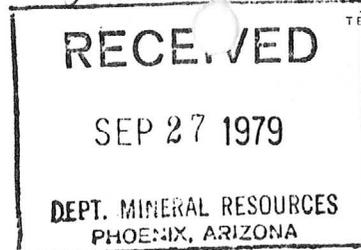
Philippp Brothers



DIVISION OF ENGELHARD MINERALS & CHEMICALS CORPORATION

1221 AVENUE OF THE AMERICAS NEW YORK, N. Y. 10020

September 25, 1979



TELEPHONE	(212) 575-5900
CABLES	PHIBRO NEWYORK
TWX	710-581-5943
WUD	1-2241
TELEX	233031 & 420808

Mr. Ken A. Phillips
Mineral Resources Engineer
State of Arizona
Department of Mineral Resources
Mineral Building, Fairgrounds
Phoenix, Arizona 85007

Dear Mr. Phillips:

Regarding your letter of September 13 to Vic Reynolds on wulfenite, there is no commercial market at present for this material.

However, we feel that with some effort it may be possible for us to develop a method to handle this type of material. Obviously though for this to be of interest to us (and to Mr. Housley too), we would want assurance of a regular continuous supply and would like to get a reasonably good idea of the quantities, time frame and specifications we might expect.

These questions are difficult to answer without looking at the properties - as you know wulfenite is a secondary mineral so can be expected to be spotty and erratic in occurrence; however, the properties in question may be an exception.

It would seem to me that the best way to further this matter would be firstly for you to field check the property and get a preliminary idea of the possible quantities involved and secondly for Mr. Housley to send a sample (say 10 pounds) to my attention, of typical material for preliminary test work for our account. Possibly your engineer could better advise Mr. Housley in the selection of the sample which should be as typical as possible in the circumstances.

Also, it would be interesting to know how a wulfenite concentrate will be obtained - if there are nice crystals, Mr. Housley might be better off selling mineral samples?

September 13, 1979

Mr. Vick Reynolds
Philipp Brothers Division
Engelhard Minerals & Chemicals Corporation
1221 Avenue of America
New York, New York 10020

Dear Mr. Reynolds:

The Arizona Department of Mineral Resources is an Arizona State Government agency charged by law with aiding in the promotion of Arizona's mineral resources. This legislative mandate is carried out in a variety of ways, including assisting owners of mining properties in finding possible markets for their potential production. To this end we have had numerous contacts with Robert L. Oppenheimer of the Philipp Brothers office in Beverly Hills, California. In the case of the particular mineral commodity in question, he suggested we contact Shattuck Chemical who in turn suggested we contact your office.

Ted Housley, a small gold mine operator in the Vulture Mining District, Maricopa County, has asked for assistance in finding a market for wulfenite mineral concentrate. He feels a number of mining properties in his immediate area have potential to produce such a concentrate. Pure wulfenite is $PbMoO_4$; (lead = 56.3%, molybdenum = 26.2%) and he could conceivably produce a 75% wulfenite concentrate. Prior to our engineers visiting the property (a free service) or Mr. Housley spending additional time and money on evaluating the potential, we would appreciate any information as to possible markets for such a lead and/or molybdenum concentrate.

Thank you very much.

Sincerely,



Ken A. Phillips
Mineral Resources Engineer

KAP:mw

Jim Bond - Pay Dirt 6-4-83

Reportedly

Pad has 1000-1500 ton minus $\frac{1}{2}$ "

Not being leached because hole in pad

No columns

No assay maps

Pits across 2 hematitic qty of vein 1 a few inches
1 a few feet

End loader - Case backhoe with $\frac{1}{3}$ rd bucket

Case 1150 dozer

Wrecked 10 ton dump truck

Small 40 KW generator

House - trailer combination

Possible fire amount of less than 3 foot less than near
half ounce qty vein material,

Ted Hourly is report to have said Great Western
Petroleum has proven 200K tons of ore implied .5-1.0
but not said.

ARIZ IA DEPARTMENT OF MINERAL SOURCES
Mineral Building, Fairgrounds
Phoenix, Arizona

1. Information from: Ted Housley
Address: P.O. Box 2296, Wickenburg, Arizona 85358
2. Mine: PAYDIRT 3. No. of Claims - Patented _____
Unpatented _____
4. Location: Southwest of Vulture Mine (see attached map)
5. Sec 35 Tp 6N Range 6W 6. Mining District Vulture, Maricopa County
7. Owner: John O. Clay Exploration Inc.
8. Address: Petroleum Bldg., 510 N. 17th St. Monroe, La 71201 Ph: 388-3868
9. Operating Co.: Ted Housley
10. Address: _____
11. President: _____ 12. Gen. Mgr.: Ted Housley
13. Principal Metals: Gold/silver 14. No. Employed: _____
15. Mill, Type & Capacity: Cyanide leaching - 1200 tons per month.
16. Present Operations: (a) Down (b) Assessment work (c) Exploration
(d) Production Development (e) Rate 1200 ~~xpck~~ tpm.
17. New Work Planned: Construction of two 600 ton leach pads, carbon absorption
and stripping plant and electrowinning plant.
18. Misc. Notes: Ted Housley reported he has sold the controlling interest in his
Paydirt Mine to John O. Clay Exploration Inc. for the commitment of sufficient
capital to develop and operate the mine. The operation is to be a cyanide leach-
carbon absorption facility. Ore will be placed on 600 ton (40' x 100') pads.
Cutoff grade is 0.025 tr.oz Au/ton. Initial tests with pilot heaps show 85%
recovery (reportedly).

Date: August 7, 1980

Ken A. Phillips
(Signature)

(Field Engineer)

PAY DIRT GOLD MINE

Maricopa County

Arizona

Paydirt Gold Mine

The Paydirt is located approximately fifteen miles west southwest of Wickenburg, Arizona, just off Vulture Mine Road. Easy access and a climate conducive to surface mining permit a twelve month per year operation. Less than one mile away is the old Vulture mine which produced several million dollars worth of gold at a ten dollar per ounce average price, according to Arizona State records.

The mine consists of eight claims, twenty acres each, for a total of one hundred sixty acres. At least four separate gold bearing veins run through the property, all of which can be mined from the surface with the equipment listed. These veins are substantial in size and appear to have a very good chance of crossing one another not far from where they are currently exposed. The major vein of the property can be traced on the surface back to the Vulture mine. Assays show ore values ranging from good to high grade.

Paydirt uses the cyanide leach method for stripping gold from the ore. Through considerable trial and error, it has been determined that for a successful operation the rock must be crushed before it is placed on the leach pad. At that time, the ore is sprinkled with a weak cyanide-water solution and circulated through charcoal filters. Gold may be stripped from these filters within days after full saturation of the ore pad. It is broken down to a solution and ready for the smelter. This process is done in its entirety on the mine site. Results from using this process have proven recoverability of .025 ounces of gold per ton of ore. Since these tests were made, far richer values have been uncovered.

With the equipment and large leach pads already in place, Paydirt mine could be expanded to a much larger operation with a relatively small investment.

The price of \$300,000.00 is for a 100% interest in the claims and a 100% interest in the equipment. Mr. Ted Housley, mine manager, who resides on the property, is experienced in this type of mining operation and may be interested in continuing in some capacity in the operation of the mine.

The testing and assaying which has been conducted was not certified as to source, although it was done by certified assayers, and the sources can only be certified to by Mr. Housley.

PAY DIRT MINE

EQUIPMENT

Bulldozer with Rippers and Rollers size 3
Back-Hoe "
6-yard Dump Truck
10 Ton/HR Rock Crusher
Rock Drill & Bits
3 Conveyors
2 5000 Gal. Water Storage Tanks
1500 Gal. Diesel Tank
Shaker Screen
Welding Machine
Cutting Torch Set
40 KW-Diesel Generator
10 KW-Back-up Generator
4-1500 Gal. Cyanide Solution Tanks
Electric Drills & Tools
Portable Cement Mixer

MINING CLAIM & GOLD STRIPPING IMPROVEMENTS

Eight claims (160 acres)
Two 5,000 Ton Leach Pads with Lights
One 900 Ton Leach Pad with Lights
Cement Sump Basins
Stairstep Type Charcoal Filter Towers
Non-Corrosive Electric Pump & Spray Nozzles
Complete Gold Stripping Apparatus with Furnace

MINING CLAIM & GOLD STRIPPING IMPROVEMENTS (cont.)

Cement/Stone Building for Laboratory

Ore Sample Assays

Access Roads

Mining Camp Area

PROVEN RECOVERY RATE

.025 ounce per ton of crushed rock*

? head grade 90 Recovery

PAYOUT ESTIMATES AT VARIOUS ORE VALUES

Tons of ore per month X Recovery rate

3000 X .025 oz. = 75 oz./month

3000 X .050 oz. = 150 oz./month

3000 X .075 oz. = 225 oz./month

PRODUCTION CAPACITY

2 - 5,000 ton leach pads (95% complete)

1 - 900 ton leach pad (100% complete)

OFFERING

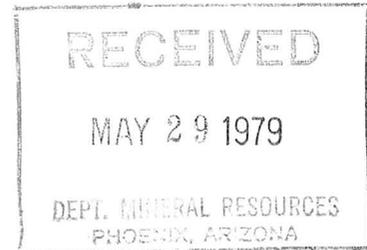
\$300,000.00 -- Terms available

*Ore values will vary

May 23, 1979

Pay Dirt Mine, *Vulture Dist*
Mari-copa County

John H. Jett
Director
Department of Mineral Resources
Mineral Building
Fairgrounds
Phoenix, Arizona 85007



Dear Mr. Jett:

First off: Thanks for returning my wallet. I darn near had a heart attack when the bloomin thing came up missing. ALL the way home, I drove extra careful. No slip ups. In fact, I was afraid there might be a safe driver's team out. That sure wouldn't be the time to win an award.

Sometime, just for fun, set down and figure the cost of replacing the items in your billfold: Shocking. So, many Thanks again for returning it.

I'm certainly sorry I missed you today. Had I known that cussed billfold was close to coming home I'd a stayed right here. The only trouble is Wednesday is the one day per week the license representative is in Wickenburg.

I hope you found the equipment and the site in satisfactory condition. The machinery is all operational, and will perform as is required even though we have made nearly all of it from scrap iron. There are still several chores that have to be completed.

We are finishing our metal recovery equipment. It is the same type that Mr. Statler from the Iron King is using. A filter system, vacuum tank, zinc dust, filtration, and back to the cyanide make-up tank. Our last tank, with a sand filter, is nearly completed.

I canot help emphasizing my disappointment in missing your visit. You are the first official to visit this place since Mr. Walker in 1976 just before I was shot.

We need help in the area of safety. Not so much equipment safety, but cyanide safety. I have written the health department and the State Bureau of Mine Safety per Mr. K. Phillips suggestion.

Before any of them visit the site and start finding errors, I would like to have the place in darn good order. Perhaps, you or Mr. K. Phillips or someone from your office would be good enough to return for a visit. I'm here 99% of the time.

Thank your for your consideration of the above matter and I remain

Respectively,

Theodore C. Hensley

ARIZONA DEPARTMENT OF MINERAL SOURCES
Mineral Building, Fairgrounds
Phoenix, Arizona

[Handwritten initials]

1. Information from: W. G. DELP - MINER FOR MR HOUSLEY
Address: _____
2. Mine: PAYDIRT 3. No. of Claims - Patented _____
Unpatented _____
4. Location: APPROX 1-2 MILE NW OF VULTURE
5. Sec _____ Tp _____ Range _____ 6. Mining District _____
7. Owner: TED HOUSLEY
8. Address: LIVE ON PROPERTY
9. Operating Co.: _____
10. Address: _____
11. President: _____ 12. Gen. Mgr.: _____
13. Principal Metals: _____ 14. No. Employed: _____
15. Mill, Type & Capacity: _____
16. Present Operations: (a) Down (b) Assessment work (c) Exploration
(d) Production (e) Rate 1 tpd.
17. New Work Planned: setting up plating facility
FOR deposition of gold
18. Misc. Notes: GOING TO DISMANTLE Head Frame
AND HOIST - ARE NOW STRIPPING W/ BULLDOZER.
SMALL LAB SIZE JAW CRUSHER (EST 2 TPD) -
SCREEN TO - 1/4" feed to ball mill - introduce
CYANIDE - pulp then goes to rod mill - mercury
is introduced - pulp then goes to 2nd rod mill
THEN TO plating TANK under construction -
H₂O is hauled in - 10,000 gallons at a time -

Date: 5-21-79

[Signature]
(Signature) (Field Engineer)

OVER

ARIZONA DEPARTMENT OF MINERAL RESOURCES
Mineral Building, Fairgrounds
Phoenix, Arizona

Card →

1. Information from: Ted Housley
Address: P.O. Box 2296, Wickenburg 85358
2. Mine: Pay Dirt 3. No. of Claims - Patented _____
Unpatented _____
4. Location: One mile north of Vulture Mine, Maricopa County
5. Sec _____ Tp _____ Range _____ 6. Mining District Vulture
7. Owner: Ted Housley (Jim Vaughn apparently bought out)
8. Address: Same as above
9. Operating Co.: Individual
10. Address: N.A.
11. President: N.A. 12. Gen. Mgr.: N.A.
13. Principal Metals: Au, Ag, Pb, Mo 14. No. Employed: _____
15. Mill, Type & Capacity: Cyanide, reportedly 20 tons per day (JHJ estimates about 2)
16. Present Operations: (a) Down (b) Assessment work (c) Exploration
(d) Production (sporadic) (e) Rate _____ tpd.
17. New Work Planned: _____

Cards →

18. Misc. Notes: Discussed cyanide safety precautions, necessary permits and details of operation. Mr. Housley plans to begin production from an open cut on his 6' wide gold vein. Ore is to be crushed and then ground in a ball mill. Cyanide, at the rate of 5 pounds per ton is to be added to the ball mill, then the entire load discharged to a pond. Pregnant solution will be collected from the pond and the gold-silver is precipitated with zinc. An emergency overflow catch pond is constructed below the leach pond. Ph is maintained by use of lime. Water from the Vulture needs no lime while that from other sources requires about 10 pounds per ton of water.

Date: May 17, 1979

Ken A. Phillips
(Signature)

Ken A. Phillips
(Field Engineer)