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DEPARTMENT OF MINERAL RESOURCES

REPORT TO OPA ON ACTIVE MINING PROJECT

Date: 10-7-44
 Name of Mine: State of Texas
 Owner or Operator: Perry L Bones
 Address: PO Box 1692 Bisbee
 Mine Location: Montezuma Canyon, Hereford

Filing Information

File System.....
 File No.....
 This chart to be used for gallons of gasoline required per month.

PRESENT OPERATIONS: (check X)

Production.....; Development ; Financing.....; Sale of mine.....;
 Experimental (sampling).....; Owner's occasional trip.....;
 Other (specify).....

PRODUCTION: Past and Future.

Tons

Approx. tons last 3 months
 Approx. present rate per 3 months
 Anticipated rate next 3 months
 If in distant future check (X) here

EQUIPMENT OPERATED:

Type	Quantity or Horse Power	Miles or Hours Per Month	Gallons Required Per Month
Personal Cars
Light or Service Trucks
Ore Hauling Trucks	<u>3/4 ton Dodge</u>	<u>152</u>
Compressors
Other Mine or Mill Eqpt.

PRODUCT PRODUCED OR CONTEMPLATED: Name metals or minerals.

Lead zinc

REMARKS:

for rpt 9-08-04 957577 bar issued 3/4/44
for 456 gal/gtr.

ARIZONA DEPARTMENT OF MINERAL RESOURCES

By: George A. Callan

Wash. D.C.
6-26-44
W.C.B.

Subject; State of Texas.

Grace Sparkes has sent no further information to the Quota Committee, nor answered any of mine or their letters. Has she decided to withdraw the application?

State of Texas

October 21, 1944

MEMORANDUM

TO: W. C. Broadgate

FROM: Chas. H. Dunning

Yours about friend Grace arrived just as I had finished writing her a letter and planning to send you a copy.

I visited Grace at the mine last week and I think I have a pretty fair understanding of the situation.

I have suggested that another try be made to get her the retroactive C premium. There are so many arguments in its favor and the only thing against it that I can imagine would be the establishment of some sort of precedent.

This premium would amount to about \$1,500. It should be granted only for the purpose of applying on the RFC and it would just about clean them up.

There is no other possibility of their getting their money so it merely means transferring that much from one government agency to another. It doesn't cost the government as a whole anything.

Grace says that if forced to liquidate now she would be completely stymied in going ahead in any private way. She would have no equipment and no wherewithal to do a little exploration. On the other hand if the RFC were taken care of and she had the equipment and the little balance in the bank to prospect with, she thinks she could get private capital and possibly save the mine. If she couldn't, she could blame no one.

The C premiums were designed to help those that make an honest effort in production but are unable to meet their costs without it. This is certainly a typical case and costs were estimated on a prewar basis. There is, however, an angle of accounting that enters into it. As far as the actual mining and shipping cost on the ore that has been produced is concerned, she has no loss - in fact, she has been able to repay the RFC some \$6,000 or \$7,000. She would therefore be entitled to no extra premium. But when the capital and preparation costs have to be added to the mining costs and written off against the ore produced, as they would be if production stops, then there is an operating loss in almost the exact amount that the C premium would cover, and it becomes proven that she should have been entitled to such premium.

Have a talk with the proper powers on this angle, Bill, and let me know their reaction.

In the meantime I think the conference is a very good idea.

CHD:LP

CC: Miss Grace Sparkes
Mr. W. B. Gohring

I am going to make another try to get you the retroactive G premium but I have no hope. My argument would be that you have come to a dead end and cannot either repay the RFC or go forward. If they gave you this retroactive premium, it would permit you to clean up the RFC. It would merely be changing money from one department of the government to another, whereas the result would be that everyone would be happy. The RFC would be out of the picture and you would have your mine clear, your equipment and a little money to work on and could go forward. I think you would lose the money but that would be your own affair.

It also does not seem likely that you would have any standing with a claim on quasi-contract settlement, because you have not lost anything - except that dream.

I will try my best to figure out some way to be of help but it is a most difficult situation.

Yours sincerely,

Chas. H. Dunning
Director

CHD:LF

October 20, 1944

Miss Grace Sparkes
P. O. Box 346
Prescott, Arizona

Dear Grace:

I have been giving your proposition some little time and thought.

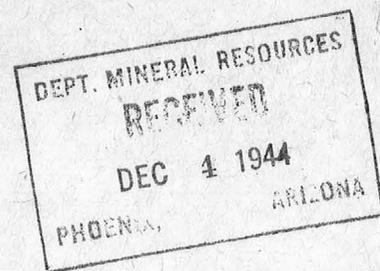
In the first place, let me say that I believe Bill Gohring has been doing everything he could to help you and more than he would if it had been most anyone else.

The whole basis of the trouble is that the engineers think you have a worked out mine and that expenditures to try to find more ore are not justified by the chances. You of course have a different opinion. It has been a nice dream and it is difficult for one to adjust themselves to the rude awakening.

The R.F.C. want you to liquidate because they feel that further work would only dissipate their security. You will find around Tombstone some old timers who will tell you that there not only is no ore in the bottom of that shaft but a rather extensive drilling program from the bottom of that shaft gave no encouraging results. Of course, it is possible that another ore body might be picked up anywhere along that zone but it would be purely prospecting and there is nowhere you can work that gives reasonable assurance of encountering any more ore. R.F.C. loans are not designed for that type of work. Furthermore, neither Gohring nor the Washington officials would have any legal right to turn over the assets or security of the loan.

When I told you I knew of cases where the operators were permitted to operate and repay their loans in royalty fashion, in these cases I believe the operators supply their own operating capital and furthermore the R.F.C. would have to be convinced that there could be some economical production. If you paid back to them the bank balance and the value of the equipment, I am sure that they would then give you a free hand to operate in any manner you saw fit and pay only a very small royalty on the balance of the loan - they might even cancel it.

I do think, however, that they should make you some alternate proposition as you requested. Possibly they will do so or have done so already.



Washington, D.C.
Dec. 1, 1944

TO: C.R. DUNNING
FROM: W. C. BROADGATE
ABOUT: State of Texas RFC LOAN CASE

It must be off the record for the time, as only Board action makes an RFC move effective.

But I have been pleading Grace's case and think that there will be an approval of the compromise deal made in Prescott, within a very short time.

Bill Broadgate

St. of Texas

November 16, 1944

MEMORANDUM

TO: W. C. Broadgate

FROM: Chas. H. Dunning

Evidently the Grace Sparkes matter was definitely settled at a meeting last week with Mr. Rait.

I was not there but, as I understand it, they are to allow her to retain about \$1,000 of the funds on hand and the equipment - all of which she may use as long as she is willing to pursue a development program.

I think this was doing very well for Grace but I am afraid she was not thoroughly satisfied.

CHD:LP

November 13, 1944

MEMORANDUM

TO: Chas. H. Dunning

FROM: A. C. Nebeker

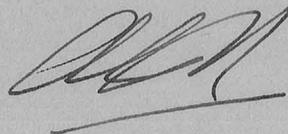
SUBJECT: Conference between State of Texas mine officials, R.F.C. officials, and A. C. Nebeker for Department of Mineral Resources.

Left Phoenix about 9:30 A.M. and after repairing a tire blow out and puncture on the road, arrived at Prescott at 2 P.M.

I went at once to the Court House where I found Mr. Rait and Mr. Gohring waiting for Miss Sparkes and Mr. Bones. About 2:30 Miss Sparkes, Mr. Perry Bones and Leo Stack came in and the conference started.

Miss Sparkes gave a very detailed description of her problems, the difficulties she met, how disappointed she was with the treatment she has received from the R.F.C., etc.

After about two hours of discussion and reading of the correspondence between Miss Sparkes and Mr. Rait and Gohring, they proposed a compromise as follows, (which Mr. Rait said he could recommend to R.F.C. at Washington) Miss Sparkes to pay off two notes now due, and then allow Miss Sparkes to use the balance of the money and the mine equipment for development, and that she could have all the time she wanted as long as work was continued.

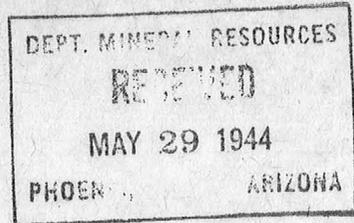


ACN:LP

Sam:

There is no use beating about the bush in this matter. The chances are very slim indeed. Twenty people would have to be convinced to fly in the face of all rules, policy and precedent.

May 25, 1944



Miss Grace M. Sparkes,
Prescott, Arizona,

Dear Grace,

I have your detailed memo on the State of Texas situation and also the memo and data which Sam Coupal sent.

I must have in addition such correspondence as you may have had on the matter with the Quota Committee. I will study this and return it promptly.

I am afraid that there is some misapprehension about the functions of the Quota Committee and the authority under which it acts. Upon application from the operator it is empowered to raise quotas from time to time upon the showing that the operation is not making a profit, and thus to see that the mine currently from time to time meets changed conditions. The usual review period is 3 months, but if the operator is distressed, the quota will be reviewed at any time. This revision upward can only be up to zero quotas in each class, and may be retroactive only to the date correspondent to the first of the month in which the request for revision is received. A-zeros may be made retroactive to the original date of the plan.

There is no connection between the Quota setup and the RFC mine loan function, although quotas are set to permit the operator to pay off any reasonable indebtedness and show a profit as he currently operates. If quotas are not so set, it is usually because the operator has not made the proper representations to the Committee.

Naturally I shall do all I can for you, as I did in helping to get the original loan and the premiums, but I do not want you to be a bit optimistic. If the WPB acceded to such a violation of the rule, I am very sure the OPA would not permit it; if both did so, I don't think the MRC would pay out the money, regardless of what representations I make. I have not the slightest doubt that the conditions are as you state them and that you are greatly distressed... the setup just was not designed to take care of such cases.... to pay off indebtednesses in lump sums, Just pray for a miracle. I know of no legal recourse.

With best possible regards,

Sincerely,

W. C. Broadgate

May 24, 1944

Miss Grace Sparkes
P. O. Box 346
Prescott, Arizona

Dear Grace:

I have just had a memorandum from Bill Broadgate regarding my letter to him and the information we forwarded. Bill makes a few pertinent comments:

1. He wishes to know definitely if you have made application for these revisions and would like to see the correspondence covering such applications.
2. He cannot take any action with the Quota Committee unless he is definitely appointed by you as agent for you to investigate the case. It might pay you to so notify and authorize Bill to act as your agent to go over the whole situation.
3. If the application has been filed and has been rejected, Bill cannot do much in reopening the subject unless he has a complete set of copies or originals of the correspondence regarding that.

In addition, he makes a few comments which I know will probably not register well with you. He states that the Quota Committee has made a flat ruling that all premiums in addition to the "A" are retroactive ONLY to the first of the month on which application is made (provided the action is favorable). Furthermore, the Quota Committee has no interest whatsoever in bailing out the RFC mine loans.

Until Bill sees the whole correspondence and gets a sort of chronological history of your application for increased premiums with copies of all correspondence, he is not in a position to try and get favorable action. Furthermore, the urge for a sort of lump settlement by means of retroactive premiums is a little out of line with the policies of the Quota Committee irrespective of the fact that such retroactive premiums would let you free the property from indebtedness. I do know that you have made various appeals for a revision of premiums. Bill states that he thinks it was somewhat of a miracle when he got your last advanced premium and, reading between the lines, he is not at all hopeful of getting further consideration when your previous applications for advanced premiums have been rejected. I feel sure he will do his utmost, provided he knows the whole story of your premium applications with the supporting correspondence.

It might be well to put your application for the advanced premiums required and the desire to have those granted made retroactive in a formal application to the Quota Committee, asking that your whole situation be reviewed. If you send such a letter

(Continued)

To: Miss Grace Sparkes, Box 346, Prescott, Arizona.

Page Two
May 24, 1944

please let Bill Broadgate have a copy together with the correspondence both to and from the Quota Committee so that he may review the whole story and be prepared to put his best foot forward.

Very truly yours,

J. S. Coupal

JSC:JES

SUBJECT: State of Texas Mine.
Advance Premiums. Grace Sparkes.

Phoenix,
May 20, 1944.

TO:- W. C. Broadgate

FROM: J. S. Coupal.

I called on Grace Sparkes on Saturday in Prescott and further discussed with her the request for additional premiums.

Costs have been high on this operation. The CIO labor rates have been necessary in this district in order to get any help. The long delay in receiving advance premium payments have made it difficult to figure costs from month to month. Working under R F C and other regulatory restrictions have caused delays which are reflected in increase costs.

R F C requirements were that the \$ 14,000 loan was to be spent on establishing camp and getting out ore. No comprehensive development program was allowed. Some shallow drilling has been permitted within the past month and additional drilling is now going ahead.

The Quota Committee may have definite policies as to making advance premiums retroactive, to the date of application for advance premiums, but as advance premiums were established to take care of the high cost operations I am in hopes special consideration can be granted in this case.

The operators have gutted their mine, at no profit to themselves, and in fact have undergone hardships merely to get this ore out. They have the profit saddled with the balance of the R F C loan which could be liquidated if the premiums which are allowed could be made retroactive to cover all shipments. If these added premiums could be continued for the short remaining period it might be possible for this operation to continue to ship, show a small profit and put it back into further development and make a permanent producer of the property over long future prices.

There is an old shaft from which reports have been made of good ore showings in depth. A little profit on ore from the present workings would permit the owners to reopen this shaft on their own account if the R F C loan was liquidated by the premiums requested.

I firmly believe that Grace Sparkes has a just kick under the conditions and she may decide to try legal claims.

J. S. Coupal.

cc to Grace Sparkes.

May 19, 1944

MEMORANDUM

REVISION OF ADVANCE PREMIUMS
STATE OF TEXAS MINE
Grace Sparkes, Prescott

TO: W. C. Broadgate

FROM: J. S. Coupal

Grace Sparkes has finally completed a financial statement on the State of Texas Mine and has also submitted a compilation of the premiums needed and of those requested. I believe another attempt should be made to try and get a revision of the premiums.

May I briefly recite some of the facts connected with this case which it seems to me should be considered in line with this request for a revision of the premiums. The actual request is that the C premiums should be paid on all the shipments from cars No. 1 to No. 22 and should be continued from now on; that the B premium on zinc was made retroactive to a certain point but did not include the payment on the first three cars shipped. On copper they are getting the A premium but a request of an additional 5¢ on cars from one to twenty-two is requested. On lead a B premium was made retroactive to car No. 10 and a request is made that this be made retroactive to include cars No. 1 to 9. Under this setup we would have the following recapitulation.

C premium on zinc, cars 1 to 22, inclusive, premium payable	\$6,986.09
B premium on zinc, cars 1 to 3, inclusive, premium payable	968.06
Additional 5¢ on copper, cars 1 to 22, premium payable	553.55
B premium on lead, cars 1 to 9, premium payable	<u>776.03</u>
Total	\$9,283.73

If these premiums were paid it would be possible to clean up the R.F.C. mine loan of \$14,000 and would permit the property to continue to produce at a very narrow margin.

Miss Sparkes advanced the following agreements which seem sound:

Obtained R.F.C. mine loan for \$14,000 October 1942.

The costs estimated in making application for this loan were based upon pre Pearl Harbor operating costs.

Obligated to operate under war conditions which meant an increase of almost 50% in the cost of supplies, material, equipment and labor.

The property did produce ore for the war effort despite hardships, delays due to war conditions, priorities, deliveries, etc.

The entire R.F.C. mine loan of \$14,000, in addition to the returns from the shipments made, has been spent entirely for extraction of ore with practically no development program carried on to offset the gutting of the mine.

Advance premiums have been issued in most cases of producing mines to meet the increase and the high cost due to operating under war conditions. It seems only fair that this particular operation should also receive these advance premiums.

The B premium on zinc was granted and made retroactive so as to include car No. 4 which was received at the mill on June 2, 1943, so that the premium was made retroactive to June 1. On lead a B premium was granted and was made retroactive to lot No. 10 which was received at the mill August 6, 1943, so that this premium was evidently retroactive to August 1, 1943.

The actual costs for mining have been extremely high and figuring back from a gross payroll of \$14,426 against 1,086 tons shipped, cost for labor alone was in excess of \$13.00 per ton. This, of course, includes camp preparation. In addition to these costs there is a \$3.00 per ton hauling charge.

If consideration is given to this application for advance premiums, the property might continue to ship and show a little profit from now until the time that the advance premiums are cancelled and would leave the property free from R.F.C. debt and might possibly give the owners a slight return during the next six months or a year for the additional ore taken out from now on. It would simply mean that all the available ore in the mine had been removed without profit to the operators and without chance to do development work to put the mine in condition to be of any future value to the operator.

Granting that the costs were high, it would seem as though an effort should be made to at least clear the property from R.F.C. indebtedness and let them continue to operate at a small profit as long as the advance premiums are in effect. The advance premiums were granted to make it possible to produce from high cost properties and arrangements have been set up so that this can be done and has been done in a number of instances. Even though the costs have been somewhat out of line I believe this due to the war time conditions and it does seem unfair that the owners should be left with a practically "gutted" mine and an indebtedness against the mine to the Government when it is in the power of the Quota Committee to make the premiums retroactive so as to clean up this situation.

I am sending this direct to you so that you may present it to the Quota Committee, as I believe you are familiar with all of the details and I am enclosing the copy of the financial statement from October 7, 1942 through March, 1944, together with a compilation of the various shipments made and the advance premiums requested; also a copy of the settlement sheets.

JSC:LP

CC: Grace M. Sparkes

May 19, 1944

MEMORANDUM

TO: W. C. Broadgate

REVISION OF ADVANCE PREMIUMS

STATE OF TEXAS MINE

FROM: J. S. Coupal

Grace Sparkes, Prescott

Grace has asked me to make this plea for making retroactive the premiums as stated in the other memorandum.

There seems some justification in Grace asking that the various premiums be granted made retroactive to include all of her shipments so as to leave the mine at least free from debt.

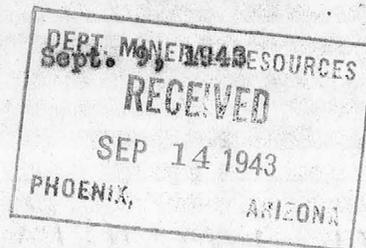
The mine can continue to make some small shipments. She may show some profit but that is a gamble which I believe she will have to take.

The major tonnage has been removed and unless advance premiums are available so that they can do some additional development work, the property has lost all of its ore and with no returns to the owners.

JSC:LP

COPY

Miss Grace M. Sparkes
Prescott, Arizona



Dear Madame,

In reply to your request for an examination of your State of Texas Mine, Cochise County, Arizona, for the purpose of making recommendations for operation and outlining a development program. I wish to state that I have made a recent and thorough examination of your property and in the light of workings made subsequent to any reports you may have from an engineer of this department I offer for your consideration the following analysis and recommendation:

GEOLOGY :

It was formerly believed that the ore replacement in the limes on the State of Texas working was limited to a lateral zone which was found to be contiguous with bedding planes dipping about 33 degrees towards a nearby granite contact, and that, further, this mineralized bed had been displaced in instances of faulting.

In contrast to this theory is the following analysis which may be better substantiated in the light of more recent underground exploration;

The State of Texas Mine is situated on a geological remnant of altered limestone which abuts against a granite lacolith and which may be inferred to be an extant fragment of a quaquaversal fold.

It is believed that mineralizing solutions bearing these sulphide replacement minerals found in the State of Texas workings have entered the limes from below under extreme conditions of temperature and pressure finding as they may channels of ingress and egress in a favorable host rock along lines of fracture and solution weakness. In a deposit of this type the principal orebodies should be found as lenses in the bedding planes of the limestone. Several lenses of this description were found in the State of Texas workings. In a vertical range there should be an internetting through winzes and raises of ore entering along slips and cross fractures. Whether these replacements of ore are to be found in sizes and grades sufficient to be mined economically or not is a matter to be determined by further exploration in the vertical range.

PROPOSED DEVELOPMENT:

An examination of the State of Texas workings revealed a limited amount of ore which could be developed from the tunnel level and brought into production. It is indicated that the lateral limits of this horizon of mineralization have been reached. If further ore possibilities are not explored and opened to development in the vertical range below the tunnel level it will be a matter of but a short interval before operations will by necessity cease. Caution dictates that ample pillars of ore be left to maintain safe roof conditions and protect the workings. The limited development in sight explains your present high costs of production. It may be pointed out that most of the ore being now developed will be required for pillar support. Any further "gutting" of the property is to be greatly deplored.

It is proposed in view of these observations to sink a winze on the ore-shoot in the West drift where it dips markedly into the floor at a point about 15 feet outside of the present face. This sinking operation should be undertaken to explore the vertical range of the ore-replacement and should be continued where feasible.

Respectfully submitted,

B. W. Brown- FIELD
Arizona Department of Mineral Resources

MEMORANDUM

TO: B. W. Brown

September 2, 1943

FROM: J. S. Coupal

SUBJECT: State of Texas Mine Examination

I have talked with Grace Sparks and have told her that it would be OK for you to spend a day on the State of Texas Mine in order to assist her in filling out the Form 2822 after you had looked over the mine.

Grace seems to feel as if it may take more time than one day; but, as I have seen the property, I doubt very much if you could profitably spend more than one day at the mine. However, if necessary, you can spend the extra day.

I understand that Grace is awaiting your return from Hillside in the event that you may be able to arrange to go with her to the State of Texas Mine, she paying the expenses as you will be out of your own district. You might go Saturday, Sunday, and Monday.

As this means asking you to work on a holiday, and on your Sunday, I have no objection if you wish to take time off for your own personal use if you are called upon to be Sunday and Monday in the field with Grace.

Please advise when you go, and when you pass through Phoenix, you might drop into the office provided it is during working hours.

J. S. Coupal
Director

August 21, 1943

Miss Grace M. Sparkes
P. O. Box 346
Prescott, Arizona

Dear Grace:

I have just returned to the office and had a short but pleasant visit with Perry at your property on Wednesday.

I started to write a letter when it was called to my attention that you had been advised of the fact that the Quota Committee had acted on your application and that the B premium on zinc was granted. I am very glad to know of this and congratulate you on the results.

The development work from the lower part of the workings has not proven very encouraging. There is a sizeable tonnage of ore still in sight and a possible downward extension in the floor of the big stope which Perry has checked by several drill holes which show that the ore goes down at least six feet and no telling how much more. Prospecting laterally from the lower workings is bound to be more or less blind exploration work and there is little or nothing I could see to guide me in giving any sound advice to Perry.

With the B premium on zinc you can undoubtedly move the ore now in sight and possibly show a good profit and, in addition, can then underhand stope the ore in the bottom of the big stope and possibly develop it further in depth.

On Thursday and Friday of last week I made a special point of seeing W. C. Humphrey at Patagonia and discussed with him possibilities of some geophysical work. Mr. Humphrey, Jr. is unable to undertake any of this work at the present time but he went over the district several years ago and feels as though there is a possibility of discovering some sizeable zinc showings in that area. Replacements in limestone are always irregular and to seek out new ore showings calls for more or less blind exploration work unless some such study as can be made through geophysics is made. Whether or not you can get an additional loan to do this exploratory work is questionable, but I believe it should be investigated.

Miss Grace M. Sparkes

-2-

August 21, 1943

Perry was quite discouraged when I talked with him and his next move depended entirely upon receiving the B or C premium on zinc. With the B premium I feel as though you can go ahead actively and take out the ore which is exposed.

It is hard to estimate what possible tonnage might be obtained from the present workings without figuring on lateral or depth extensions of the present replacement body. It may be anywhere from 5,000 to 10,000 tons of ore.

With best wishes, I am

Yours very truly,

J. S. Coupal, Director

JSC:LP

August 19, 1943

Miss Grace Sparks
P. O. Box 346
Prescott, Arizona

Dear Miss Sparks:

We are in receipt of the following telegram from
Bill:

"Confidential. Have State of Texas "B" premium
approved by quota committee and going to Metals
Reserve Co. today. Official notification will come
after MRC has acted. You may tell Grace also
confidential till official notification arrives."
s/d Bill Broadgate

Congratulations!!

Yours very truly,

George A. Ballam
Assistant to the Director

GAB:JE

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

(17)

SYMBOLS

- DL=Day Letter
- NT=Overnight Telegram
- LC=Deferred Cable
- NLT=Cable Night Letter
- Ship Radiogram

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NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

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D197 37 COLLECT DL=SN WASHINGTON DC 19 1218P

1943 AUG 19 AM 11 26

ARIZONA DEPARTMENT MINERAL RESOURCES=

413 HOME BUILDERS BLDG PHOENIX ARIZ=

CONFIDENTIAL. HAVE STATE OF TEXAS "B" PREMIUM APPROVED BY
 QUOTA COMMITTEE AND GOING TO METALS RESERVE CO TODAY.
 OFFICIAL NOTIFICATION WILL COME AFTER MRC HAS ACTED. YOU
 MAY TELL GRACE ALSO CONFIDENTIAL TILL OFFICIAL NOTIFICATION
 ARRIVES=

BILL BROADGATE.

MRC

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

August 14, 1943

MEMORANDUM:

To: W. C. Broadgate
From: J. S. Coupal
Subject: Quota Application
Grace M. Sparkes
State of Texas ^Mine

I am enclosing a copy of an application for quota by Grace Sparkes. The whole setup is woefully deficient in view of the fact that her former lease showed a different cost for milling ore. I really believe this revised cost will not carry much weight.

I am going to be out of the office next week, that is the week of August 16, and I am scheduled for the wouthern part of Arizona; so I will take time to run over and spend a half-day on the property with Perry Bones who is operating for Grace.

She is up against a tough problem on this property. The ore occurs in irregular replacements in lime, and it is very hard to do under ground development or prospecting in such a formation without aid of drilling of geophysical work. To open up ore in such a district by under ground work is in the nature of blind exploration; and, whereas I would like to see her get the advance premium in order to pay out on the ore in sight, I seri usly question whether their method of development and exploration will yield results. We naturally would like to do our best for Grace, but I will leave any further comments until after I look the property over again.

J. S. Coupal

August 6th, 1943

Miss Grace M. Sparkes
Box 346
Prescott, Arizona

Dear Grace:

Many thanks for the copy of your letter of August 4th to Landon F. Strobel, and the copy of WPB 2465 - Application for Advanced Prices.

I fully appreciate your difficulties in this matter and am at a loss to know what can be added to any argument to get the Quota Committee to consider favorably advanced prices. I fear the statement, "the cost per ton of ore shipped may be estimated in the development stage as about \$30 per ton" may be a difficult one for them to consider as justifying increased prices.

Figuring your costs as you have at \$14.98 and a net custom milling return of \$10.10 ought to show them that increased prices are necessary. Trying to mine and develop at the same time, without the actual mining being on a profitable basis by itself, is a tough job, as you well know.

I am turning your application over to Charlie Willis and he will forward it to Bill Broadgate, as I believe that is your desire. The Quota Committee is hard-boiled, but Bill is hard at work trying to get them to give small mines better consideration.

Best wishes and kindest personal regards.

Very truly yours

J. S. Coupal, Director

JSC:ach

YAVAPAI COUNTY COUNCIL
ARIZONA SMALL MINE OPERATORS ASSOCIATION

THE SMALL MINE OF TODAY IS THE PRODUCER OF TOMORROW

EXECUTIVE COMMITTEE

ACTIVE MEMBERS

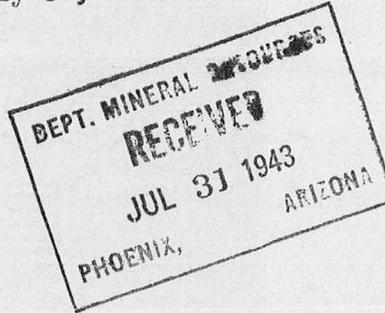
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GRACE M. SPARKES
WM. F. FITZGERALD
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LT. HARRIE B. STEWART

Prescott, Arizona

July 30, 1943



HEADQUARTERS: GROUND FLOOR
OF THE COURTHOUSE, PRESCOTT,
ARIZONA.

ADDRESS . . . P. O. BOX 346
TELEPHONE 180

OFFICERS

CHAIRMAN
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SECY.-TREASURER
GRACE M. SPARKES

Mr. J. S. Coupal, Director
Arizona Department of Mineral Resources
413 Home Builders Building
Phoenix, Arizona

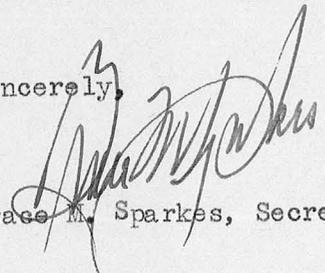
Dear Sam:

Will you kindly send me a few copies of
your circular of June 7, 1943, entitled "Comments"
on Quota and Special Premiums on Copper, Lead,
and Zinc"?

✓
7-31-43
PP.

Thanking you, I am

Sincerely,


Grace M. Sparkes, Secretary

GMS:ec

An Organization interested in the problems of those who operate mining properties in Arizona.

Yavapai County has a mineral production record of \$551,630,685 from 1880 to 1939 according to records compiled by the United States Geological Survey.

DEPARTMENT OF MINERAL RESOURCES
STATE OF ARIZONA
FIELD ENGINEERS REPORT

Mine ✓ STATE OF TEXAS

Date September 9, 1943

District Hartford Mining District

Engineer B. W. Brown

Subject: Examination

✓
Miss Grace M. Sparkes
Prescott, Arizona

Dear Madame:

In reply to your request for an examination of your State of Texas Mine, Cochise County, Arizona, for the purpose of making recommendations for operation and outlining a development program. I wish to state that I have made a recent and thorough examination of your property and in the light of workings made subsequent to any reports you may have from an engineer of this department I offer for your consideration the following analysis and recommendation:

GEOLOGY:

It was formerly believed that the ore replacement in the limes on the State of Texas working was limited to a lateral zone which was found to be contiguous with bedding planes dipping about 33 degrees towards a nearby granite contact, and that, further, this mineralized bed had been displaced in instances of faulting.

In contrast to this theory is the following analysis which may be better substantiated in the light of more recent underground exploration:

The State of Texas Mine is situated on a geological remnant of altered limestone which abuts against a granite lacolith and which may be inferred to be an extant fragment of a quaquaversal fold.

It is believed that mineralizing solutions bearing those sulphide replacement minerals found in the State of Texas workings have entered the limes from below under extreme conditions of temperature and pressure finding as they may channels of ingress and egress in a favorable host rock along lines of fracture and solution weakness. In a deposit of this type the principal orebodies should be found as lenses in the bedding planes of the limestone. Several lenses of this description were found in the State of Texas workings. In a vertical range there should be an internetting through winzes and raises of ore entering along slips and cross fractures. Whether these replacements of ore are to be found in sizes and grades sufficient to be mined economically or not is a matter to be determined by further exploration in the vertical range.

PROPOSED DEVELOPMENT:

An examination of the State of Texas workings revealed a limited amount of ore which could be developed from the tunnel level and brought into production. It is indicated that the lateral limits of this horizontal mineralization have been reached. If further ore possibilities are not explored and opened to development in the vertical range below the tunnel level it will be a matter of but a short interval before operations will by necessity cease. Caution dictates that ample pillars of ore

C O P Y

DEPARTMENT OF MINERAL RESOURCES
STATE OF ARIZONA
FIELD ENGINEERS REPORT

Mine STATE OF TEXAS (CONT'D)

Date September 9, 1943

District Hartford Mining District

Engineer B. W. Brown

Subject: Examination

be left to maintain safe roof conditions and protect the workings. The limited development in sight explains your present high costs of production. It may be pointed out that most of the ore being now developed will be required for pillar support. Any further "gutting" of the property is to be greatly deplored.

It is proposed in view of these observations to sink a winze on the ore-shoot in the West drift where it dips markedly into the floor at a point about 15 feet outside of the present face. This sinking operation should be undertaken to explore the vertical range of the ore-replacement and should be continued where feasible.

Respectfully submitted,

B. W. Brown-FIELD
Arizona Department of Mineral Resources

CC-J. S. Coupal, Director, Ariz. Dept. Min. Resc.

MAIN OFFICE
% GRACE M. SPARKES
P. O. BOX 346
PRESCOTT, ARIZONA

SHIPPING POINT:
% PERRY L. BONES, MINE MGR.
P. O. BOX 611
HEREFORD, COCHISE COUNTY,
ARIZONA

RFC—DOCKET NO. B-ND-4202
MINE SERIAL NUMBER 48-226

State of Texas Mine

Prescott, Arizona, July 18, 1943.



Mr. Sam Coupal, Director
Arizona Department of Mineral Resources
Phoenix, Arizona.

Dear Sam:

Attached herewith is material which we filed with the Quota committee. It is utterly impossible for us to make out the forms they request - we did the best we could with 1572 and then they shot back 2465.

I wish they were in the field trying to operate a small mine, instead of trying to make decisions on pencil and paper in Washington.

Perry and I wanted to go over the entire situation with you, but unfortunately you were in the field when he came here. Statistics they require we simply have not yet established. Our financial statements show the receipts and disbursements, our commitments, bills due and proposed development program.

Mill returns are slow but the Quota premiums would finish any small outfit - Note following:

Date Shipment	Mill Return	Premium Return	Car No
Mar 13, 1943	April 5, 1943	May 15, 1943	1
May 3, "	May 14 "	-----	2
May 25 "	June 11 "	-----	3
June 2, 1943	June 28, 1943	-----	4
June 3, 1943	June 28, 1943	-----	5
June 9, 1943	June 28, 1943	-----	6
June 21, 1943	-----	-----	7

Perry worked out some of his mining costs, but it is difficult for us to make them fit the picture as it actually exists. The technical data we cannot supply. Here's hoping you can give us the necessary advice. Unless we receive the B and C premiums - we're through gutting the mine. I'm in hopes you can set the picture up to satisfy their requirements. Somehow I believe it may be necessary to make a trip down to the mine to get the true picture. Anyway analyze the data enclosed and if I can supply anything further of an enlightening nature, let me know. More and more I wonder if we are all justified in encouraging the poor small owners to try and get into production against the jack ass things they run into which are unsurmountable. Looks like we're a pre-war CASUALTY. What?

Best wishes always - hope to see you and Charley this Thursday -

Sincerely

Grace M Sparkes
Grace M Sparkes

encs

YAVAPAI COUNTY COUNCIL
ARIZONA SMALL MINE OPERATORS ASSOCIATION

THE SMALL MINE OF TODAY IS THE PRODUCER OF TOMORROW

EXECUTIVE COMMITTEE

ACTIVE MEMBERS

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HON. JOHN R. MURDOCK
HON. THOMAS E. CAMPBELL
LT. HARRIE B. STEWART

Prescott, Arizona

August 2, 1943

HEADQUARTERS: GROUND FLOOR
OF THE COURTHOUSE, PRESCOTT,
ARIZONA.

ADDRESS . . . P. O. BOX 346
TELEPHONE 180

OFFICERS

CHAIRMAN
H. F. MILLS
1ST VICE-CHAIRMAN
FRED GIBBS
2ND VICE-CHAIRMAN
LEO T. STACK
SECY.-TREASURER
GRACE M. SPARKES

Mr. W. C. Broadgate, Ass't. Director
Arizona Department of Mineral Resources
c/o Harrington Hotel
Washington, D. C.

Dear Mr. Broadgate:

At the request of Sam Coupal and Grace M. Sparkes, I took in hand Miss Sparkes' quota problem and analyzed it as best I was able from the facts and figures she submitted to me, without having been on the property. The sum of the information submitted in WPB Form 2465 was worked out by myself from this information.

In passing, I would like to comment that this form cannot possibly be made to apply to a property which is shipping to a custom mill, unless a mine owner is informed of mill flow sheet, recovery, concentrate, marketing, and smelter set up. You will note that I was forced to strike out a portion of the form and insert words to make it flexible enough to apply. I understand that you are heading a Committee to simplify governmental forms. I would suggest that a new form should be considered to take care of those many small mine operators who are shipping to custom mills.

I had at my disposal an Engineer's report by Sam Coupal, and another by Mr. A. C. Nebeker, both of whom have been on the property. I feel that I know the ground fairly well. In arguing this case, it must be pointed out that considerable dead rock must be broken to arrive at a ton of shipping ore, and especially in the present undeveloped and unexplored condition of the mine.

Wishing you luck,

Very truly yours,

Bahngrell W. Brown
Bahngrell W. Brown, Field Engineer
Arizona Department of Mineral Resources

cc: Coupal

BWB:ec

An Organization interested in the problems of those who operate mining properties in Arizona.

Yavapai County has a mineral production record of \$551,630,685 from 1880 to 1939 according to records compiled by the United States Geological Survey.

Aug. 20, 1943

Please note, according to my wire, the Sparkes
premium has been approved by Quota Committee.

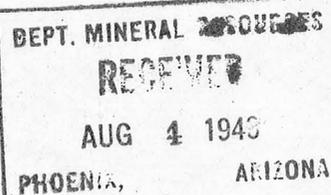
Tell Brown that I am taking the matter of
revision of this form WFB-2465 up with the
Quota Committee.

Bill Broadgate

C

St of Texas

August 2, 1943



Mr. W. C. Broadgate, Ass't. Director
Arizona Department of Mineral Resources
c/o Harrington Hotel
Washington, D. C.

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Wishing you luck,

Very truly yours,

cc: Coupal

Eahngrell W. Brown, Field Engineer
Arizona Department of Mineral Resources

BWB:ec

July 28, 1943

Miss Grace M. Sparkes
P. O. Box 346
Prescott, Arizona

Dear Grace:

I have a copy of your letter of July 23 to W. C. Broadgate and also a copy of his reply to you of July 25.

As I wrote you previously it seems as though the only step now is to prepare the WPB-2465 and also prepare a concise statement of your costs which must show that you are operating at a loss in order to have you qualify. This may be an accountant's job rather than an engineer's but I feel sure Brown will offer every assistance possible. I don't know how much assistance I could offer but I feel sure it is a job requiring considerable time and an analysis of your expenditures along with shipments so as to definitely establish costs.

The Quota Committee analyzed your costs from the data you submitted and showed you were operating at a profit. One skillful in juggling figures can make them show almost any results, so I believe it is definitely up to you to have someone, or else do it yourself, make an analysis of your costs which will stand rigid tests and establish on paper a loss to your operations.

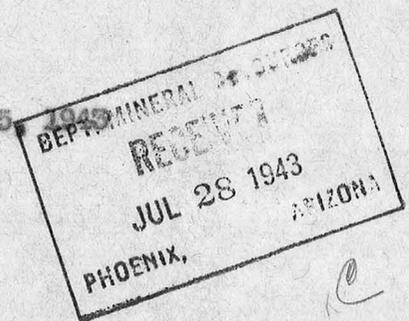
The granting of the advanced premium, as stated in the circular, must show that it is needed in order to get out production and by that I read it that if your production is being made now at a profit, you will find difficulty in getting an advanced premium granted.

Yours very truly,

J. S. Coupal, Director

JSC:LP

July 25,



Dear Grace,

I have your letter of the 23rd, and thanks for writing.

I am doing a great deal of work on this Quota Committee business, and hope to get things straightened out eventually. I completely agree with your contentions. The only trouble is that a good many in authority do not, and would just as soon see the small mines shut down. That has been the battle I have had to fight ever since I have been here. It has been a constant and uphill struggle not to lose ground..... and we have actually gained ground in some ~~xxx~~ important respects. The difficult thing is to hold it against a definite reaction which is setting in.

Regarding RFC operators salary, there is nothing hard and fast about the \$200 per month, and you can get this raised by proper representations that it is not sufficient, with the approval of the Board. The business about not being able to pay a cook is a new one on me, but I can see where, in a small property, they might not feel a wage justified where the crew is very small, as it will add materially to the overhead. This also, I believe, is a matter of individual adjustment, as practically all other matters of detail are and the recommendations of the supervising engineer are usually taken by the Mine Loan section.

I have been digging into your delayed premiums, and it is merely the time consuming mechanism of Shattuck Dam handling the affidavits and the accounting periods not matching the shipment dates. I think we have worked out a plan to shortcut this and get the money to you promptly. An announcement on this may be expected about August 1st, as it will apply to all shippers. I have done a vast amount of work on the premium payments, and I believe have gradually helped make life easier for the small miners. Improvements have been made gradually but surely from the Metals Reserve side, and this new one should about clean up that side.

The Quota Committee end is something different again and I am launching a complete study of its procedure to see what we can do to get it simplified and rationalized. It has been getting my attention for some time and I am getting ready to shoot on it soon in a big way. We did do quite a lot through one of my Committees in getting better forms out, although I notice you found in impossible to fill these out.

In order to get the B and C premiums you have to show clearly and concisely that you are losing money. You should get Sam to go over the figures with you and fill out the applicable form. Then I can go to bat with Quota for you. The file I was sent is too general in its figures, and it can be analyzed to suit the OPA, as you note it was, they having come out with a profit figure for you of \$1.90 per ton. Whether adequate or not, it is a profit supposed to be after ALL costs. You will have to show this not to be true in a clear concise manner. They are not interested in your general troubles at all.

I had a long session with one of Donald Nelson's consultants yesterday on this matter. I stated that it should only be necessary to show that the property was not being deliberately "low-graded" and the good ore saved. That could be done by a visit from the WFB engineer periodically. Then to show that the income and outgo do not balance should be enough to grant a quota on. Whether we can ever get it to such a simple point I don't know, but it is something to shoot at. I pointed out that the total money spent on these small properties for premiums is not a great deal. That the cost of the paper work in handling them in Washington as though each was a United Verde, must be a large part of the actual premium. About 90% of the paper work must come from properties putting out only 5 to 10% of the production. It is absolutely ridiculous. But it is the OPA end of the quota system that is responsible for most of the trouble. Don't blame Landon Strobel.. he is just a clerk with no authority at all.

Your comments on "non-granting" ~~of B and C premiums~~ of B and C premiums are well taken.... what you don't know is that there are those who have influence in the Quota Committee group that are undoubtedly using these delay tactics to force small mines to close. That is what I am up against.

Wish me luck with my fight in this matter. It is a tough situation.

I shall be pleased to send you additional copies of the Hearings, and to put you down for copies of the field hearings when published. They are now being set up by the printer.

Best regards to all and mention to the Council that from what I hear they are doing fine work,

Sincerely,

Jim Unloaded this on Bill & I then meet in it. GMS.

July 23, 1943

No word yet on our revised premiums. We're shutting down unless Bill is successful. GMS

DEPT. MINERAL RESOURCES
RECEIVED
JUL 28 1943
PHOENIX, ARIZONA

Mr. W. C. Broadgate, Ass't. Director
Arizona Department of Mineral Resources
c/o Hotel Harrington
Washington, D. C.

Dear Bill:

Thanks for your letter of July 19th. It is interesting to note you feel that the series of hearings held in Arizona were the most successful, so far. As I look at the situation and talk with the small fellows who are trying to get into production, the most serious thing that confronts us all is the question of premiums. Unless a more liberal attitude is taken toward the small operator and his problems, I predict that all our work will have been in vain, and there will be no small operators operating. It would be better if we could have a set price for our metals and know what we were facing. Majority of those working under certain types of RFC loans must work in ore, reports to the contrary notwithstanding. What becomes of the development program for the small fellow when all of his proposed work is "dubbed" prospecting and he plainly "guts" his mine. No consideration has been given to the owners, the investments, in the property, the responsibilities which have been assumed to pay back the loans, and no possibility of development. The added taxes and other burdens are prohibitive. It is the standard practice of the RFC to set the wage of the mine manager or supervisor at \$200, the supposition being that the supervisor or manager is directly interested in the ownership of the property. The fact remains that the manager on small outfits works on the job as well as supervises, and as a general rule, must put the best part of his wage (salary), back to keep things rolling in his camp.

Another serious weakness, and a definite one, with the increase in wages and the lack of help, rationing, the cost of commodities, etc., is that no provision is made under the RFC for the payment of a cook. You know, and I know, that the success of any camp

where a boarding house must be operated, lies with the cook. Another thing, it is poor business, and poor morale, for the supervisor of a camp to receive less, in this day and age, than the miner or the mucker whom he employes. These are plain facts and have come repeatedly to my attention on numerous occasions when miners and operators will discuss their problems.

If these facts could be brought before those in authority, I believe much good could be accomplished in the production of strategic minerals. The non-granting of the "B" and "C" premiums, the delay in the payment of premiums, the involved, detailed information which is requested in filling out forms 1572 and 2455, are definitely against production from the small mine. If it is true our government wants the strategic minerals and they realize the new mines must come from the opening up of small ones, new deposits, or the old ones, then in Heaven's name, why don't they practice common sense. The forms are made out for established mines having statisticians, metallurgists, engineers, bookkeepers, and stenographers, not for the rank and file of the small mine group. It seems to me, your job, among the many things which you are trying to do, and have done, would be to cut this maze of impracticability, if it is possible for you to do so. I returned last night from our meeting at the Iron King Mill and I know these statements which I have given to you are a reflection of the experience of those who are trying to operate, and face the possibility of all of their efforts having been for naught. If these gripes are helpful to you, this letter will not have been in vain.

We could use copies of the hearings, say fifteen or twenty.

Always with appreciation of your fine efforts and good work, and with kindest wishes, I am

Sincerely,

YAVAPAI COUNTY COUNCIL A. S. M. O. A.

Grace M. Sparks, Secretary

GMS:cc

St. of Tex.
July 27, 1943

Miss Grace M. Sparkes
P. O. Box 346
Prescott, Arizona

Dear Grace:

I have just had advice from Bill Broadgate stating that plans were being completed but at the present time are confidential for a revolving fund to be deposited in the various banks in order to permit settlements of at least 90 percent of the premium due in a short time after the settlement of the ore from the smelter is made. This may relieve some of the troubles.

I have just reread your letter of July 18 which I forwarded to Bill Broadgate and in it I take it that you have not mailed the WPB-2465. It seems to me as though this is absolutely necessary and, in addition, I believe it will be necessary to work out a financial statement which will show your costs. If the costs are less than the actual returns from the ore, your arguments for getting an advanced premium, of course, will be weakened.

This may be a difficult task for you to do but there seems no other way out of it and it seems as though the job is up to someone who has a complete record of all costs. Brown may be able to assist in filling out some of the technical questions and some of the estimates on future costs if he has available your complete records. It probably is more of an accountant's job than an engineer's job, but it seems the only way out of trying to get the premium.

Yours very truly,

J. S. Coupal, Director

JSC:LP

July 26, 1943

Miss Grace Sparkes
P. O. Box 346
Prescott, Arizona

Dear Grace:

I am returning herewith your file on the State of Texas together with a memorandum from Bill Broadgate. I submitted your entire file to Bill with comments that he might try to analyze the situation, knowing how the Quota analyst worked and he might be able to find something to work on.

I do not know whether Brown can be of help to you in making a clear cut analysis of your costs so as to show that you are really losing money and not showing a profit of close to \$2.00 as indicated by the Strobel letter of July 8. I fully realize that you are not making any profit. If you were receiving your premiums and car settlements promptly, it might help and we will try to see, as Bill noted, that the premium settlements should not be delayed.

Bill's memorandum was evidently intended strictly for my information but I know that you will appreciate his interest and will look over your figures and see if you cannot put up a clear and concise cold blooded analysis of your costs and will show that you must have an increased premium.

Your letter of July 16 to Strobel sets forth a lot of sound arguments but it does not show an analysis of your costs which would justify the W.P.B. of the Quota Committee in acting favorably on your request for an advanced premium.

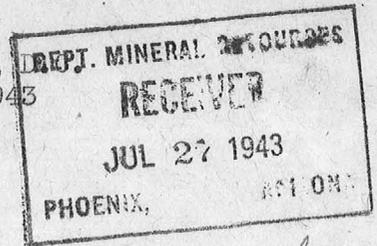
My suggestion is that you let Brown do some preliminary work with you in trying to build up a case and set it forth clearly showing your costs. It may be necessary for you to fill out the W.P.B. form 2465 in full detail before you can make any headway with Strobel. In this you have got to set up your figures so that a cold analysis will show that you cannot show a profit without a revision of quota. It is going to take figures rather than argument to persuade the Quota Committee to grant the revision.

Yours very truly,

J. S. Coupal, Director

JSC:LP

Washington,
July 24, 1943



SUBJECT: Premiums, State of Texas Mine

The last affidavit for this property arrived from Shattuck June 24th
It was paid June 30th as follows;

Cu 560#	\$ 28.00
Pb 5022 #	138.11
Zn 20,182#	555.01
	<hr/>
	\$ 721.12

This was for May production, but I rather think it means for the
May 3rd shipment as shown on Sparkes' tabulation, as the May 25th
shipment could hardly be paid.

The trouble evidently is with Shattuck and the affidavits.

The proposed new system should cure these troubles, and I hope
the arrangement is not delayed beyond August 1st. Revolving funds
have already been placed in key banks.

We are looking into this further to see why Shattuck is not getting in
its affidavits faster.

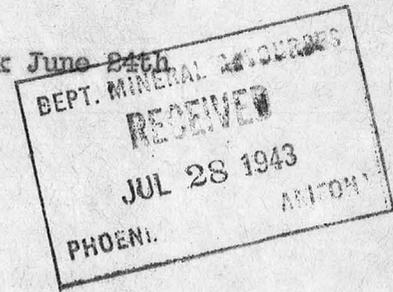
Bill Broadgate

Washington, D.C.
July 24, 1943

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the arrangement is not delayed beyond August 1st. Revolving funds
have already been placed in key banks.

We are looking into this further to see why Shattuck is not getting in
its affidavits faster.

Bill Broadgate

Washington, D.C.
July 23, 1943

SUBJECT: QUOTA, State of Texas, Grace M. Sparkes

My heart bleeds for Grace.... and many others in the same predicament. I have not the slightest doubt that she should have an increased premium status. At the same time, please note the copy of the letter I am returning to you, where Stroble gives the findings in detail. Instead of answering this directly and showing exactly what these costs are and supporting the assertion, Grace writes a long letter full of generalities. The Quota Committee analysis, which was made undoubtedly by OPA, is on the face of it clear, and shows nearly \$2.00 per ton profit after all expenses. Knowing the OPA, I imagine they gave Grace the worst of it, yet there is no cleancut showing to the contrary.

I think your engineer should have figured this out for them and supported the loss of money by a short, clear balance sheet... then there would be a very good chance of getting relief. Maury of OPA who does most of the analyses is a haund for figures and could slice a dime into microns with a leadpencil. You have to show him, in figures not generalities and masses of words. Voluminous explanations often react unfavorably, as in the Crable case, especially where they are not right to the point.

If you have looked over the file you sent me carefully, you must realize that in spite of its bulk, there is very little to take hold of to prove the sort of a case one must have. I simply can't try, from the file, to find out how OPA justified the balance sheet of the 8th. It could be figured several ways from the information given.

Outside of one letter transmitting the file to you, the file was in duplicate, and I am returning part of it for your review. If from it you can work up a balance sheet refuting the Quota Committee showing, please do so and let me have it back and I will go to bat with Maury.

In the meantime, I shall get right after MRC to find out why Grace is not getting premiums promptly as there should be no excuse for this.

I note the end of one of Grace's letters.... and how many times have I seen the same thing on others! "if, et c... there won't be a small mine in operation and what becomes of the men in service needing this strategic mineral?" It is too bad the miners do not realize that there are many in the government who don't want small mines to operate. I am the only one in Washington, I think, who is interesting in keeping them running and it takes eternal vigilance to smell out the attempts to close them and try to keep plugging the leaks. There are a handful of people in office like Howard Young, Wilbur Nelson, Sen. Henderson and Frank Kuehl who, with one or two more, largely depend on my keeping them informed on what moves are taken, and with my support which is only good because of the threat of the Senate Committee behind me we try to keep one jump ahead of the game. The threat of investigation, which I hold out all the time, does keep some of the b---ds in line, and with the help of the little liberal coterie mentioned and some few others, we are doing a pretty good job.... but it is a large government to watch.

Bill Broadgate

State of Texas

July 20, 1943

Miss Grace M. Sparkes
P. O. Box 346
Prescott, Arizona

Dear Grace:

I am enclosing a copy of a memo I have just written Bill Broadgate, and hope that sending him your complete file meets with your approval.

I believe Bill will take special delight in going to bat for you. I see no way of Charlie and myself getting up to the meeting on Thursday as both of us are tied up - Charlie on his regular work, and I am preparing the annual report, which is more of a job for me than filling out one of the WFB 2465 forms.

With best wishes and kindest personal regards.

Very truly yours

J. S. Coupal, Director

JSC:ach
encl.

If you can make head or tail of Graces letters from the standpoint of cold figures to support a loss per ton, you are better off than I am.

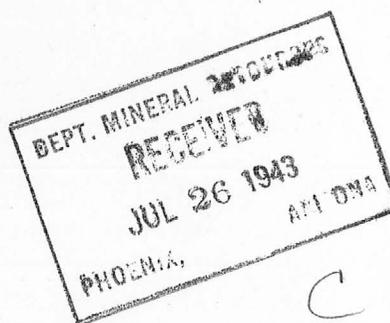
As in so many of these cases, she merely knows she is not making both ends meet.

I think the whole arrangement whereby Quota thinks it has to analyze these little mines as though they were the United Verde is the bunk, but at the moment, that is the way it is.

I may be able to get some change eventually, but it will take time. I am picking away at it.

The Strobel letter must be answered with cold figures showing that both ends do not meet before hope of getting a revision.

Moans and gripes mean nothing to OPA analysts.



July 20, 1943

MEMORANDUM

To: W. C. Broadgate
From: J. S. Coupal
Subject: QUOTA APPLICATION - STATE OF TEXAS MINE. GRACE M. SPARKES

I am attaching hereto a complete file of the correspondence Grace Sparkes has had with the Quota Committee on her application for an advanced premium on zinc, lead and copper. Included in the file is a copy of a letter dated July 8, 1943 from Landon F. Stroh, in which the request for advanced premiums is denied.

A careful analysis of the mining costs, the additional costs due to delays of various types, and the fact that this property warrants development (which should be added to the cost of mining) makes it very evident that the operations are in the red and will stay in the red just as long as they operate without the advanced premiums requested.

I have talked with both Grace and the mine manager - Perry Bones - and they are going to mine out the ore now in sight and then shut down. I am firmly convinced that this property should be further developed but it cannot be done unless a sufficient advanced premium is granted so that warranted development work can be forwarded and additional ore exposed.

I am sorry to forward such a detailed file for your review but feel that you should be fully acquainted with the presentation made by Miss Sparkes before tackling the Quota Committee. Please return the file to me and I will forward it to Grace.

I have been on the property on two or three different occasions, and whereas I would like to personally go down and make a new examination, time does not permit. I have discussed the progress with Perry Bones and feel, because Perry is a good miner, that I am almost as well posted as if I had been on the property.

J.S.C.

JSC:ach
cc-Grace M. Sparkes

COPY

WAR PRODUCTION BOARD
WASHINGTON, D. C.

July 8, 1943

Miss Grace M. Sparkes
P O Box 346
Prescott, Arizona.

Dear Miss Sparkes:

Re: State of Texas Mine

The Committee has considered your request for quota revision on the State of Texas Mine. While you have furnished us with almost no information with respect to your expected costs, tonnages of ore to be produced monthly, grades of ore to be produced, expected revenues, and so forth, we have made an exhaustive attempt to analyze the data you have furnished.

As we understand it, there seems to be a probability that some 400 tons a month can be produced from your mine. Judging from the results of the 2 carloads for which you sent us settlement sheets, the returns on your ore may average as follows:

Net Mill -----	\$10.65	a ton
"A" zero premiums -----	8.00	a ton
	<u>\$18.65</u>	a ton

Again, estimating a 14-month amortization period for your RFC loan and a 20-year (two) period for your capital program, we estimate that your costs might be about as follows:

Mining -----	\$5.00
Current Development -----	2.50
Trucking -----	3.00
General -----	1.00
Operating -----	<u>\$ 11.50</u>
RFC loan -----	2.50
Capital Program -----	<u>2.75</u>

\$16.75

Under the circumstances we are denying your request for quota revision. If you wish to file with us Form WPB-2465, copies of which are enclosed, with information which might indicate errors in the above, we will be glad to reconsider the matter. With respect to your numerous letters and telegrams, we may mention that this Committee is struggling under a heavy volume of work and applications are treated in the order received.

Very truly yours

(signed) Landon F. Strobel

Ex. Secy Quota Committee, Premium Price Plan for Copper, Lead and Zinc
Room 2047 Temporary "R" Bldg., Washington, D. C.

Copy

June 24, 1943

Mr. Landon F. Strobel
Executive Secretary, Quota Committee
Premium Price Plan for Copper, Lead & Zinc
Room 2047, Temporary "K" Building
War Production Board
Washington, D. C.

Dear Mr. Strobel:

This will acknowledge receipt of your letter of June 14th. I returned from our State of Texas Mine on the Mexican border on the 22nd, expecting to receive the report of the Quota Committee on their consideration of our request for the "B" and "C" premiums on zinc and lead, and the best they can do for our limited copper. Mr. Strobel, I only wish that those in Washington had to be on the ground to go through the trials and tribulations which every small producer apparently experiences.

I explained our case completely. There is no question, despite the excellence of the ore, that due to the deductions and treatment, and the many penalties which are added to mining, which include the various taxes, industrial compensation insurance, in our case truckage, paying back the RFC loan with interest, and our mining costs, that it is absolutely impossible to continue to ship ore unless we do receive the "B" and "C" premiums as outlined. The settlement sheets show that we have less than 1/3 to meet the expenditures that I have mentioned. If our government requires zinc for the war effort, and other strategic minerals, why are the small operators not given the consideration that is justly due them? The least that could be done would be to tell us "where we are at". We have acted in good faith and we are all under the impression that the strategic minerals are needed and that the premiums are available, and that the premiums were made to take care of the unusual conditions existing in mining today. Please make a personal effort to obtain a favorable report from the Committee and advise me without further delay.

You understand the problems of small miners trying to hold an organization together, under such circumstances, when we are absolutely dependent on the receipt of the "B" and "C" premiums to keep ours in operation.

Please correct your file letter of June 14th to read "The State of Texas Mine" instead of "The Star of Texas Mine".

We have exhausted our RFC "B" Loan funds. We have demonstrated conclusively that we could produce ore with the expenditure of this fund and we are willing to go ahead providing we can mine our ore without loss and with some hope of, not only paying our way, but perhaps paying something on our investment.

Sincerely,

YAVAPAI COUNTY COUNCIL ASMOA

Grace H. Sparkes, Secretary

GMS:cc

Copy

Hereford, Arizona, June 9, 1943.

AIR MAIL

Re: Premium Quotas

Mr. Landon F. Strobel,
Executive Secretary Quota Committee,
Premium Price Plan for Copper, Lead and Zinc,
Room 2047, Temporary "R" Bldg.,
War Production Board,
Washington, D. C.

Dear Mr. Strobel:

Referring to your letter of May 29th, please be advised that I took the liberty of wiring you May 25th, longram, from Prescott before leaving for the mine, because I knew our situation demands immediate attention. We have been in earnest in our efforts to mine zinc for the war effort, otherwise I can assure you, with the many trying circumstances and situations which constantly arise, we would not be justified in continuing.

I have studied Forms WPB-1572 carefully for some time and could not see where it fit our particular case. The same holds true with respect to Form WPB 2645, which reached me here at the mine. However, we have filled out Form WPB 1572 to the best of our ability and wish to supplement this with the following facts:

We feel we are entitled definitely to the "B" and "C" quotas on lead and zinc and the best you can give us on our limited copper.

We must have action and know one way or the other, because we cannot continue our operations otherwise. It is a case of going ahead or shutting down. We cannot tide ourselves over for delays, or involved reports, which we cannot furnish requiring technical data.

We are working under a \$14,000 RFC "B" loan. The itmes of this loan were figured prior to the War and were made to fit conditions then: for example, labor was estimated (and we could have obtained all we needed) at \$5 per day. Today it is close to \$8. Material, equipment and supplies were then available and at much lower figures than when we were finally able to get our loan into operation. Involved delays due at one time to priorities, waiting for serial number, quotas, etc., caused serious and costly delays for this small project. This loan must be paid back. Our first eight promissory notes to the RFC of \$1,000 each are due and payable on July 1, 1943; the balance of \$6,000 are due and payable Jan. 1, 1944. Interest must be paid at the rate of 6%. Mining, milling, smelter, labor, equipment, materials, trucking, freight, assaying and supplies of all kinds have increased terrifi- cally over the budget we originally prepared and under which we were granted our loan in October 1942 and are now operating.

Here is a list of the additional taxes and expenses which must be paid: county and state taxes; social security deductions; 1%; employers tax 3%; sales tax on metals and on premium payments; workman's compensation and industrial insurance (ours was hit for \$12.25 per \$100) we have recently changed to Lloyd's of London where we can effect a saving of from 20 to 35%.

Getting into operation, as you know, is the toughest part of all. We have every confidence in this property - we are in an isolated region and our costs

(2)

naturally are materially higher than perhaps in more centrally located districts.

For your information, I have worked diligently on this project -- have received nothing to date. Our superintendent Mr. Perry L. Bones is working for \$200 per month and many months his salary goes back into the project. He could transfer to defense jobs in this very neighborhood (as some of our workers do and command \$17 to \$20 per day.) In addition, I have put considerable of my own money into the furtherance of the work, since October, and for years prior to the time we could get into operation. The involved clerical work alone which I must handle, I can assure you is tremendous.

We have made our boarding house carry itself to-date, but cannot continue this plan due to increased costs.

At the time I obtained the RFC loan, others interested in this mine turned over their interests to me, so the project could be approved and I am under personal obligations to try and make a return to them, as well as to myself, if it is humanly possible so to do. Please pardon the personal reference, but the mental, physical and financial expenditures I have made to try and put this property into operation and production have been heavy contributing factors. As another illustration, no transportation for myself has ever been charged against the project.

PRESENT OPERATIONS: We are drifting, raising and stoping in ore. Working two crews, day and night shift, six men. We have shipped six cars of ore to-date and are working on the 7th car at the time of this application.

Shipped 1st car	---	Mar. 13, 1943	Rec'd Mill Return	April 5	"A" Premium	May 15
" 2nd	2	--- May 3, "	" "	May 14	Premium Not	Received
" 3rd	"	--- May 25, 1943	Mill Return	Not Received	" "	" "
" 4th	"	--- June 2, 1943	" "	" "	" "	" "
2	5th	--- June 3, 1943	" "	" "	" "	" "
"	6th	--- June 9, 1943	" "	" "	" "	" "
"	7th	--- June 9, 1943	" "	" "	" "	" "

(a) RECENT SUBSTANTIAL CHANGES IN ORE RESERVES DUE TO INADEQUATE OR UNSUCCESSFUL

EXPLORATION: While an adequate development program has been recommended for this property, due to the emergency, war conditions and the demand for zinc and ores of the type found in the State of Texas, we were instructed to work solely on ore. Therefore, because of these conditions and due to inadequate funds for exploration, we have mined nothing but ore, and have done no development other than that exposed in getting out the ore. In mining nothing but ore, and in extracting this ore, we have, however, blocked out ore exposures from the 85' level to the surface. We were disappointed in the tonnage of estimated ore from the dumps, due to oxidization, but we are re-working them. The mine merits exploration and we have contacted both the U S Geological Survey and the U S Bureau of Mines urging them, if possible, to immediately investigate the mine and to carry on a drilling development program. U. S. Geological engineers are now here - Arthur Richards and A. L. Brokaw sent by Mr. Edwin T. McKnight of the Zinc Division of the U S Geological Survey, Washington. We expect the U. S. Bureau of Mines engineers in shortly. It is impossible at present to estimate ore reserves or ore in sight, or probable extent of the deposit. For your information, we attach excerpts from several reports covering recommended development.

We also attach copies of mill settlement sheets received by us to-date.

(3)

You will note they include smelter and transportation costs with the exception of trucking and mining costs. To us, the deducts seem tremendously high. They speak for themselves and again show conclusively that we must have the "A" "B" and "C" premiums to continue present operations and the production of zinc ore.

(b) EXPECTED CHANGES IN GRADES OF ORE TO BE MINED DUE TO CHANGING GRADE OF ORE RESERVES OR INTENDED INCREASES IN PRODUCTION RATES BY THE MINING OF LOW-

GRADE ORES: The ore in which we are now working, will drop in grade as we approach the surface due to leaching and oxidization. Due to the present cost of labor, transportation and treatment, this low grade ore will naturally increase production costs. It cannot be mined under Class "A" premium and can only be mined through Class "B" and "C" premiums. There is a much larger tonnage of this low grade ore than there is of the high grade. With the evidence we now have that we cannot mine the higher grade without the "B" and "C" it stands to reason that it is impossible to mine the second grade without the additional "B" and "C" premiums. We shipped our first car of high grade dump ore, expecting we would be granted the "B" and "C" premiums on this and following cars, which would assist us with our costs of truckage, freight, mining and milling and help us continue in operation. Cost of trucking is \$3 per ton - 28 miles to the ramp and then via Southern Pacific rr to the Shattuck Demm Mill for two miles - railroad switching charge is \$7.40. We spend considerable time and money conferring with various officials (some with the Arizona Department of Mineral Resources, the RFC, the Bureau of Mines, U. S. Geological Survey and WFB before and after obtaining our loan and before and after getting into operations) to obtain their technical advice. With the exception of the Arizona Department of Mineral Resources, this data is not available to the owner, but to their respective departments. This is passing comment, but shows evidence of good faith on our part to develop this promising property. Few small outfits are working on their ore such as are we. We need the premiums to keep this ore rolling. Our ramp has given considerable trouble and expense, but yesterday we were finally able to make arrangements to truck direct, we hope, to the Shattuck Demm mill, although we will be put to additional expense to fix for this. ACCESS ROAD: We requested assistance early on an access road project from the camp to the mine for trucking purposes, but to-date no action has taken place although we were told after engineers had been here they would build an access road. As stated before, delays are costly, and we wound up building our own present road. This is money expended from our project. Work can still be done to better road conditions if and when they come in on the proposed access road.

(c) CONTEMPLATED CAPITAL EXPENDITURES:

Development by drifting and raising 400 feet @ \$15 per ft -----	\$ 6,000.00
2 -- 45 ft raises @ \$15 per ft -----	1,350.00
N cross cut below present workings	
170 feet @ \$15 per foot -----	2,550.00
Sinking --- 300 ft shaft @ \$45 per foot -----	13,500.00
(note: Sinking will depend upon outcome of proposed diamond drilling) \$	23,400.00
Maintenance and repair on present equipment 5% of proposed	
development costs -----	1,170.00
	\$ 24,570.00

In addition to this supervision, insurance, compensation, interest, taxes and contingencies must be paid --- 10% may cover this making the total \$27,027.00.

Due to drought conditions in this area, which are the worst in many years, it is necessary for us now to haul water for both mine and camp operations. We had planned originally to obtain water from an old mine shaft 265 feet deep. When loan application was filed this shaft was in fair condition. Unfortunately, this

(4)

caved between the time the loan was granted and we were able to get into operation. No provision had been made for reconditioning shaft in our original budget. There is every reason to believe that a good supply of water can be developed through drilling and this should be done. Estimated cost \$500.00.

It is possible a saving could be effected through the mine owning its own truck and operating the same. This is being given consideration.

(d) EXPECTED CHANGES IN OPERATING COSTS: See present operations. Page 2. Because of the critical condition of labor and the type of labor obtainable in this area, there can be no positive estimate made of changes in operating costs of material and labor, which apparently are not declining.

(e) CONTEMPLATED DEVELOPMENT PROGRAMS WITH SPECIFICATIONS, ESTIMATED COSTS AND STATEMENTS OF THE DEGREE IN WHICH THESE ARE DEPENDENT UPON PREMIUM PRICE PAYMENTS: Present operations as well as contemplated development program, outlined in (c) which calls for an expenditure of approximately \$30,000 exclusive of contemplated diamond drilling are absolutely dependent upon the payment of the "A" "B" and "C" premiums.

(f) DIMINISHING LABOR SUPPLY AND EXPECTED DIFFICULTIES IN REPLENISHMENT: Large copper mines, because of the bonus plan in effect for copper miners, have first call on first-class labor. Our small outfit depends largely upon second-class labor, older men who cannot qualify physically for the copper mines. This is our principal source of labor and will continue to be. To-date we have kept our crews filled and with from fair to good results.

(g) INCREASED WAGES AND THEIR IMPACT ON COSTS, AND SO FORTH: We must pay the union scale in this district.

The entire financial position of our mine, as explained, is revelant to the problem of quota revision. Enclosed herewith is a copy of our present financial status.

We again repeat it must be borne in mind that we started from tax, preparing, purchasing, equipping our camp and mine for operations. This camp was gutted during the depression days by thieves and our entire camp with large machinery was stolen and sold to junk dealers. We made no recovery. Hence, necessity for cash outlay as outlined.

We have gone into considerable detail to show you exactly our conditions. We believe we are entitled to the "B" and "C" premiums on lead and zinc and the best you can give us on our limited copper. We have worked conscientiously, diligently and in a prudent manner. We have felt and know the price of these metals is too low for successful operations unless the "B" and "C" premiums are granted. Our experience proves this. We are unable to operate on too close a margin, and it is therefore a straight case of receiving the additional premiums or shutting down. We have no choice.

Your prompt attention to our request will be more than appreciated. To help ease this situation, which is serious, we respectfully request that you wire us the result of the Committee's decision. In the face of these facts, we naturally hope and expect they will grant our revision. Please accept my thanks for your helpful co-operation.

Sincerely,
(signed) Grace M. Sparkes

EXCERPTS FROM REPORTS -- RECOMMENDING DEVELOPMENT PROGRAM -- REFERRED TO ON PAGE 3.

From Report of T. J. Sparkes - dated at Bisbee, Arizona, October 2, 1936.

"DEVELOPMENT: The area along the contact is of sufficient size and the mineralization gives sufficient evidence of copper possibilities to warrant development. A cross-cut now in 150 feet, extended 170 feet further would cut the contact a depth of 175 feet. The main features in the making of the property a paying mine, undoubtedly lie in the ores from the zinc-lead, silver and copper. The out-crop of the zinc-lead is in the lime, approximately 100 feet south from the contact, and covers an area 100 feet north and south, by 300 feet east and west. The old 23 deg incline shaft, a cross cut of the ore body, shows a width of 70 feet, and the sulphide ore varies from 3 feet in thickness about 20 feet from the collar, graduating up to 12 feet at the bottom (see field sketch.) There is nothing in common with the origin of the zinc-lead ores and that of the copper possibilities along the contact. The mineralized gases which replaced the minerals in the lime evidently came from a source slightly north of east, from the old incline shaft. Other than stoping of the 1,500 tons, some years past, there has been no development along the strike (east and west) of the present ore body. Conditions are very favorable for quick and economic development of the mine. Drifts should be run both east and west at bottom of the present exposed ore body; also two north cross-cuts of approximately 200 feet each, cross-cutting the outcrop east from the old workings and at a lower depth. The cross-cuts and drifts, totalling some 800 feet of work, can be done without hoisting, and the various places of development can be worked by one compressor.

"VALUES: The estimated available tonnage of sulphide ore in the mine is 1,000 tons; dumps 500 tons: (at the present value of metals, the ore will average \$30.00 per ton as follows:)

		Au.	Ag.	Cu.	Pb.	Zn.
Mine	1,000 tons	.05	9.41	.67	5.15	20.24
No. 1 Dump	300 tons	.06	13.22	.80	7.50	24.00
No. 2 "	200 tons	.02	6.60	.54	2.80	16.50

As estimated from the present workings and character of ore, also the strong zinc-lead outcrop, the mine has in the "Upper Zone" a potential possibility of 20,000 tons of ore."

NOTE T. J. SPARKES is father of Grace M. Sparkes. Mr. Sparkes is now deceased.

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FROM REPORT J. S. COUPAL, DIRECTOR, DEPARTMENT OF MINERAL RESOURCES, STATE OF ARIZONA. FIELD ENGINEER'S REPORT. ENGINEER J. S. COUPAL. DATE OCT. 29, 1940.

"The general geology at the southern end of the Huachuca mountains shows a granite core, which rises to an elevation of about 8,000 feet, flanked with sedimentaries - limestones and shales in the lower elevations of around 5,400 feet. The ore occurrences are at the granite-limestone contact, where copper minerals predominate and in replacements in the limestone where zinc-lead ores predominate. There are other ore showings besides those on the Texas group--along and near the contact on both the westerly and easterly flanks of the mountain..... The general development in the area has been comparatively shallow and limited to outcrops. The structure, general geology and wide-spread mineralization warrant a careful study which could probably be supplemented by a geo-physical prospecting for both contact and replacement ore. The major ore showing on the State of Texas claim is a replacement deposit of zinc-lead sulphides in the limestone at a distance of about 100 feet from the lime-granite contact. This ore body outcrops on the surface and is opened up by irregular workings which show a general dip of 23 degrees toward the contact -- an inclined depth of about 70 feet, a length along the general strike of the contact

(2)

of from 100 feet to 150 feet and a stoped width in one place of some 20 feet. Ore still shows both in depth and length on this ore body but due to its irregular shape and the general nature of replacement ore bodies any estimate of tonnage possible or probable would only be guess work. The contact deposit has been developed to only a shallow depth. A cross-cut, now in 150 feet has not yet reached the contact. A shaft about 250 feet has been sunk near the contact but has not yet reached ore. Development work on both cross cut and shaft are justified. The area and particularly the State of Texas group of claims warrant active development. Other development along and near the contact should open up additional ore bodies."

#####

FROM SUPPLEMENTAL REPORT J. S. COUPAL, DIRECTOR ARIZONA DEPARTMENT OF MINERAL RESOURCES - dated May 1, 1941: "Supplementing the Synoptic Report of the State of Texas mine, made October 29, 1940, the property was again visited on April 13, 1941 in order to check former samplings and to roughly sketch the underground workings of the silver-zinc-lead deposit. A blueprint is attached showing the major workings on this deposit. The plan and cross-section show an incline stope, sunk from the surface on the outcrop, which varies in width of of from ten to forty feet; is about 80 feet in length on the slope and shows a thickness of ore of from four to six feet. The stoped area is cut by a tunnel, the elevation of which is 34 feet below the collar of the stope. The ore occurs as a lense, in the bedding plane of the limestone, which at this point dips about 23 degrees from the horizontal and to the north. There is a vertical winze near the end of the stope which is filled with gob and is only accessible to a depth of five feet below the tunnel level, with the collar set of the winze timbered and exposed. Two feet to the north of the winze an east-west fault, dipping about vertical, cuts off the major ore showing The development suggested is to drift east and west on ore at a point near the vertical winze and to drive such raises as are necessary to block out a sufficient tonnage of ore so as to justify further exploration work by sinking, drilling or by geo-physical work."

#####

FROM APPLICATION TO RFC FOR MINE LOAN APPROVED SEPT. 2, 1942. From Reports T. J. Sparkes and J. S. Coupal. PROPOSED DEVELOPMENT: It is proposed to develop the present ore body by drifting, raising and perhaps sinking on the present ore showing. The values expected to be developed are shown on the attached assay certificate and range from \$23.60 to \$56.25, figuring gross values at \$35.00 per ounce for gold, 71.11¢ per ounce for silver, 5.85¢ per pound for lead and 7.25¢ per pound for zinc. If the ore continues, as exposed, and the 400 feet of drifting is all in ore and maintains the average of 6 feet in width, the proposed work would develop a volume of 400x100x6 or 240,000 cubic feet which on this ore will be about 10,000 tons. No estimate as to the cost of producing or of marketing the product is available. The proposed loan is for development work. There has been no recent production and the proposed development should prove 10,000 tons of ore."

#####

TENTATIVE FINANCIAL STATEMENT --- June 9, 1943.

RECEIPTS:

RFC "B" Loan ----- \$14,000.00 - \$14,000.00

MILL RETURNS:

	Mill	Premium	
Car No. 1	\$730.62	"A" \$573.49	- \$1,754.33
Car No. 2	464.77	Not received	- 464.77
			<u>\$2,219.10</u>

Less truckage and labor
Levelling cars

336.17
\$1,882.93

1,882.93
\$ 15,882.93

Note truckage and labor levelling cars included below:

336.17
\$ 15,219.10

DISBURSEMENTS:

	\$			
Development -----	8 777.00	Labor -----	\$ 6 295.32	
Mining -----	3 637.60	Materials ---	4 443.35	
Milling -----	1 713.31	Other -----	3 725.41	
Other -----	336.17			
	<u>14 464.08</u>		<u>\$14 464.08</u>	<u>\$ 14,464.08</u>
				<u>\$ 1,755.02</u>

COMMITMENTS:

Bills Outstanding -----	\$ 1 658.96
Insurance due -----	546.25
	<u>\$ 2 205.21</u>
Pay Roll estimated June 1-15 -----	800.00
	<u>\$ 3 005.21</u>
Pay Roll estimated June 15-30 -----	700.00
	<u>\$ 3 705.21</u>

DEVELOPMENT PROGRAM PROPOSED HEREIN,
exclusive of diamond drilling ----- \$ 30,000.00

Due Reconstruction Finance Corporation:
July 1, 1943 ----- \$ 6,000.00
Jan 1, 1944 ----- 6,000.00
Plus interest rate 6%

ASSETS: Mine in ore. Camp established. Costs established.
Mill returns due on our shipments Nos. 3, 4, 5, 6, and 7.
Premiums due on Cars Nos. 2, 3, 4, 5, 6, and 7 and we hope and expect
we will be paid "B" and "C" premiums on Cars Nos. 1-7 inclusive and future shipments.

#####

SHATTUCK DENN MINING CORPORATION

LEAD - ZINC ORE SETTLEMENT

SHIPPER:	State of Texas Mine	- Miss Grace M Sparkes	Mill Lot No. 21
Car Number	Date Received	Shipper's Lot Number	Pounds of Ore Wet % Moisture Dry
S. P. 94978	3/13/43	1	116140 1.2 114746
			Net Dry Tons 57.373

PAYMENTS

Gross Assay		Gross Content		Per cent Paid for	Units of Metal Paid for	Metal Prices	Amt Per Ton Ore
Gold	1045 ozs	2.582 ozs.		53.09%	1.500 ozs.	32.50	48.76
Silver	8.90 "	510.62 "		86.04%	449.65 "	.70	314.76
Copper	.36%	413 lbs.		51.82%	214 lbs	.0555	11.88
Lead	5.25%	6024 "		65.74%	3960 "	.0490	194.04
Zinc	17.00%	19507 "		76.50%	14923 "	.0794	1184.89
TOTAL PAYMENT							\$ 1754.33
CONCENTRATES FREIGHT					\$120.88		
Concentrates transportation tax					3.63		
Concentrates treatment					506.53		
Milling					186.46		817.49
NET MILL VALUE							936.84
Handling (20% of Net Mill Value)							127.37
NET SETTLEMENT							\$ 749.47
Ore Freight					18.30		
Ore Freight Transportation Tax					.55		18.85
BALANCE DUE SHIPPER							\$ 730.62