

1 Q When was the assignment made?

2 A I recorded it I believe in December of
3 '61. I would have to refer to be positive, refer
4 back to some notes that I don't have with me, but
5 I believe it was December, 1960. He died in '61.
6 It was December of '60.

7 Q How long before he died?

8 A He died in May.

9 Q Five or six months?

10 A Yes, five or six months.

11 Q Was he ill and incapacitated at the time
12 you made the assignment?

13 A Mr. Campbell was ill. He had been ill
14 for the last several months off and on. I don't
15 know about the heart condition, but he was ill.

16 Q Was he ill in a hospital?

17 A No, he was in his home.

18 Q What did you pay him for the assignment?

19 A I didn't pay Mr. Campbell anything but
20 \$10 and other valuable consideration.

21 Q Did you give him \$10?

22 A Yes.

23 Q Nothing else?

24 A Other than other valuable considerations.

25 Q What does that mean?

26 A Do I have to answer that, Art?

1 MR. PARSONS: Answer it.

2 THE WITNESS: Other valuable considerations.

3 Q BY MR. PERRY: What precisely, sir, did
4 you give Mr. Campbell for the assignment of the
5 lease?

6 A Just \$10 and other valuable considerations.

7 Q What do you mean by "other valuable
8 considerations"?

9 A Mr. Campbell owed me a considerable amount
10 of money. I had done some favors for him, some
11 personal favors. I had assigned him some property
12 that he could raise some money on, and Mr.
13 Campbell owed me something, and this is one way he
14 could repay me.

15 Q Mr. Campbell was then indebted to you, is
16 that right?

17 A Yes, sir.

18 Q Did the assignment of the lease liquidate
19 in full any debt that he owed to you?

20 A The assignment of this lease?

21 Q Yes, sir.

22 A Yes, sir.

23 Q So after he assigned the lease, why, he
24 no longer owed you anything, is that right?

25 A That is right.

26 Q Did he retain any interest in the lease?

1 No, unless you want to consider Mr. Campbell
2 living and Mr. Campbell paying me what he owed me
3 which he couldn't.

4 Q Are you saying, sir, that he assigned the
5 lease to you as collateral for a loan?

6 A No, not for a loan, no, sir.

7 Q He owed you money?

8 A I had done favors for Mr. Campbell for
9 five or six years. Mr. Campbell had never paid
10 me a salary. He was trying to help me.

11 Q In other words, he owed you money, and he
12 assigned the lease to you with the understanding
13 you would give it back if he paid what he owed you,
14 is that right?

15 A Well, that understanding wasn't in writing.
16 Mr. Campbell and I had a lot of understandings
17 verbally.

18 Q What was your precise understanding at the
19 time that he assigned this lease and executed the
20 written assignment?

21 A Verbal understanding?

22 Q Absolutely.

23 A Mr. Campbell let me have this until if he
24 could pay me back. If he couldn't, then it was
25 mine.

26 Q I take it then at the time of his death he

1 had not paid you back?

2 A No, sir.

3 Q So you felt that the fact of his death
4 without payment constituted all you needed to say
5 the lease was definitely yours?

6 A Yes, I felt that way. I have always felt
7 that way.

8 Q But up until the time of his death, why,
9 Mr. Campbell had a right to redeem that lease by
10 paying you what he owed you?

11 A Verbally, yes. I don't know about
12 legally, but verbally and morally.

13 Q That was your understanding?

14 A Yes, I mean morally.

15 Q Will you tell me, sir, why in May of 1961
16 the royalty check to Mr. Cowden was paid by
17 Campbell Drilling Company and not by you?

18 A Yes, sir, I can explain that, I surely
19 can. Can you tell me the amount of that check?

20 Q \$368.21.

21 A That must have been the royalty check for
22 the C. K. Williams order. Mr. Campbell had put a
23 considerable amount of money into this property,
24 and I had put a considerable amount of time in it.
25 I felt like at this time that he needed the money.

26 Q Was Mr. Campbell alive at that time?

1 A No, I don't believe so. He died May 9th.
2 I had the check from C. K. Williams to go to the
3 Western Drilling office in Lubbock.

4 Q In other words, even though you had an
5 assignment of the lease in your possession in May
6 of 1961, Mr. Wright, when a sale of ore was made
7 the payment was accepted and retained by the
8 Campbell interests?

9 A That is right, absolutely.

10 Q And not by you?

11 A Not by me, no, sir.

12 Q The royalty due under the lease was paid
13 to Mr. Cowden by Campbell?

14 A Well, he had all the money. I mean the
15 office had the money.

16 Q Will you answer that question yes or no?

17 A You got the check. They signed it.

18 Q Mr. Wright, if necessary, even though we
19 may be able to establish things by other means
20 that we determine your knowledge, and that is the
21 purpose of this session today. So I will ask you
22 again, is it a fact that the Campbell interests,
23 that is, Mr. Campbell, Campbell Drilling Company,
24 paid the royalty due under the lease after this
25 sale to C. K. Williams about May of 1961?

26 A Yes, sir, they paid it. They had all the

1 money from the C. K. Williams sale. It was only
2 right that they pay it.

3 Q Up to the time that the lease was
4 assigned to you, which as I recall was in
5 December, 1960, had there been any mining done?

6 A Up to 1960 had there been any mining done?

7 Q Yes, sir.

8 A Yes, sir.

9 Q Who did the mining?

10 A I did it. I mean I did it with help. But
11 at that time I was working as an agent for Mr.
12 Campbell.

13 Q Do you have notes with you that can help
14 you refresh your memory about what happened on the
15 property?

16 A Yes.

17 Q Good. Let's start, if you will, please,
18 with December of 1960 and we will work back. Tell
19 me what mining was accomplished in December of
20 1960.

21 MR. PARSONS: Mr. Perry, it would be more
22 simple to let this man work forward instead of
23 backwards. Why not let him begin at the beginning
24 so his memory can describe it with his notes
25 rather than the reverse of it?

26 THE WITNESS: I would certainly like to have a
chance to answer these dates. This goes back to

1 1955.

2 Q BY MR. PERRY: It's quite a long time,
3 isn't it?

4 A Yes.

5 Q How many tons of ore have been sold off
6 that property since then?

7 A Actually sold by myself, now?

8 Q I don't care who sold it. During the
9 term of this lease --

10 A I am going to say this. I can say by us
11 or by myself, the ones that I was associated with
12 that I knew was sold. That is the only way I can
13 answer. Art, that is what I actually know.

14 Q All right. How many tons of ore were
15 sold pursuant to the terms of this lease from 1955
16 to the present time?

17 A I would have to add it up. I don't know.

18 Q It doesn't have to go into higher
19 mathematics, does it?

20 A I hope not. I sold 181 tons to Phoenix
21 Cement. I sold approximately 720 tons to C. K.
22 Williams. I sold 1,000 tons to Ferro-Oxide
23 Research. I stockpiled about 10,000 tons. You
24 asked how many had been sold.

25 Q That comes to 1,901 tons sold since 1955,
26 is that correct?

1 A 1956. I said it started in 1955. That
2 means that was the first time I saw the property.
3 I beg your pardon. There was 50 tons sold to
4 C. K. Williams & Company back in 1957 for a batch
5 test.

6 Q So it's 1951 tons?

7 A I believe that that is all that I have
8 personally sold.

9 Q How many tons have you stockpiled on the
10 property?

11 A There should be about 10,000 tons left
12 there, at least the last time I saw it.

13 Q Is that 10,000 long or short tons?

14 A Well, it would have to be considered
15 short tons. It's probably 10 per cent off of that,
16 somewhere around 8500 long tons. If you get into
17 long dry tons you will have to knock a little bit
18 more off, 1 per cent more, so let's say 8500 tons.
19 There should be that much stockpiled.

20 Q How many days labor, how many man days of
21 work is involved in mining approximately 10,000
22 tons of ore.

23 A There may be more than that mined. There
24 has been probably twelve or thirteen thousand
25 mined over all. Everybody that comes by there
26 gets 50 or a hundred pounds, 200 pounds, and that

1 adds up in five or six years time. There has
2 been approximately thirteen or fourteen thousand
3 tons mined.

4 Q Well, you have stockpiled around 10,000
5 and you sold about 1900. That is approximately
6 12,000.

7 A And a few hundred pounds have been given
8 away here and there, so I am going to say that I
9 have mined thirteen or fourteen thousand tons.

10 Q Tell me if you will, please, how many man
11 days of work it takes to mine thirteen or fourteen
12 thousand tons?

13 A That is awfully difficult to answer. It
14 depends on the type of mining operations you are
15 doing.

16 Q I am talking about this mine, and I am
17 talking about the work you did.

18 A That is not the way you stated your
19 question. You said how many days will it take to
20 mine that much ore.

21 Q I will change it. How many days did it
22 take to mine this much ore?

23 A It was done over a period of time.

24 Q Yes, sir. Add them all up and tell me
25 how many days and how many men were spent out
26 there?

1 A I cannot do that, Art, and I will not
2 perjure myself to say how many days. I don't
3 know how many days. We have worked overall
4 months on that property. I don't know. This was
5 done periodically. No, sir, I won't answer that.
6 I can't answer that the way you stated it. I
7 cannot answer it.

8 Q Let me ask you this. What is the largest
9 number of men that have worked out there at mining
10 at any given time?

11 A At one time I had a total, drillers and
12 miners, truck drivers and all in mining operation
13 about 15 men.

14 Q All working at the same time?

15 A Yes, sir, doing various jobs at the same
16 time.

17 Q Let's take the 15 men and figure out what
18 each one was doing.

19 A I said approximately 15.

20 Q All right.

21 A You want them by name, the ones that I
22 can name?

23 Q No, sir. Just give me numbers and what
24 their occupation was. How many miners?

25 A I had four miners that were considered
26 miners.

1 Q These men would be doing what?

2 A They would be drilling the blast holes
3 and loading the holes with dynamite.

4 Q And doing the blasting?

5 A Yes, sir, and doing the blasting.

6 Q Who else?

7 A I had one cat operator. I had one truck
8 driver. I had three drillers.

9 Q What would the drillers be doing?

10 A They were doing some exploration at the
11 same time we were mining.

12 Q This was not mining but this was
13 exploration?

14 A Well, no, it's considered part of the
15 mining. We were doing some drilling. You have
16 got to consider your drilling, the knowledge you
17 acquire from it, as part of your mining.

18 Q These three drillers, were they working
19 on the patented claims or were they working on the
20 unpatented claims?

21 A Most of the actual drilling was done on
22 the patented claims.

23 Q All right. Who else was there?

24 A The contractor that was doing the job had
25 two men there supervising it. We worked off and
26 on. Sometimes we worked 20 hours. Sometimes we

1 only worked ten-hour shifts.

2 Q These supervisors, they were supervising
3 the miners, were they?

4 A Yes, sir, it was contract work. Don't
5 misunderstand me. We told them what to do, and
6 they were supervising their own men.

7 Q Who else was there?

8 A Myself and about three helpers who did
9 odd jobs. They worked the grizzlies. They
10 helped load the holes and helped the miners. They
11 were just utility men. They were helpers.

12 Q For how long a period did this crew
13 actually work on the premises?

14 A We worked for several weeks there -- I'm
15 not saying all these men were there all the time --
16 doing the stripping and getting the pits ready
17 and then opening up the pits and stockpiling the
18 ore, and that consisted of several weeks time.

19 Q In what year did this take place?

20 A I believe this was in 1957. Yes, this
21 was in 1957.

22 Q Since that time and not including this time,
23 Mr. Wright, can you give me an estimate of how
24 many man days have been employed in mining the
25 property?

26 A Art, I'd like to state now that I don't

1 understand the word "mining." I would like to
2 have the word "mining" clarified. Do you mean
3 breaking the ore, or what does it mean?

4 Q You define it in your fashion.

5 A Is your name Perry?

6 Q That is right.

7 A I consider, Mr. Perry, mining as drilling
8 and mining and the actual breaking of the rock,
9 the stockpiling of ore, the screening of ore, the
10 pursuance of markets. I consider all this mining.
11 It has got to be one part of the same thing or it
12 will not go.

13 Q In other words, you have to have all of
14 these things or you don't have anything, is that
15 what you are saying?

16 A I am saying that you cannot have a
17 complete program if you don't have all of these
18 things.

19 Q Then you cannot be mining unless you are
20 producing and selling ore?

21 A The mining of the actual rock, the
22 breaking of the rock, you can be doing that.

23 Q There are two definitions, is that what I
24 understand you to say?

25 A I am saying it has got to be part of
26 all of it.

1 Q In order to be fully mining, according to
2 what I understood you to just say, you have to
3 be breaking rock, blasting it, removing it from
4 the premises, shipping it away and selling it?

5 A Yes, sir, to have a full mining program,
6 yes.

7 Q And unless you are doing the whole thing,
8 the whole range, then you are not fully mining?

9 A I say you can be doing any part of it,
10 Art.

11 Q Would you say that if you are doing
12 nothing but looking for markets that you are mining?

13 A Not in the term that mining would be used,
14 I don't suppose.

15 Q In other words, it takes more than merely
16 looking for a market to be in the mining business?

17 A Yes, sir, definitely.

18 Q How many tons of ore can you mine in the
19 sense of blasting and moving rock in a day out
20 there at that property?

21 MR. PARSONS: How big a crew?

22 MR. PERRY: I am not the witness.

23 THE WITNESS: Mr. Perry, it's like I said, that
24 is awfully hard to answer. If you get your pit
25 completely ready, then you can mine in my opinion
26 very efficiently a thousand tons per day.

1 Q BY MR. PERRY: In other words, an
2 efficient operation would mine the 14,000 tons
3 that you have talked about in around ten days?

4 A No, sir. You misunderstand. You have got
5 to get your pit ready which consists of moving
6 several thousand yards of overburden. You have
7 got to get ready for it. But you asked me how
8 much you could efficiently mine. If your pit was
9 ready, you could make a nice efficient economic
10 operation out of it at 1,000 tons a day.

11 Q How long has that pit been ready?

12 A The pit is not ready for that kind of
13 operation. It never has been ready. The pit
14 that is opened up, it's opened up for show. It's
15 opened up to get enough ore out to satisfy the
16 people that we have a deposit. The pit has never
17 been opened up for a steady operation.

18 Q In other words, although this lease has
19 been in effect since 1956 the pit has never been
20 ready for operation?

21 A No, sir, I didn't say that. It has never
22 been ready for a thousand ton a day operation.
23 You can go in and take a few hundred tons out or
24 you can remove some more overburden and take
25 several thousand tons out.

26 Q Do you presently have any interest in this

1 lease or in the Cowden mining property?

2 A Yes, I have an interest. I don't know
3 how you define interest, but I wouldn't assign
4 something for nothing.

5 Q Well, sir, tell me what your present
6 interest is in the lease and in the Cowden
7 mining property.

8 A Art, I have no objection to showing him
9 my lease. I don't know about Mr. Swartz.

10 MR. PARSONS: I believe there is an assignment
11 of record you can testify about.

12 THE WITNESS: Right.

13 MR. PARSONS: So what is there beyond that?

14 THE WITNESS: Nothing that is of record, no
15 side deals, if that is what you mean. There is
16 just an assignment.

17 Q BY MR. PERRY: You assigned your lease to
18 Mr. Swartz, is that right?

19 A Yes.

20 Q What did he pay you for that?

21 A He hasn't paid me anything.

22 Q What is he going to pay you?

23 A Well, I get a minimum royalty and I get a
24 royalty based upon the net sales -- well, really
25 not net sales. It's gross sales less the actual
26 milling costs and less the transportation costs,

1 so it's a gross net sale.

2 Q Is this a written contract between you
3 and Mr. Swartz?

4 A Yes, sir.

5 Q Was that contract executed coincident with
6 the execution of the assignment by you to Mr.
7 Swartz?

8 A Yes, sir.

9 Q That assignment to Mr. Swartz was made
10 after you were sued in this quiet title action
11 filed by Mr. Cowden, is that right?

12 A You mean after I received the summons or
13 received notice of the quiet title?

14 Q I think my question was clear.

15 A Perhaps I didn't understand it. Would
16 you state it again?

17 (Pending question read by the reporter.)

18 MR. PARSONS: If you know.

19 THE WITNESS: Well, I really don't understand
20 the question enough. I know I got a summons the
21 other day for a November hearing, and this was
22 signed in July.

23 Q BY MR. PERRY: Did you know that in May of
24 this year Mr. Cowden had filed an action to quiet
25 his title?

26 A Yes, sir, I saw that.

1 Q When did you learn about that?

2 A Well, I was gone quite a bit. I was gone
3 quite a bit in May, June, July and August. I knew
4 about it verbally I'd say in June.

5 Q Did you know about it before you made the
6 assignment to Mr. Swartz?

7 A I did not see this until I came home in
8 October.

9 Q I didn't say that. I said did you know
10 about it, regardless of the source of your
11 knowledge. Did you know that there was a lawsuit
12 filed by Mr. Cowden at the time you executed the
13 assignment to Mr. Swartz?

14 A I knew that Mr. Cowden was trying to
15 quiet title, I'll put it that way.

16 Q You knew that he had filed a lawsuit to
17 do that?

18 A Yes, I received it, but I didn't see it.

19 Q And you knew that before you made the
20 assignment to Mr. Swartz?

21 A Yes, sir.

22 Q Did you advise Mr. Swartz of the
23 existence of the pending lawsuit?

24 A No, sir, I don't believe I did.

25 Q Did he know about it from some other
26 source?

1 A No, sir, I don't think so. He may have,
2 but I don't know. I can't answer that. But I
3 can say that I told Mr. Swartz that I would like
4 for us to try to work out something with Mr.
5 Cowden. I did not try to hide anything from Mr.
6 Swartz. There was a possibility that I would have
7 a lawsuit.

8 Q Where did you first meet Mr. Swartz?

9 A I guess the first time in about 1960, '59
10 or '60.

11 Q Where was that?

12 A I believe the first time I saw him was in
13 Artesia, New Mexico.

14 Q In what business is Mr. Swartz?

15 A Mr. Swartz is a geologist.

16 Q Have you had any business dealings with
17 him before this deal?

18 A Business?

19 Q Yes.

20 A Yes, sir.

21 Q Tell me about your other business dealings.

22 A I sold Mr. Swartz a rig.

23 Q What kind of a rig?

24 A A little rotary drilling rig.

25 Q Where was that?

26 A In Post, Texas.

1 Q Does Mr. Tognoni have any ownership
2 interest in this lease or in the Cowden ore?

3 A No, sir. Mr. Tognoni has been paid in
4 cash every time he has done any work for us.

5 Q In connection with the contract between you
6 and Mr. Swartz are there any minimum mining and
7 tonnage requirements, sale requirements?

8 A Yes. Of course, I tried to be fair with
9 Mr. Swartz.

10 Q Of course you did.

11 A He has to have time, but I did put a
12 stipulation on him that he had to have the
13 property in production. There is a time limit on
14 that, yes.

15 Q What is the time limit?

16 A Without that in front of me, I wouldn't
17 be sure to the exact date, but I believe it's
18 January 1st that he has to be in total
19 production -- not total -- but he has to be in
20 economic production.

21 Q What are his tonnage requirements?

22 A Really, Mr. Perry, you can't set a tonnage
23 requirement on this property. It has got to be an
24 economic operation, and it can be small or it can
25 grow large, or you can go sell all your ore in a
26 two-year period and make very little money, but

1 you can make some money. So I would say the total
2 tonnage requirements are left up to the markets
3 that he has.

4 Q Is there a dollar requirement?

5 A There is a minimum royalty requirement,
6 and there is a time limit on total production.
7 Mr. Swartz has to either produce or get off.

8 Q How much time does he have within which
9 to produce?

10 A He has to be in economic operation by the
11 1st of January.

12 Q What are the dollar requirements, royalties?

13 A The minimum royalty to me is \$300 per
14 month, minimum royalty with the time limit of
15 January 1st.

16 Q How do you define "economic operation"?

17 A Anything that he can operate under to a
18 steady operating cost that would give him a net
19 profit.

20 Q And with the requirement that you would
21 receive \$300?

22 A Yes, plus my royalty interest plus Mr.
23 Cowden's interest.

24 Q In other words, you would get \$300, Mr.
25 Cowden would get his 50 cents a ton under your
26 conception of what an economic operation is?

1 A No, you are misconstruing it, Mr. Perry,
2 no. If you want to put the time limit in there
3 that Mr. Swartz has to get ready you might state
4 it that way, yes, but remember he has a time
5 limit on him or his contract is voided. I tried
6 to give Mr. Swartz time to build the mill and to
7 get his pit in operating shape.

8 Q How much tonnage is required to produce
9 this \$300 to you plus the Cowden royalty at
10 today's prices?

11 A Well, I might say that you could probably
12 do it with ten tons.

13 Q Ten tons?

14 A You could do it.

15 Q Is there a market for the product at that
16 kind of a price?

17 A Yes, definitely. That is why we are so
18 anxious to get started.

19 Q How many tons have you sold at that price?

20 A I haven't sold any, Mr. Perry, but I have
21 worked towards that for a couple of years.

22 Q At what price per ton would that be?

23 A It's not per ton, Mr. Perry. It's by the
24 pound.

25 Q All right. What is the price per pound?

26 A It will vary from seven and a half cents

1 per pound to 19 cents per pound.

2 Q I take it that it is a very fine grind,
3 is it?

4 A Yes, sir, it requires a special mill.

5 Q How many stages would such a mill require?

6 A Only one fine grind stage but two
7 crushing stages and several separation stages.

8 Q That is a pretty expensive operation to
9 produce that fine a grind, isn't it?

10 A Yes, sir. You can't do it like a bulk
11 operation. But I might add, Mr. Perry, that it
12 isn't as expensive as you would think.

13 Q You were present and testified at the
14 arbitration dispute, is that right?

15 A Yes, sir, definitely.

16 Q Then you are acquainted with the purported
17 contract between Mr. Campbell and Ferro-Oxide?

18 A Yes, sir, I believe I signed that
19 contract with Ferro-Oxide.

20 Q I believe you did.

21 A Yes, sir.

22 Q Did that contract ever go into effect?

23 A Only that they had bought a thousand tons
24 from me. They did a lot of research work, and
25 unfortunately I couldn't see all the characters
26 involved. It disbanded and then reorganized, and

1 I don't know what they are doing. They didn't
2 live up to my contract, and I canceled them out.

3 Q That 1,000 tons was shipped I think
4 before the contract was signed, wasn't it?

5 A It was about that time. It probably was.
6 I had been negotiating with Ferro-Oxide for
7 possibly three months.

8 Q The Ferro-Oxide contract amounted to
9 nothing?

10 A It could have amounted to something. It
11 didn't, no, sir.

12 Q It did not?

13 A It did not. You are correct.

14 Q Since the arbitration, sir, I want you to
15 tell me --

16 A Tell me what date that was, would you,
17 Mr. Perry?

18 Q That was in October of 1960.

19 MR. PARSONS: The decision I believe was handed
20 down on January 15, 1961.

21 MR. PERRY: I think that is right.

22 Q Since the arbitration hearing in October
23 of 1960 I want you to tell me each time you
24 performed any mining.

25 A Actual breaking of rock? Are we going to
26 get into this, Mr. Perry? Are we speaking of

1 actual breaking of rock or what are we speaking
2 of? I would like to hear you ask me in your
3 interpretation of what mining is now. I just
4 would like to know.

5 Q Mr. Wright, it wouldn't do at all for me
6 to testify. Let me say this: I want you to tell
7 me everything which you did or which was done on
8 your behalf from October of 1960 up until the time
9 you assigned the contract to Mr. Swartz which you
10 consider to be mining.

11 A All right. I surely will. May I read
12 this?

13 Q You certainly may.

14 A In March, 1961 I mined 1,000 tons. I am
15 going to say approximately 1,000 tons. You
16 realize that you may give or take a few tons. I
17 mined 1,000 tons of ore and stockpiled it on the
18 Cowden property. I shipped to C. K. Williams
19 Company, Emeryville, California, 12 carloads of
20 ore of minus four inch material. That is
21 approximately 720 short tons. I believe it paid
22 on 720 or 725 tons.

23 Q We went through this once before, sir.
24 I think we better back up and take a look at that
25 letter again. Isn't that where you made a mistake?

26 A I tried to correct myself. I said I was

1 a year behind, Mr. Perry, because I was confused
2 as to the actual date.

3 Q So this happened in '61 and not '62?

4 A That is right. I came back and corrected
5 myself and said I stockpiled 400 tons of ore in
6 March, 1962.

7 Q So in March of 1961 you mined 1,000 tons
8 and you shipped 12 carloads?

9 A To C. K. Williams, yes, sir.

10 Q All right. What happened next?

11 A I had been working for several months
12 through correspondence and telephone calls and
13 personal visits on the Japanese market to the
14 Mitsubishi Corporation of Japan. I had been
15 working towards a goal of 250,000 tons to be
16 delivered over a two-year period. The best price
17 that I could negotiate with them was \$5 a long
18 ton.

19 Q Did you ever actually make a contract with
20 Mitsubishi?

21 A I have got everything but the contract
22 signed. The only reason that that contract was
23 not signed and delivery started -- I think Mr.
24 Cowden can tell you as well as I that he did not
25 approve it, he did not want to do it, I think he
26 will testify to that.

1 Q Mr. Wright, did you ever make a contract
2 with Mitsubishi to deliver them any ore?

3 A I made it up to the contract stage.

4 Q Was there ever a contract?

5 A Not a signed contract, no, sir.

6 Q Then you never reached an agreement to
7 sell any ore to Mitsubishi?

8 A It would have been made, yes, sir, it
9 would have definitely been made had Mr. Cowden
10 approved it.

11 Q Is there anything in the lease which
12 requires Mr. Cowden's approval before you can make
13 a sale of ore?

14 A No, sir, there isn't, Mr. Perry. But there
15 is an arbitration decision by the arbitrators
16 trying to get Mr. Cowden and I to agree to work
17 together, and that is the only way I think that
18 the property can be handled. I was only trying
19 to do what the arbitrators decided and only trying
20 to please Mr. Cowden. I needed Mr. Cowden's help.

21 Q What sort of help did you need from Mr.
22 Cowden?

23 A I needed his cooperation in agreeing to
24 me delivering the ore. I didn't need any
25 financial help from Mr. Cowden.

26 Q Why did you feel that you needed his

1 permission to deliver ore pursuant to a lease
2 which doesn't require his permission?

3 A Because the arbitrators ruled that way.
4 They felt like the contract was ambiguous. They
5 felt like we would have a more perfect harmony
6 between us if we agreed with one another, if we
7 could cooperate with one another.

8 Q What kind of a performance bond did
9 Mitsubishi require?

10 A They required a substantial bond, and this
11 I discussed with Mr. Cowden, and I believe that
12 I discussed this bond with Fisher Construction
13 Company. This bond could have been raised, and
14 if Fisher would have taken the job I think they
15 would have gladly put up the bond.

16 Q Are you saying that Mr. Fisher of Fisher
17 Contracting Company would have put up your
18 performance bond?

19 A I say he would have put up the bond for
20 the contract work. He was very interested in the
21 job. It was a nice contract job for him.

22 Q Did you ever come to terms with Mr. Fisher?

23 A No, sir, I didn't. I didn't pursue it
24 any more. I pursued it up to the most interesting
25 point until Mr. Cowden did not approve it.

26 Q Isn't it a fact that you advised your

broker in California and Mitsubishi that you

1 were unable to proceed because you could not post
2 a performance bond?

3 A I had told them previously that I could
4 not post a bond but that I felt like I could get
5 a contractor that could.

6 Q The price of \$5 a ton that you talked
7 about with Mitsubishi, that was F.O.B. Seligman?

8 A F.O.B. car Seligman.

9 Q Could you have paid the 50 cents a ton
10 royalty and still made out putting that on the car
11 at that point?

12 A Definitely, yes, sir.

13 Q Had you ever made any cost studies to
14 determine that?

15 A Yes, sir, I have not only made my own but
16 I had several mining engineers on the property,
17 several companies.

18 Q Are those in writing?

19 A Yes, sir, I have a writing that I would
20 have to find in the file, Art, but we have a
21 letter from Fisher Contracting stating that that
22 ore could be mined at 70 cents a ton.

23 Q Mined and delivered to the car?

24 A No, sir, it can be mined for 70 cents a
25 ton. It can be delivered for \$1 a ton.

26 Q In your letter of April 3rd that we have

1 talked about before I find this paragraph. It's
2 dated April 3, 1962. It's the one that we read
3 from before.

4 A Yes. I don't have that letter in front of
5 me, but I recognize it.

6 Q I will read it to you and you can then
7 check me.

8 A All right.

9 Q "In December of last year when I was in
10 Phoenix to see you and Mr. Clements we discussed
11 the Mitsubishi market that I had been working on
12 for several months. This market you did not
13 approve because of price F.O.B. Seligman which was
14 \$5 per long dry ton and taxwise this was not
15 advantageous to you. I agreed with both of you
16 that the Cowden ore was much too good to sell at
17 \$5 per ton, that the only reason I had pursued
18 this market was to get the property in production
19 which I so desperately need. After discussing
20 this with you and Mr. Clements I wrote my broker
21 that was handling this order that I could not
22 find anyone to put up the performance bond that
23 the Japanese demanded." Did you write that?

24 A Yes, sir.

25 Q Was it true?

26 A Yes, sir.

1 Q Is it true today?

2 A If you allow me a stipulation, it is true.
3 It's true to the effect, Mr. Perry, of this, that
4 that has never been the market for this ore, but
5 all I have heard and all I have ever tried to do
6 is find a market. This was the only market that
7 I could find at this particular time unless I had
8 this fine grind mill.

9 Q So you never made a deal with Mitsubishi?

10 A Would you, Mr. Perry, if Mr. Cowden
11 asked you not to?

12 Q Mr. Wright, I am not being deposed. I
13 will ask you again.

14 A I am saying no, I was not going to go
15 against Mr. Cowden's wishes. I needed him. I
16 needed his approval. I couldn't afford to have a
17 contractor have a lawsuit thrown against him. I
18 felt like if Mr. Cowden would give me his
19 approval I could get the contract and do it. The
20 ore is there and the market is there, but I needed
21 Mr. Cowden's approval.

22 Q I take it that if your price estimate is
23 correct and the deal that Mr. Swartz has in mind
24 at about ten tons a month would be enough to meet
25 the minimum requirements under your contract?

26 A No, sir, that is not what you asked me.

1 Q That is what you said.

2 A You said would ten tons pay Mr. Cowden
3 50 cents a ton royalty and me my minimum royalty.
4 I said yes, it would. But it will not amortize
5 Mr. Swartz's equipment. It will not give him an
6 operating profit. I only answered what you asked.

7 Q It's sufficient though to constitute
8 performance under the deal you have with Mr.
9 Swartz as far as your end of the deal is concerned?

10 A Up until January 1st.

11 Q You mean from January on, don't you?

12 A I don't think Mr. Swartz could operate at
13 a loss, and that is what would happen to him at
14 ten tons per month.

15 Q You were willing to sell this ore to
16 Mitsubishi at \$5 a ton, and yet you tell me now
17 that it has a value, if Mr. Jacobson's mathematics
18 are correct, of \$374 a ton?

19 A I'm not exaggerating, sir.

20 Q It's hardly a good business deal to sell
21 at \$5 a ton under that arrangement?

22 A It's not very good business, but it's not
23 very good business to lose this property that you
24 have spent five or six years on. But the
25 Mitsubishi market was never to go beyond a quarter
26 of a million tons. We still had enough market to

1 last us for 20 years in the fine grind market.

2 Q All right. You told me in March of 1961
3 that you mined 1,000 tons, shipped 12 carloads
4 and were working on Mitsubishi. What else
5 happened? Go on from that time.

6 A I will go on from Mitsubishi. September,
7 1961 I did the assessment work on the claims
8 through a Tognoni-Heinreichs geophysical survey
9 and geological report.

10 Q Are you telling me that in your opinion
11 the assessment work on the unpatented mining claim
12 constitutes mining?

13 A Yes, sir. Mr. Perry, if you will check
14 your mining laws you will find you can do engineer-
15 ing or geophysical experiment work, geological
16 work, survey work, mapping, for a two-year period,
17 any two-year period during the lifetime of those
18 claims.

19 Q I am not talking about protecting the
20 claims. I am talking about whether you consider
21 this mining under the terms of this production
22 lease that you have with Mr. Cowden.

23 A Yes, sir, I consider it mining. I think
24 it's very important to have different engineering
25 reports and a geophysical magnetometer survey of
26 the property.

1 Q All right. Go ahead. What happened
2 after September of 1961?

3 A I mined 400 tons of ore. By "mining"
4 here I will define it as drilling and blasting.

5 Q When?

6 A In September of 1961.

7 Q What happened next?

8 A I met with Mr. Cowden and Mr. Clements in
9 pursuance of this Mitsubishi market in December
10 of 1961.

11 Q This is a meeting between you and Mr.
12 Clements and Mr. Cowden?

13 A Yes, sir.

14 Q Are you telling me this is mining?

15 A I think it was pertinent to the mining.
16 It's not part of the mining. This particular was
17 not. But what I had worked on in the past several
18 months was very pertinent to the mining operation,
19 yes, sir.

20 Q All right. You had a meeting and what
21 month was that?

22 A December. In fact, I believe I was out
23 here in November and December to see Mr. Cowden
24 and Mr. Clements, but I was definitely here in
25 December. Should I go on, Mr. Perry?

26 Q Yes, sir, please do.

1 A After meeting with Mr. Cowden, Fisher
2 Construction which I think is very important to
3 the mining operation --

4 Q When did you meet with Mr. Fisher?

5 A During that November and December of '61.
6 I saw one of his chief engineers out there, but I
7 can't think of his name. His name is Heinkel
8 I think. I met with him twice during around
9 December and then some correspondence with him
10 pertaining to this Mitsubishi market.

11 Q You have letters from Mr. Fisher?

12 A Yes, sir, definitely.

13 Q Where are those letters?

14 A One of them is probably in my file, but
15 I can produce the letter that I have from Fisher
16 Construction.

17 Q What did Mr. Fisher say to you in this
18 letter?

19 A Well, this particular letter was that they
20 were interested in bidding the job and to let them
21 know how I came out with Mitsubishi and that they
22 would give me a total price on it, that they
23 were sending a man up on the property.

24 Q Did they ever give you a firm price?

25 A Not this time. They had given me one now
26 two or three years ago. They had given me a

1 price on open pit work and the actual mining at
2 1,000 tons per day.

3 Q That was several years before?

4 A Yes, sir. This was a different operation.

5 Q When they talked to you several years ago
6 they weren't talking about the Mitsubishi deal?

7 A No, sir, not Mitsubishi. We were
8 talking about a Japanese market but not Mitsubishi.

9 Q Did Mr. Fisher ever give you a definite
10 figure in connection with the Mitsubishi deal?

11 A No, sir, I don't believe Mr. Fisher has
12 ever given me a figure. Some of his employees
13 gave me a figure, and the correspondence was with
14 some of his employees. I don't believe Mr.
15 Fisher has ever given me a figure.

16 Q Has Fisher Contracting Company ever given
17 you a definite figure on Mitsubishi?

18 A No, sir.

19 Q Did they ever submit a bid to you?

20 A Not on Mitsubishi, no, sir.

21 Q Did anybody submit a bid to you on the
22 Mitsubishi deal?

23 A I quit pursuing it.

24 Q Well, whether you have quit pursuing it
25 or not.

26 A I quit then, Mr. Perry. I did not go to

1 Isbell or any of the rest of them.

2 Q In other words, in December of 1961 you
3 quit pursuing Mitsubishi?

4 A Yes, sir, because Mr. Cowden didn't want
5 to go, so I pursued the other market. I will
6 continue if you will allow me.

7 Q All right, but I want to back up for just
8 a minute. In September of '61 when you mined that
9 400 tons of ore, Mr. Wright, how many men did you
10 have out there and for how long a period of time?

11 A I had two men out there for about a week.

12 Q What were their names?

13 A That was W. J. Winters, and I don't know
14 who his helper was.

15 Q Was that ore stockpiled?

16 A No, that particular ore was not stock-
17 piled. That particular ore was blasted, and that
18 ore was stockpiled later in the stockpile.

19 Q Just blasted and left where it fell?

20 A Yes, sir.

21 Q What equipment did you have?

22 A I had an air compressor, jack hammer,
23 hose, miscellaneous tools, powder, pickup truck,
24 car.

25 Q Go on from December of '61. You have told
26 me about December of '61.

1 A After talking with Mr. Cowden and Mr.
2 Clements in December of '61 I had continued
3 working on my fine grind market to Frank Davis
4 Company in Los Angeles, which I had taken him
5 400 pounds of minus 325 mesh material. At this
6 time in December this ore was approved by Frank
7 Davis, so he wanted some other ore. So I came
8 back and went back out there with more ore in
9 January that I could do a little better job on
10 from my fine grinding.

11 Q Did you ever have a contract to sell any
12 ore to Frank Davis Company?

13 A Not written contract, Mr. Perry.

14 Q How many tons of ore have you sold to
15 Frank Davis Company?

16 A I haven't sold any ore to him. You have
17 got to have a mill first, you have got to grind
18 it, you have got to sack it before you can sell
19 it.

20 Q So you have sold nothing to Frank Davis?

21 A Well, I don't like you to leave the
22 question pending like that. No, I haven't sold
23 him anything. I have got a verbal commitment
24 from him when I can produce or when I could
25 produce. I don't have it now, but when I could
26 produce he would buy it. I think Diversa,

1 Incorporated would back me up on this. He told
2 them the same thing.

3 Q All right. Go ahead. You were up to
4 January of 1962.

5 A It was obvious that I needed financing.
6 Diversa, Incorporated by Mr. Mann wrote Mr. Cowden
7 and told him that he was interested, that they
8 would definitely back me providing we could work
9 out an agreeable condition or get Mr. Cowden's
10 approval.

11 Q What month was that?

12 A Well, Diversa had come into the picture
13 in December, but this was in January, I believe,
14 after the results of the Frank Davis test that
15 Diversa contacted Mr. Cowden for the first time.
16 I believe this is correct, Mr. Perry.

17 Q As I understand it Diversa contacted Mr.
18 Cowden and said that they would like to negotiate
19 a lease?

20 A Yes, sir, this is true.

21 Q They were not concerned about dealing
22 with you under your then existing lease?

23 A No, sir, that is not true. With Mr.
24 Cowden's approval they would go with me under my
25 present existing lease, but being a three-year
26 lease without his approval I don't believe it is

1 to Mr. Mann. It worried him. He did not want to
2 get into a squabble with Mr. Cowden, so he and
3 his attorneys felt if they could work out a new
4 lease with Mr. Cowden, then they could put whatever
5 money or do whatever was necessary to the
6 property.

7 Q Do you recognize Mr. Mann's signature when
8 you see it?

9 A I recognize Jerry Mann, Jr.

10 Q This is I think the senior Mr. Mann. Do
11 you recognize that letter? Did you get a copy of
12 that?

13 A No, sir, I have never received any of
14 their -- I would like to read it.

15 Q Please do.

16 A I have never seen any of their
17 correspondence. I only know of the one that was
18 dictated in my presence from Los Angeles to Mr.
19 Cowden. That was the first one. This is the one
20 that was dictated in my presence over the
21 telephone, yes, sir. This is not Mr. Mann's
22 signature, but he dictated this letter, yes, sir.

23 Q Then you know it to be true that Diversa
24 sent this letter to Mr. Cowden?

25 A Yes. Mr. Mann dictated that letter.

26 Q This expresses the attitude of Diversa in

1 connection with this deal?

2 A At that particular time Mr. Mann didn't
3 know all the particulars. Jerry Mann, Jr. knew
4 all of them. At that particular time Mr. Mann was
5 very, very interested in meeting Mr. Cowden and
6 negotiating something out or working something
7 out. That was just a hurried up letter to let
8 him know that Diversa was very, very interested
9 in the property.

10 Q Mr. Mann said to Mr. Cowden in this
11 letter: "We are unable to go forward unless a
12 lease can be secured for some extended period of
13 time." You heard him dictate that, did you?

14 A I heard him dictate the letter, yes. I
15 wasn't paying any attention, but I helped him
16 compose the letter, yes.

17 Q So you know then that he intended that any
18 deal he made in connection with the Cowden iron
19 ore property would be for an extended period of
20 time?

21 A That was his thinking at that particular
22 time, yes, because I felt like that Mr. Cowden
23 would be glad to sit down and work out something
24 with Diversa. I may have implied this too much
25 to Mr. Mann that Mr. Cowden probably would work
26 out a deal with him.

1 Q No deal was ever worked out?

2 A Mr. Mann did not want to buck Mr. Cowden
3 on the thing. He was obviously not interested in the
4 proposal he made him. Mr. Cowden did not answer
5 his letter, so he felt like that anything that we
6 got into with Mr. Cowden without his approval
7 would just result in trouble for Diversa. They
8 felt like they couldn't afford to get into it.

9 Q So you never made a contract with Diversa?

10 A Never signed a contract, no, sir.

11 Q You never reached any agreement with them?

12 A Yes, I reached an agreement with them.

13 Q What agreement did you reach with them?

14 A The agreement I reached with them was
15 based on Mr. Cowden's decision. I think it's
16 obvious that Diversa pulled out.

17 Q Because they wanted a lease longer than the
18 term of the lease that you had?

19 A They felt like they needed not only Mr.
20 Cowden's approval but a longer lease to invest the
21 capital investment that they needed.

22 Q O.K. What happened next after December,
23 1961 and January, 1962?

24 A I would like to say here I will have to go
25 by memory because I don't have my dates down here
26 I don't believe. Diversa felt like through the

1 correspondence and conversations with Mr. Cowden
2 that they probably could get together. They
3 composed by their attorney in Tucson a contract,
4 Mr. Verity, just a proposal contract, and they
5 brought it in person to Mr. Cowden in February,
6 1962.

7 Q Let me interrupt. That was a proposed
8 mineral lease?

9 A Mineral lease, yes.

10 Q Between Mr. and Mrs. Cowden and Diversa?

11 A Yes, sir. That is the one I am talking
12 about, yes. In the meantime I felt like I was
13 committed to Diversa. I didn't do any further
14 work other than correspondence or telephone calls
15 with Frank Davis on my fine grind market until
16 sometime in the latter part of March of '62 when
17 I went up and stockpiled approximately 400 tons or
18 25 truckloads of iron ore from the pit into the
19 stockpile on the Cowden property.

20 Q That was the last time you have been on
21 the property?

22 A That is the last time I have done any
23 work on the property. I went by and got some
24 samples since then, but that is the last time I
25 have done any physical work on the property.

26 Q That 400 tons that you stockpiled in

1 March of '62 is the ore that you blasted in the
2 previous September?

3 A It's part of the ore that I blasted, yes.
4 When I say approximately 400 tons, that means that
5 I blasted what I thought was four or five hundred
6 tons of ore back in September, and in March I
7 came in and cleaned up the pits, got them ready
8 for inspection and stockpiled the ore, yes, sir.
9 Does that answer you?

10 Q Yes, sir. What do you have next that you
11 would consider mining under anybody's definition?

12 A Well, I felt like still this thing could
13 be -- I'm speaking of the fine grind market now.
14 I felt like that still something could be worked
15 out if I could find the right parties that were
16 financially able to carry it through and could get
17 along or work out some agreement with Mr. Cowden
18 or something. So I went through their inquiries
19 to see Mr. Arthur Lake and Mr. William Montgomery
20 in Midland, Texas.

21 Q Let me ask you now so that I am sure I
22 understand you. Is it your contention that your
23 visit to Midland, Texas to see Arthur Lake and
24 this other gentleman constituted mining?

25 A Definitely, yes, sir, Mr. Perry, because
26 it was a necessity that I have this fine grind
mill.

1 Q Were you going to these people for
2 financing, is that it?

3 A Through their inquiries to me, through
4 their asking me down there or inviting me down to
5 discuss this with them.

6 Q Were you going to them for financing?

7 A As a joint venture.

8 Q Were you seeking money from them?

9 A Yes, if you want to put it that way.

10 Q I do. So then it's your opinion that
11 seeking financing so that you could then develop
12 a market or build a mill constitutes mining under
13 the terms of this lease?

14 A It was only one thing important, and that
15 was to get the mill built. You had to have
16 financing to build it. This is part of the
17 operation as far as I was concerned of trying to
18 find someone to do something.

19 Q What was the name of the other gentleman
20 other than Arthur Lake?

21 A William Montgomery.

22 Q They are both from Midland, Texas?

23 A Midland, Texas.

24 Q What happened after you went to see Arthur
25 Lake and William Montgomery?

26 A I discussed everything with them pertaining

1 to the fine grind market. I told them of the
2 market that I had with Frank Davis, the pending
3 market, providing I could produce the fine grind
4 material. Mr. Lake, who has been in mining and
5 also oil, went to check with Frank Davis in Los
6 Angeles to find out if what I told him was true.
7 He discussed it with Mr. Davis and found out what
8 I had told him was true to the fine grind market,
9 so he then contacted Mr. Cowden and came to see
10 him.

11 Q Mr. Lake came to see Mr. Cowden?

12 A Yes, sir.

13 Q Were you present during any conversation
14 between Mr. Lake and Mr. Cowden?

15 A No. I have only seen Mr. Lake one time.
16 Mr. Montgomery I have seen several times.

17 Q Have you seen Mr. Lake since he saw Mr.
18 Cowden?

19 A No.

20 Q Have you seen Mr. Montgomery since Mr.
21 Lake saw Mr. Cowden?

22 A Yes, sir.

23 Q What did Mr. Montgomery tell you?

24 A Do you really want to know?

25 Q I wouldn't ask if I didn't.

26 A Mr. Montgomery told me that they could not

1 go forward with the operation as much as they
2 would like to, that they had to have cooperation
3 from Mr. Cowden, that they felt like that Mr.
4 Cowden and I would get in a lawsuit or Mr. Cowden
5 would take the property away from me, try to take
6 the property away from me, and they did not want
7 to invite a lawsuit, so therefore that any offers
8 or negotiations that we were doing would have to
9 temporarily be withdrawn.

10 Q Were those gentlemen somewhat concerned
11 about the interest of the Campbell estate in this
12 thing?

13 A No, sir. To my knowledge Mr. Montgomery
14 was not -- I have only talked to Mr. Lake one
15 time. He was more interested in the property,
16 the market and seeing Mr. Cowden.

17 Q In any event, those gentlemen decided not
18 to give you the financing you had been seeking?

19 A Yes.

20 Q What other mining activity was there?

21 A When we are speaking of mining we are
22 trying anything that is advantageous to the
23 property or myself.

24 Q There is one thing about your kind of
25 mining, you don't have to get your hands very
26 dirty. Go ahead.

1 A I think you are wrong, Mr. Perry, but
2 I won't argue with you.

3 Q What other mining activity?

4 A Since my deal fell through with Mr. Lake
5 and Mr. Montgomery, I had assessment work up
6 there and there was some more mining due this
7 month --

8 Q There was more what due?

9 A I felt there was some more mining to be
10 done or some more work to be done on the property
11 in assessment work.

12 Q Just assessment work?

13 A I had to have the assessment work or Mr.
14 Cowden and I both would lose on the unpatented
15 claims. I felt like that I had done all I could
16 in trying to work out a deal with Mr. Cowden.
17 I felt like I had lived up to the arbitration
18 decision and the arbitrators' decision, and I
19 felt like that Mr. Cowden did not want me to carry
20 on with the operation, that it was obvious that he
21 wanted to take the property away from me, and I
22 felt like I had a good lease. I felt like I had
23 done enough work in making this property valuable
24 that I went seeking further financial assistance
25 in getting this thing started.

26 Q Who is Frank Davis?

1 A Frank Davis Company is all I know, Frank
2 Davis Company.

3 Q Who did you deal with there?

4 A Frank Davis himself.

5 Q What do they do?

6 A They are in the pigment, colored dye
7 business.

8 Q Their offices are in Los Angeles?

9 A Yes, sir. They also have an operation in
10 New Jersey, and I believe he has a stockpile
11 somewhere else in the Midwest.

12 Q Have you told me everything which you claim
13 to have done in connection with this property and
14 this lease which you believe constitutes mining
15 under the terms of the lease since the arbitration?

16 A Mr. Perry, I would like to say this, that
17 when you say everything that I have done, this
18 includes several months of research work in doing
19 experimental work on the fine grind of the ore.
20 No, sir, I have not told you all I have done. I
21 have only told you the highlights of what I have
22 done.

23 Q Tell me everything else, sir. I don't
24 want to leave anything out.

25 A I have spent quite a bit of time and money
26 in getting the proper grinding facility, working

1 out the proper flow sheet, making sure that we
2 could produce a competitive and a comparable ore
3 to anything that was coming into the imports or
4 the domestic ores. This consists of a lot of time
5 and effort.

6 Q Do you have a copy with you of your
7 contract with Mr. Swartz?

8 A I don't have it with me, Art. I didn't
9 bring it.

10 Q Where is a copy?

11 MR. PARSONS: I don't have it.

12 Q BY MR. PERRY: Where are these economic
13 studies or studies of economical production that
14 you just told me about?

15 A Well, do you mean the actual price that we
16 are working out on the ore?

17 Q No, sir. You have been running experiments
18 and tests and so on for months, you just told me.

19 A I didn't say months, Mr. Perry. I said I
20 had done a considerable amount of work in the
21 meantime in grinding the ore, taking it to Mr.
22 Davis, talking with him, discussing it with him.
23 After all, this man has been in business a long
24 time. We were discussing what we could do in
25 further grinding the ore. I am talking about
26 mostly grinding in making the product and finding

1 out what color we had after we spread it. I
2 have some of it at home. I have some information
3 with me.

4 Q What information do you have with you
5 about this?

6 A I don't have anything with me. I have
7 some in Phoenix with me just as costs are the
8 only thing, what profit there is in this business
9 and what product we can produce and what grind we
10 can produce.

11 Q Do you have cost figures on the production
12 of this fine grind?

13 A I don't know whether I have them with me
14 or not, Mr. Perry. I can certainly compile you
15 some figures from memory.

16 Q I am concerned with what you have worked
17 up and reduced to writing. Where are those
18 figures?

19 A I don't have those figures with me. I
20 don't see where it's pertinent to this particular
21 phase of your questioning.

22 Q Whether it's pertinent or not, sir, I
23 just want to know where they are.

24 A I have them, and I told you I would
25 compile you some. These are figures based on my
26 work, what I have done myself or what I have

1 discussed with other people.

2 Q Are they on paper somewhere?

3 A Some of them, yes.

4 Q Where?

5 A Well, some of them are at my home. I
6 said I may have some with me. I have quite a few
7 papers, and I am sure that I can find you something.
8 I haven't done this alone. I have done it with
9 qualified people.

10 Q Where are these papers that you say are
11 here in Phoenix?

12 A I said I maybe can find you some here in
13 Phoenix. I didn't say I had them with me.
14 I said I may find you some.

15 Q Where would you look?

16 A If I have got them, they are probably over
17 in Mr. Parsons' office. I have got several
18 papers over there. I don't know whether I have
19 anything pertaining to this particular cost or not.

20 Q Well, we have been at this for two hours.
21 Why don't we take a 30-minute break and give you
22 a chance to relax a little bit and you can go look
23 and bring what you have? Will you do that?

24 A I can do better than that, Mr. Perry. I
25 can give you a cost right here.

26 Q I was concerned, sir, with what you have

1 reduced to paper about this thing. Maybe we can
2 get at it this way. In your letter of May 10,
3 1962 to Mr. Cowden there is contained some
4 estimates of cost. I will ask you to look at
5 that.

6 A It's my letter.

7 Q Are those the figures you have been
8 referring to?

9 A These are some, yes, sir. You have got
10 to remember, Mr. Perry, there are several
11 different ways to go about this operation. This
12 is just one proposal that I made Mr. Cowden.
13 There are several different ways that that
14 property can be handled. It depends on the total
15 market that you have per year on your fine grind
16 product as to how your costs will be affected in
17 your mining operation or in your grinding
18 operation.

19 MR. PERRY: I think it might be appropriate
20 to take that recess at this time. Why don't you
21 go over to Mr. Parsons' office and see what you
22 can find about documents which you used to compile
23 this letter and then we will take up again in
24 about a half hour? All right with you, sir?

25 MR. PARSONS: Agreed.

26 (Thereupon a 30-minute recess was taken

1 after which proceedings resumed as follows:)

2 Q BY MR. PERRY: Mr. Wright, have you had
3 an opportunity during the recess to get any papers
4 that you may have had in connection with the deal?

5 A I have a few, Mr. Perry, yes.

6 Q Tell me what you have got there while you
7 are looking through them.

8 A I found one here that I had done some work
9 on. Most of these notes are made to myself.

10 Q When was this particular slip prepared,
11 this one here?

12 A Oh, I would say I did a lot of work there
13 when I was dealing with Diversa. I would say
14 that was probably in December and January, that
15 particular one. I'm not sure when I did that
16 particular one.

17 Q Would it interfere much with your personal
18 work if I had the reporter mark this? I won't
19 take time to read it now.

20 A No, that is all right.

21 (Plaintiffs' Exhibit A was marked for
22 identification by the reporter.)

23 Q Returning if we may to your letter of
24 May 10, 1962, Mr. Wright. Have you had occasion
25 to look that over?

26 A No, sir, I haven't looked at it since I

1 wrote it.

2 Q I notice you have a copy with you today?

3 A I have. I just haven't read it.

4 Q May I see that?

5 A Yes.

6 (Plaintiffs' Exhibits B, C and D were
7 marked for identification by the reporter.)

8 Q Do you have there the letter from Mr.
9 Fisher or from the Fisher Contracting Company?

10 A I haven't run across it yet. Perhaps I
11 shall.

12 MR. PARSONS: May the record show that he is
13 going through a matter of about five files of
14 papers here five inches thick?

15 MR. PERRY: I think that is a fair estimate.

16 THE WITNESS: I received a letter. I would
17 like to say that. But I may not have it with me.
18 I have another small file at home.

19 Q BY MR. PERRY: Do you have a copy of the
20 contract between you and Mr. Swartz with you?

21 A Yes, sir. Would you like to see it?

22 Q Yes, sir, I would.

23 A All right. I will have to go to another
24 file.

25 Q In the agreement between yourself and Mr.
26 Swartz dated July 5, 1962 it's agreed that Mr.

1 Swartz shall have the mine in production by
2 January 1, 1963, is that correct?

3 A Yes, sir.

4 Q What does that mean?

5 A Well, it means that he has got to be
6 producing ore, marketing ore from the property,
7 or at least producing ore and removing ore from
8 the property.

9 Q Producing ore and removing it from the
10 property?

11 A Yes, sir.

12 Q Does it also mean that he will be selling
13 it?

14 A Yes, sir.

15 Q So as to the word used in this agreement
16 between you and Mr. Swartz "production" means to --

17 A Mine and remove.

18 Q Mine and remove the ore and sell it?

19 A Yes, sir.

20 Q And any necessary milling in between?

21 A Milling, yes, sir. What all he sells that
22 he removes is no concern of mine as long as he
23 pays the proper royalties and lives up to both
24 contracts, both Mr. Cowden's contract and my
25 contract.

26 (Plaintiffs' Exhibit E was marked for
identification by the reporter.)

1 Q In your letter of May 10, 1962, a copy
2 of which is being marked, you take quite a bit of
3 space to explain the cost of operating for the
4 production of 7500 short tons a year. Do you
5 remember that?

6 A Yes, sir. This is one special market.
7 I want you to understand that.

8 Q Yes. In your judgment are the figures
9 which you give as to the cost of production in
10 that letter reasonable and in keeping with actual
11 conditions at the area of the mine?

12 A Would you read that? I have got my long-
13 hand copy here. Would you read those figures off?

14 Q I will let you read them, sir, if you
15 would like.

16 A Fine.

17 Q You might take time to read the whole
18 letter and then you can answer me.

19 A All right. I would like to say, Mr.
20 Perry, that this first proposal here, this market
21 will produce 7500 short tons per year, and I would
22 like to state that this market I have lost
23 entirely due to the quiet title suit. I would
24 like that to be in the record.

25 Q What market was that?

26 A This was the market with Frank Testa out

1 of Cleveland, Ohio of 625 tons per month of short
2 tons.

3 Q Did you have a contract with him?

4 A Only in the negotiating stage.

5 Q We were to get to the figures of
6 production. You were going to tell me whether in
7 your judgment they were reasonable and factual
8 considering the location of the Cowden property
9 and the circumstances in that area.

10 A All right.

11 MR. PERRY: Art, do you represent Mr. Wright
12 as well as Mr. Swartz?

13 MR. PARSONS: Yes.

14 MR. PERRY: So far as you know are you going
15 to be representing the Campbell estate?

16 MR. PARSONS: So far as I know they are all
17 mixed up with executors and everything, and I
18 don't know what the situation is.

19 THE WITNESS: Yes, sir, these figures are all
20 right as long as we understand, Mr. Perry, that
21 they pertain to this particular operation, as long
22 as they pertain to this particular one that I am
23 describing.

24 Q BY MR. PERRY: Why is this particular
25 operation different than another operation which
26 would require 7,500 short tons a year?

1 A I don't understand your question. If you
2 are going after just one particular market of 7500
3 tons per year, naturally your costs are going to
4 run, so if you have the joint operation then you
5 can reduce some of your costs.

6 Q In this letter of the 10th did you
7 envision that this 7500 short tons a year would be
8 the total operation or would there be something
9 else going on at the same time?

10 A No, sir, there would be something else
11 going on at the same time because this would give
12 me the money without any outside assistance
13 whatsoever to carry on with my fine grind market.

14 Q Was this a fine grind problem?

15 A What these people were going to do with it
16 I do not know. But I assume 625 tons a year was
17 going back east for the fine grind market.

18 Q So you had planned to make this 7500 short
19 tons a year and in addition attempt to negotiate
20 other sales as well?

21 A Well, remember, now, I had my Frank Davis
22 market lined up, but I did not have my mill lined
23 up unless I went for outside assistance. This was
24 one way to help me do it all on my own.

25 Q I wonder if you are possibly confused.
26 According to this letter of May 10th the 7500

1 tons a year is for Frank Davis & Company.

2 A No, sir. 7500 tons per year was to Frank
3 Testa Brothers out of Cleveland, Ohio at I felt
4 like I could get \$12 a ton, but I could sure get
5 \$10 a ton.

6 Q I am going to read you this paragraph,
7 sir, and I will get over here so you can read it
8 with me and make sure we are correct about it.
9 "This market will purchase 625 short tons per
10 month of minus one inch."

11 A I am speaking of the Frank Testa market.

12 Q It doesn't say anything about Frank Testa
13 in there, does it?

14 A I mentioned it in another letter or in
15 this one later on, but I'm just referring to one
16 market that I had lined up.

17 Q It says, "material F.O.B. cars in
18 Seligman. They have offered \$10 per short ton,
19 but I have reasons to believe we can get \$12 per
20 short ton on cars. This money will be put in
21 escrow for a full year's supply (7,500 tons) and
22 kept current as ore is delivered. This is a good
23 price and a substantial market over a five-year
24 period. Within six months this market will supply
25 enough net money to build a small dry fine grind
26 mill that will produce the following -- minus 200

1 mesh, minus 300 mesh and a micron size material.
2 These markets are small volumewise but very
3 profitable. The following prices that can be
4 depended on at Frank Davis Company, Los Angeles,
5 are:"

6 A I beg your pardon. In my writing I
7 should have started another paragraph. I am
8 speaking now of Frank Davis' market. These up
9 here have another market.

10 Q In other words, you are saying this should
11 have been paragraphed and when you start talking
12 about the amount of money you are going to get
13 you are not talking about the materials you are
14 going to sell?

15 A No, sir, not this market here. Now I'm
16 starting and telling you about the Frank Davis
17 Company market.

18 Q Will you be in attendance at the hearing
19 on the 15th of November in Prescott?

20 A I was summoned. Art maybe can answer
21 that better than myself.

22 MR. PARSONS: I anticipate that you will be
23 needed. I don't want to say right now that he
24 will be there.

25 Q BY MR. PERRY: You are, I suppose,
26 familiar with the terms of the lease of the Cowden

1 property, the lease executed by Mr. Cowden with
2 the Campbell interests and then assigned to you?

3 A I have read it several times, yes, sir.

4 Q Has ore ever been produced in commercial
5 quantities from this property during the term of
6 the lease?

7 A Yes, sir. I have never sold ore that I
8 have not made money on that particular order.

9 Q Aside from the sales which you have told
10 me about --

11 A I have made money on that particular order.
12 When you go over an over-all operation of stripping
13 and everything and getting your property ready and
14 all the development work, you need a substantial
15 steady market to get a profit. But any ore that
16 we have sold has been based on our actual cost of
17 getting it out of the ground, and we have never
18 sold a ton of ore that we have not sold it for
19 more than it cost us to get it out of the ground.

20 Q Has ore ever been produced and sold off
21 this property in commercial quantities?

22 A In commercial quantities? I thought I
23 just answered that. The ore that was sold was a
24 commercial ore and a profit made, but on the over-
25 all operation, no. You have got a lot of costs
26 against this property that you are not even

1 considering, Mr. Perry. Would you like for me to
2 list a few outside costs that we had?

3 Q No, sir, I didn't ask you about costs. I
4 asked you whether or not commercial quantities of
5 the ore had been produced and sold.

6 A I am telling you every ton of ore that we
7 have sold we have made money on that ton that we
8 sold.

9 Q Do you understand that quantity means
10 amount?

11 A Volume, yes, I understand.

12 Q I will ask you again. Has the volume of
13 production from that property been a commercial
14 volume?

15 A We have not had a volume property. We
16 don't have a volume property. We never have had
17 one, and it took us a long time to find out that
18 we only have specialized markets to sell this ore
19 to.

20 Q Is it true that pursuant to the terms of
21 the lease you were given a definite period before
22 the lease was undertaken within which to determine
23 whether or not the product could be economically
24 mined and disposed of?

25 A Yes, we did, and we did those things, and
26 we were assured by Kaiser Steel that they would

1 give us an order, and they canceled that order
2 after we got our mine in operation and got the
3 ore stockpiled.

4 Q So you were mistaken when you --

5 A I was not mistaken. I had the order
6 canceled out from under me, Mr. Perry. Mr.
7 Powell told us that he would buy the ore, and he
8 came up and looked at the ore and would not buy
9 it because of the air slacks and decrepitates. I
10 had an order pulled right out from under me after
11 we spent \$25,000 getting the property ready for the
12 order.

13 Q Have you in fact properly, economically
14 and effectively mined and removed and sold iron
15 ore from that land over the term of the lease?

16 A In my opinion I have, Mr. Perry. I have
17 done everything that could possibly be done in
18 finding and pursuing and getting the proper market
19 for this ore, yes, sir.

20 Q Have you in fact mined, removed and sold
21 ore in commercial quantities during the term of
22 the lease?

23 A No, sir, not in the term of quantity because
24 you don't have that type of ore for your domestic
25 markets.

26 Q Do you have any side agreement with Mr.

1 Swartz that is not included in the written
2 agreement?

3 A No, sir, I most positively do not.

4 Q What interest does the Campbell estate
5 have in the lease at this time?

6 A Any interest that the Campbell estate has
7 has only been a moral obligation on my part which
8 I have in the past my doubts about. They do not
9 have any legal interest in it.

10 Q Do you consider that about 600 tons per
11 month would be a minimum commercial tonnage from
12 this property?

13 A No, sir, it depends on your market, your
14 price that you are getting for it, Mr. Perry. 600
15 tons a month could be a tremendous market under
16 the right order.

17 Q What would be a minimal commercial
18 production off this property in any kind of a
19 market you can think of?

20 A I think five to ten thousand tons per year
21 under one market, and then of course others under
22 other markets.

23 Q What kind of a market would that be?

24 A That would be in your fine grind market.
25 That would give you a chance to amortize your
26 plant and make your future plans, improvements,

1 all along.

2 Q How many months during the term of this
3 lease from the time it started have you produced
4 and sold that much ore?

5 A Well, I have already told you, Mr. Perry,
6 that I have never sold that much ore in a month.

7 MR. PERRY: That is all.

8 MR. PARSONS: Before I ask some questions of
9 Mr. Wright, I would like the record to show that
10 I am handing Mr. Cowden a green bound report
11 concerning the property which has been compiled
12 by Mr. Guy Swartz including the geology, the
13 history and deposits and specifications, economics
14 of a particular proposed market and also a hole
15 log tabulation of drilling that has been done on
16 the property. Since Mr. Cowden is going to be
17 back here at 2:00 o'clock tomorrow, do you have
18 any objection to having him bring with him any
19 correspondence that he might have from persons
20 who dealt with Mr. Elwood Wright with respect to
21 proposed mining operation on the property or for
22 proposed sale of ore?

23 MR. PERRY: We would have no objection. I
24 want to make sure I understand.

25 MR. PARSONS: Including Mr. Ken Powell.

26 MR. PERRY: Who else?

1 MR. PARSONS: Mr. Jim Stewart or others in the
2 C. K. Williams Company. Anybody from the Lynn
3 Mining Company of Provo, Utah, the Portland
4 Cement Company of Riverside, California, the
5 Ferro-Oxide Company, particularly Bill Blommel
6 and Al Symonds. And as I say, anybody else with
7 whom he has had correspondence concerning the
8 efforts under this lease to mine the Cowden
9 property.

10 MR. PERRY: The efforts by Mr. Wright or by
11 anyone working for or through Mr. Wright?

12 MR. PARSONS: Yes.

13 MR. PERRY: All right.

14 (Discussion off the record.)

15 MR. PARSONS: I have some questions of Mr.
16 Wright. We will adjourn until 9:00 o'clock
17 tomorrow morning and continue with the deposition
18 of Mr. Wright.

19
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1 PHOENIX, ARIZONA, NOVEMBER 1, 1962; 9:00 A. M.

2 -0-

3 REDIRECT EXAMINATION

4 BY MR. PARSONS:

5 Q Mr. Wright, you were sworn here yesterday?

6 A Yes, sir.

7 Q You have been familiar with and have had
8 to do with the Cowden property the whole time that
9 it has been under this lease, is that right?

10 A Yes, sir.

11 Q Would you just briefly give me the date
12 and what was accomplished and your estimated
13 expenditure on the property and related activities
14 during that period?

15 A I can give it approximately. You would
16 like a complete resume?

17 Q I would like a resume of the activity and
18 the approximate cost to Campbell and yourself.

19 A I first examined the Cowden property
20 approximately 20 miles south of Seligman, Arizona
21 in --

22 MR. PERRY: We object to the answer as not
23 being responsive. As we understand it the
24 question was directed to determining activities
25 which cost money and the money spent on such
26 activities during the term of the lease, is that

1 correct?

2 MR. PARSONS: that is correct.

3 THE WITNESS: I beg your pardon.

4 Q BY MR. PARSONS: Were expenditures made
5 before you entered into the lease at all, Mr.
6 Wright?

7 MR. PERRY: Objection, immaterial.

8 THE WITNESS: Yes.

9 Q BY MR. PARSONS: In the course of your
10 examining the property?

11 A In assay work and checking some markets.

12 Q Give those expenditures, and then we will
13 go on to the other expenditures.

14 A I'd say that our expenditures before the
15 signing of the contract were probably in the
16 neighborhood of \$1500.

17 Q And they were for what?

18 A They were for just rough assay work, the
19 checking of the property, the first preliminary
20 check on the potential markets.

21 Q All right. Now, after the lease was
22 entered into.

23 A Then we go to the summer of 1956. We
24 first contacted Kaiser Steel.

25 MR. PERRY: Excuse me, Mr. Wright. Are you
26 not talking about after the lease was executed?

1 A Yes. The lease was executed in March of
2 1956.

3 Q BY MR. PARSONS: Go ahead.

4 A March 31, 1956 is when the lease was
5 executed. So early that summer, but I don't know
6 the exact date, but early June or around June of
7 '56 we contacted Kaiser Steel at Fontana,
8 California.

9 Q Mr. Wright, would you like to correct that
10 date? Was that the 31st of May, 1956 that the
11 lease was executed?

12 A Yes.

13 Q All right.

14 A We presented samples to Mr. Kenneth
15 Powell and discussed the over-all problem of
16 the property at that time, and he had informed me
17 then that he had been on the property in the
18 forties, in the nineteen forties, that it was a
19 good grade of ore and that he would be interested
20 to see what we came up with.

21 Q Without going into detail, Mr. Wright,
22 would you just kind of summarize expenditures?
23 That is all I am after right now.

24 A All right. This was only about \$100 at
25 this particular time.

26 MR. PERRY: What was that for, a trip to

1 California?

2 A That was a trip to Kaiser Steel, yes.
3 Then I took assays and pictures to San Francisco.

4 Q BY MR. PARSONS: When was this?

5 A This was sometime in the summer of 1956.
6 I contacted Bradley & Eckstrom, the Japanese
7 Embassy, Pacific State Steel, several ore brokers
8 in the San Francisco area, and cash expenditure
9 was approximately \$400. Through our contacts in
10 San Francisco we then went to Lovelock, Nevada to
11 see the Dodge Construction people who were
12 shipping to the Japanese and Thomas Mining Company
13 who had shipped to the Japanese and was presently
14 shipping Bessemer grade ore, cash expenditures
15 approximately \$200. We had some hope from these,
16 so we then went to Pueblo, Colorado to see the
17 Colorado Fuel and Iron Company. We contacted Mr.
18 Rose and Mr. Carter, cash expenditures
19 approximately \$300.

20 MR. PERRY: When was this?

21 THE WITNESS: This was in the fall of 1956.

22 MR. PERRY: May I inquire, sir, are all of
23 those figures that you have been giving us on the
24 sheets of paper which you are now holding in your
25 hands?

26 THE WITNESS: Yes, sir.

1 MR. PERRY: May I inquire also, sir, where
2 those figures came from?

3 A Well, they came from both contacting Mr.
4 Campbell and myself.

5 MR. PERRY: When did you prepare that sheet
6 of paper?

7 A I prepared this in October of 1960.

8 MR. PERRY: That sheet was made in October,
9 1960?

10 A Yes, sir, prior to the arbitration.

11 MR. PERRY: It was made to assist you in
12 testifying at the arbitration?

13 A Yes, sir.

14 Q Was it made from some original records
15 which are available somewhere?

16 A Yes, sir, through some of Mr. Campbell's
17 records and some of my own personal records.

18 Q BY MR. PERRY: Where are those records
19 now?

20 A I don't know. I can't tell you.

21 MR. PERRY: Do you have any personal recollection
22 of these figures without that sheet of paper?

23 A Oh, yes, I can probably get pretty close.

24 MR. PERRY: Let the record show that we
25 object to any further testimony concerning dollar
26 amounts, expenditures or any other sums of money

1 based upon the notes which the witness has for the
2 reason that they do not constitute original
3 records, that they do not constitute an original
4 source material and that there is no foundation
5 for their use. We object to the introduction of
6 any such testimony at the trial by way of deposition
7 or otherwise.

8 Q BY MR. PARSONS: Mr. Wright, let me ask
9 you what has happened to the records of the E. P.
10 Campbell estate.

11 A Mr. Parsons, I can't answer that. I have
12 not been very closely associated with the
13 Campbell estate but only the first few months
14 after Mr. Campbell's death. I don't know. The
15 Campbell estate is in litigation with a lot of
16 people. From the records as far as I know there
17 has never been an administrator approved of the
18 estate, and I just can't answer that. I don't
19 know where the records are or if they can ever be
20 gotten.

21 Q Do you know if those records would be
22 available to you?

23 A It's possible.

24 Q You don't know actually?

25 A I don't know.

26 Q You go ahead and give us your best

1 estimate of these activities and cost of them as
2 you have been.

3 MR. PERRY: Will you first let the reporter
4 mark that piece of paper you are referring to,
5 please, unless counsel objects?

6 Q BY MR. PARSONS: Let me ask you this, Mr.
7 Wright: By looking at those notes is your
8 recollection actually refreshed with regard to the
9 matters which you are testifying to?

10 A Only actual work performed and the
11 pursuance of markets, going after and trying to
12 find markets, and I could only give you roughly
13 what my daily costs and things are, but the
14 actual notes that I have in here pertaining to
15 the work, yes, I can.

16 Q With regard to the figure amounts, are
17 those your present estimates?

18 A Yes.

19 MR. PARSONS: Mr. Perry, you would like to
20 have that marked. Would you make copies for us to
21 have?

22 MR. PERRY: Be glad to.

23 Q BY MR. PARSONS: We realize those are just
24 your own penciled and inked notes, Mr. Wright.

25 A I want that understood, Art, that these
26 are some approximate costs that have been spent

1 on this property over the years in pursuance of
2 markets and are approximate actual expenditures
3 on the property itself in performing the work.
4 As long as that is understood, why, I don't mind
5 submitting it.

6 Q In other words, you are saying they are
7 not to the dollar or anything of that sort?

8 A Not to the dollar.

9 Q They are estimates?

10 A They are estimates.

11 (Defendants' Exhibit 1 was marked for
12 identification by the reporter.)

13 Q Would you go ahead? The last item that
14 you remarked about was the Pueblo, Colorado visit
15 with the Colorado Fuel and Iron Company. I
16 believe you estimated \$300 for that trip.

17 A Correct.

18 Q What is your next item?

19 A In 1956 the staking of the unpatented
20 claims. We originally put in 16 unpatented claims
21 contiguous to the patented claims owned by Mr.
22 Cowden, approximately \$1600.

23 Q Those were staked for his benefit, is that
24 right?

25 A Yes.

26 MR. PERRY: Just a moment. We object to the

1 leading form of the last question.

2 Q BY MR. PARSONS: Go ahead.

3 A The exploration work performed on the
4 Cowden iron ore in 1956 by Wells Cargo Company,
5 two pits dug and one bench made, cash expenditure
6 \$650. In 1956 panoramic pictures taken of the
7 property, assay work, \$100. Markets pursued in
8 1957, Kaiser Steel, \$100. Japanese steel mills,
9 three Japanese engineers on the property,
10 contacts in San Francisco and in the State of
11 Washington, \$500. I would like to state, Art,
12 that this is Item No. 5. This is a cash
13 expenditure by other people other than Mr.
14 Campbell or myself through our direct contact.
15 Is that clear?

16 Q It was through your efforts?

17 A Through our efforts to get them on the
18 property or to get them to test the property.

19 Q What was it?

20 A That is going back to Item No. 5, markets
21 pursued in 1957, Kaiser Steel, \$100, and --

22 MR. PERRY: Is this money spent by somebody
23 else other than Campbell or you?

24 THE WITNESS: Yes, through our direct efforts
25 to get them to come and examine the property.

26 MR. PERRY: In other words, it's their travel

1 expenses?

2 A Right.

3 MR. PERRY: Go ahead.

4 Q BY MR. PARSONS: What is the item of
5 expense?

6 A This would be roughly what their traveling
7 expenses would be to come and look at the property
8 and to do the assay work that they did.

9 MR. PERRY: May I inquire, did they send you
10 copies of their expense account?

11 A No, sir, they did not.

12 MR. PERRY: How do you have this figure, then?

13 A I know approximately how long they were on
14 the property, and I know what living costs are per
15 day when you are on the road.

16 MR. PERRY: So then this is just your estimate?

17 A Yes, sir, I said that.

18 MR. PERRY: Thank you very much.

19 Q BY MR. PARSONS: This was their expense for
20 what, Mr. Wright?

21 A To come to Seligman, look at the property
22 and the work that they did on the property or any
23 expenditures that they might have spent in my
24 presence.

25 Q How long were they on the property?

26 A Oh, anywhere from a few hours to a few

1 Washington and California, Texas.

2 Q What work did they do on the property?

3 A Art, some none, other than examine the
4 property. Others took quite a few assays.

5 Q Give us that item and go on to the next
6 one.

7 A If it's going to confuse things, I would
8 just as soon leave it out. But it shows the
9 people that we brought on the property through
10 our efforts. Is this all right?

11 Q I understand. Go on.

12 A Three Japanese engineers from Japan and
13 Washington, \$500. Brokers or promoters on the
14 property, Bradley & Eckstrom, R. F. Helmke, Bob
15 Jensen, four trips, \$700. David Garrick, \$150.
16 Jack Dunton, Maco Mud, \$300. Bob Dannelly, \$50.
17 Roy Shoemaker, \$25. Company representatives on
18 the property in 1957, Kaiser Steel, Mr. Powell,
19 Mr. Ketchell, cash expenditure approximately \$300.
20 Murmanell Corporation, Dallas, Texas, Gerald C. Mann,
21 Sr., Gerald C. Mann, Jr., Lynn Ackton, Mr.
22 Edeling, Mr. Sundness, both engineers, cash
23 expenditure \$1,000.

24 Q All those persons were part of the
25 Murmanell Corporation, is that right?

26 MR. PERRY: Object to the form of the

1 question, leading.

2 THE WITNESS: Mr. Mann, Jr., and Mr. Mann, Sr.
3 were in the Murmanell Corporation. Mr. Ackton
4 is a successful promoter that brought them to the
5 property. Mr. Edeling and Mr. Sundness are both
6 mining engineers working for Murmanell to examine
7 this property.

8 MR. PERRY: And that \$1,000 represents their
9 expenses?

10 THE WITNESS: Yes. They spent three days
11 with us at this time. Santa Fe Railroad, David
12 Crutchfield from Los Angeles, mining engineer,
13 two trips on the Seligman property, \$200.
14 Companies contacted in 1957, Tennessee Gas and
15 Transmission, telephone call \$15. Lone Star
16 Steel, Dallas, Texas, Mr. Morris contacted by Mr.
17 Wright, Mr. Helmke, Mr. Campbell and Mr. Campbell's
18 pilot, cash expenditure, \$750. Columbia and
19 Geneva Iron Company, Provo, Utah, 25-pound sample,
20 representative sample of the ore body, a complete
21 chemical analysis made by them, \$50. C. K.
22 Williams Company, Emeryville, California, 50-ton
23 trial shipment for batch test, \$2500.

24 MR. PERRY: What period are we in now, Mr.
25 Wright?

26 THE WITNESS: This is in 1957.

1 MR. PERRY: Still 1957?

2 THE WITNESS: Yes.

3 MR. PERRY: Do I understand, sir, that this is
4 all from your present memory which a glance at
5 that paper refreshes?

6 THE WITNESS: It's like I said a moment ago,
7 Mr. Perry, that some of these expenditures were
8 actually cash expenditures which most of them were
9 paid or I saw the bill on most of them. I tried
10 to clarify that some of these expense accounts I
11 could only say by the trip that they made and how
12 long they were on the property roughly what their
13 cost would be.

14 MR. PERRY: All right.

15 THE WITNESS: Utah Construction Company,
16 Youngstown Sheet & Tubing, \$100. Halliburton
17 Oil Well & Cement Company which we contacted
18 several times, \$300. Exploration work in 1957,
19 wagon drilling, 41 holes, approximately 3,000 feet,
20 cash expenditure \$3500. Rotary drilling, five
21 four and three-quarter inch holes, 500 feet total
22 digging, \$2500. Mining for development in 1957,
23 Item No. 7, we opened up two faces. We stockpiled
24 4500 to 5,000 tons. We dozed off the hillside and
25 built a four-inch grizzly, cash expenditure \$25,000.
26 Item No. 8, exploration drilling 1957-59, rotary

1 drilling, nine four and three-quarter inch holes,
2 700 feet, cash expenditure \$3,500. Item No. 9,
3 assessment work on the unpatented mining claims
4 in 1958, road building, cuts and pits, cash
5 expenditure \$1500. Item No. 10, markets pursued
6 1958-59, Bethlehem Steel Corporation, Los Angeles,
7 California, Pacific States Steel Company, Niles,
8 California, Kaiser Steel Company, Fontana,
9 California, Colorado Fuel & Iron Company, Pueblo,
10 Colorado, cash expenditure \$300. Lone Star Steel,
11 Dallas, Texas, Lynn Mining Company, Provo, Utah,
12 cash expenditure \$200. Portland Cement Company,
13 Riverside, California and Tucson, Arizona, various
14 promoters on the property that year, \$700.

15 Geology and engineering reports on property in
16 1960, D. S. O'Leary, mining engineer, maps made,
17 Elwood Wright assisting, cash expenditure \$1500.

18 I would like to say Item No. 11 is the markets
19 pursued in 1960, the research work done by these
20 people, the assay work of Jonas & Associates or
21 Ferro-Oxide Research on their scientific testing,
22 and we have reports which we will gladly present,
23 and cash expenditure is \$20,000. Item No. 12,
24 outside costs to E. P. Campbell, water well for
25 Mr. Cowden, 700 feet, two and a half inch pipe,
26 move tank and pump, cost \$10,000. Bought Iron

1 Chancellor claim from Mr. Cowden in this deal,
2 cost \$5,000.

3 Q BY MR. PARSONS: Who was that purchased
4 from, do you know?

5 A I believe Mr. Barringer. I believe the
6 claim was purchased from Mr. Barringer in
7 Pennsylvania, but I would have to go back to notes
8 that I do not have with me right here.

9 Q Where is the Iron Chancellor claim with
10 respect to the other claims?

11 A The Iron Chancellor claim is contiguous
12 and adjacent to the Cowden claims.

13 Q Is there any development on that claim?

14 A Yes, there is a 50-foot shaft, several
15 cuts. It has been surveyed, and there has been
16 some dozer work of clearing it off, and there has
17 been a number of samples taken from the property.

18 Q Go ahead.

19 MR. PERRY: What year are we in now?

20 THE WITNESS: I tried to itemize it and said
21 outside costs which we didn't feel were directly
22 work performed on the property.

23 MR. PERRY: Yes, sir. But what year are you
24 talking about?

25 THE WITNESS: We are talking about through
26 '56, '57 and '58.

1 MR. PERRY: Thank you kindly.

2 THE WITNESS: I beg your pardon, Art. I would
3 like to say we are speaking of outside costs, and
4 this would have to be considered '56 through Mr.
5 Campbell's time of the arbitration of 1961.

6 Q BY MR. PARSONS: Up to the arbitration?

7 A Yes, up to the arbitration of 1960. I
8 beg your pardon.

9 MR. PERRY: The arbitration was in 1960, is
10 that right?

11 THE WITNESS: Yes. I corrected myself, Mr.
12 Perry.

13 MR. PERRY: I am glad you did, sir. Thank you.

14 THE WITNESS: Survey and engineering work by
15 D. S. O'Leary, '59 and '60, \$1,000. Expenses for
16 field men during those years, \$5,000. We had two
17 men assisting Mr. O'Leary, and most of the time I
18 was assisting Mr. O'Leary. This composes several
19 weeks' work over-all.

20 MR. PERRY: Does that count your wages, too?

21 THE WITNESS: I was never on wages. This would
22 count my expense account, yes, sir.

23 MR. PERRY: Just your expenses?

24 THE WITNESS: Yes, sir.

25 MR. PERRY: Actually what it cost you to live
26 there?

1 THE WITNESS: Yes, sir, on my part, not on
2 Mr. O'Leary's part. The two men assisting us were
3 Mr. W. W. Reeves and a helper who was also
4 assisting us during this time. They were on wages.
5 Miscellaneous cost during this surveying and
6 engineering was \$500.

7 MR. PERRY: Are you just reading off that sheet,
8 sir?

9 THE WITNESS: Yes. Item No. 13, engineering
10 and geologists that have been on the Seligman
11 property through our results -- I would like to
12 say, Art, that I am adding to this at times. Is
13 that all right?

14 Q BY MR. PARSONS: Yes. You refresh your
15 memory from that and tell us the various items.

16 A D. S. O'Leary, Ralph Godfrey, Charles Jonas,
17 Arizona Mineral Resources, Ken Powell, Bob Jensen,
18 R. F. Helmke, Wells Cargo, Colorado Fuel & Iron,
19 two engineers, Utah Construction, Edeling,
20 Sundness, Fisher Construction Company, Crutchfield,
21 Mark Lintz, estimated cost \$2,000.

22 Q When were they on the property?

23 A That was through the years. Most of it
24 was in '59 and '60, but some of them were on the
25 property in '57 and '58.

26 Q Mr. Wright, turning down to the deposits

1 and the geology and research aspects with regard
2 to the deposits, when you first went on the
3 property what was its condition? What did you
4 find?

5 A I would like to state that I am going from
6 memory now, and I do not have any notes in front
7 of me. The condition of the property at the time
8 we were on it in 1955 was several old shafts and
9 pits which most of them were inaccessible with a
10 few small dumps from the workings that had been
11 done years previously. We liked the property, and
12 we thought it had possibilities, so Mr. Cowden
13 let us see a report.

14 MR. PERRY: We object to anything further. I
15 think the question has been answered.

16 Q BY MR. PARSONS: Had any ore been removed
17 from the property at that time, do you know?

18 MR. PERRY: No foundation.

19 THE WITNESS: To my knowledge there had never
20 been any ore removed from this property.

21 Q BY MR. PARSONS: Turning to your experience
22 for a minute, Mr. Wright, I believe you testified
23 that you studied geology?

24 A Yes, that is correct.

25 Q Where was that?

26 A Texas Tech.

1 Q You didn't receive a degree, though, did
2 you?

3 A No, sir, I did not receive a degree.

4 Q How many units short were you from
5 receiving a degree?

6 A About 13 or 14 hours total with my work
7 at the University of Houston.

8 Q You also studied electrical engineering?

9 A No, sir, I did not. I studied electricity
10 in night school at the University of Houston.

11 Q What has been your experience in mining?

12 A I have had seven years experience with Mr.
13 Campbell in various phases of both open pit
14 mining, milling of a heavy media operation and
15 exploration drilling and the examination of
16 properties.

17 Q Could you tell us the results of your first
18 examination of the property and the exploration
19 program that you first undertook there?

20 A The first examination of the property was
21 favorable, and after acquiring the lease, why,
22 the initial cuts that we made verified the core
23 drills data that had been performed by Mather
24 Iron Company some years before. The assay work that
25 we did at this time verified the continuity and
26 the uniformity of the grade iron ore.

1 Q What did you find to be the characteris-
2 tics of the ore itself?

3 A We were completely startled. At the time
4 we made the contract with Mr. Cowden no one had
5 any idea what the iron ore in content would be.
6 We were amazed at the uniformity of the ore as to
7 grade, as to Fe content in the continuous high
8 percentage of Fe 203. We found after our initial
9 testing of drilling and open pit work that the iron
10 ore ranged in Fe content from 60 to 62 per cent
11 which we had anticipated a much lower grade of
12 iron.

13 Q Is that uncommon?

14 A Very much so in this particular area,
15 anyway. This would have to be considered an
16 exceptionally high grade uniform soft red iron
17 oxide.

18 Q At that time what were your plans with
19 respect to the development of the ore body and
20 sale of the ore?

21 A Well, at that time when we started the
22 drilling program and were assured that we had in
23 the neighborhood of 250,000 tons assured ore we
24 then started our stripping of the Lone Jack Claim,
25 and the south end of the Iron Chancellor Claim.

26 Q You say you blocked out 250,000 tons?

1 A Yes, to our satisfaction when we assured
2 ourselves that we had a minimum of 250,000 tons
3 of iron ore.

4 Q To whom did you anticipate you would be
5 able to sell the ore at that time?

6 A At this time and why we did it this way
7 was under the guidance and recommendations of
8 Bradley & Eckstrom Company who at this time was
9 assured that they had a market with the Kaiser
10 Steel, we performed this work and stockpiled
11 approximately 5,000 tons of ore.

12 Q Would you tell us who Bradley & Eckstrom
13 Company is?

14 A Bradley & Eckstrom is an old mining firm
15 and brokerage firm in San Francisco.

16 Q What kind of markets do they supply?

17 A Chrome and iron ore mainly. This has been
18 their mainstay for many, many years. They were
19 presently handling ore, and we thought that they
20 were the best company for us to go to to help us
21 get this ore to the market.

22 Q What was your next or further research
23 program.

24 A I would like to say, Mr. Parsons, that Mr.
25 Ken Powell with Kaiser Steel and Mr. Ketchell in
26 the presence of Mr. Helmke and myself had assured

1 us at this time that they could take the type ore
2 that we brought them, the samples of the ore that
3 we took, at a price of \$8 a long ton loaded on car
4 at Seligman and that they could take up to several
5 thousand tons per month.

6 Q That is Ken Powell of Kaiser Steel?

7 A Right.

8 Q When was that?

9 A This was in late '57.

10 MR. PERRY: Is that after you stockpiled that
11 first 5,000 tons?

12 THE WITNESS: This was the second trip that we
13 had made to Kaiser Steel.

14 MR. PERRY: Was it after you stockpiled the first
15 5,000 tons?

16 THE WITNESS: The second trip, the one I am
17 presently talking about, is after we stockpiled
18 the ore based on the first trip that we had made
19 to them. But after viewing the property, the
20 stockpile on the property, by both Mr. Powell and
21 Mr. Ketchell, the verbal commitment was withdrawn.

22 Q BY MR. PARSONS: Why was that?

23 A Due to the decrepitation of the ore.

24 Q What do you mean by "decrepitation"?

25 A I mean that it's the ore air slacks, it
26 breaks up into fines, and they did not think that

1 it was suitable for their presentday processes
2 which at this time they only had a blast furnace
3 and a Bessemer open hearth furnace.

4 Q Can you explain to me what you mean by
5 decrepitation?

6 A The breaking up of the lump ore into fines,
7 into objectionable material as far as the blast
8 furnaces are concerned. They are afraid of fines
9 as to the air not passing through, and it can
10 possibly cause an explosion in their blast furnaces
11 so I have been told.

12 Q Did that finding in effect make it
13 impossible to use your ore for blast furnaces or
14 open hearth furnaces, is that what you are saying?

15 MR. PERRY: We object to the form of the
16 question. Go ahead.

17 THE WITNESS: I am only saying what Mr.
18 Powell told me as far as Kaiser Steel is
19 concerned. We have had other people such as
20 Pacific States Steel that likes the ore from the
21 fines standpoint, but they have a different
22 process. They happen to be pelletizing all of
23 their ores before it reaches the blast furnaces,
24 but due to freight rate difficulties we have not
25 been able to be competitive to the Nevada ores
26 into Pacific States Steel at Niles, California.

1 Q BY MR. PARSONS: Does decrepitation take
2 place in ore that is in place?

3 A Only to the extent where it's exposed.
4 With the faces that we have exposed presently,
5 there definitely is a tremendous amount of fines
6 in them. When the oxygen and air hits the ore
7 after some period of time the rainfall, the
8 weather conditions, the cold nights and the warm
9 days, why, the ore breaks up into fines, not all
10 of the ore, but an appreciable part of it does.

11 Q Is this one of the reasons why you did not
12 continue stockpiling ore?

13 A Definitely. At this time we felt like we
14 had enough ore reserves proven, we had enough
15 stockpiled to get samples and assay work for
16 anybody that was interested in taking this
17 particular iron ore.

18 Q Is it true that if you stockpiled further
19 ore it would merely result in it being exposed to
20 decrepitation?

21 A We felt at this time to the markets that
22 we were pursuing at this time that any further work
23 as far as stockpiling of iron ore or exposing the
24 underground ore, the ore that was covered with
25 alluvian and limestone capping, that this would
26 be very detrimental to our future markets.

1 Q You felt it was better to leave the ore in
2 place as it was rather than stockpile and expose
3 it?

4 MR. PERRY: Objection, leading.

5 THE WITNESS: We definitely felt at this time
6 that any more exploration work or development
7 work by us as to exposing the ore could do nothing
8 but be harmful to us in the pursuance of the
9 steel markets which at this time we had only
10 pursued the steel markets other than the initial
11 test to C. K. Williams & Company whom we had not
12 heard one word from after several months of
13 shipping the ore.

14 Q BY MR. PARSONS: What was the next
15 development regarding the knowledge of the ore
16 department and when did it take place?

17 A There was no more large exploration or
18 development work. There was only periodic mining
19 and stockpiling to what we felt was showing our
20 good faith, but we turned our attention to a
21 different field in the pursuance of our markets.

22 MR. PERRY: Where are we now in point of time,
23 Mr. Wright?

24 THE WITNESS: At the present time we are in
25 the year of 1959 and early '60.

26 Q BY MR. PARSONS: To what market did you

1 then turn your attention?

2 A At this time we started studying the fine
3 grind market.

4 Q Will you tell us what you mean by "fine
5 grind"?

6 A We are speaking of a natural red iron
7 oxide that is ground down to very fine sizes of
8 minus 200 mesh which has been the maximum down to
9 micron size material.

10 Q This is compared with ore of what type or
11 nature that you were paying attention to earlier?

12 A This is a different field entirely. This
13 is a field that is very jealously guarded by
14 companies such as C. K. Williams Company, Mapico
15 Division of Columbia Carbon, Minnesota Mining &
16 Manufacturing Company, Frank Davis Company and any
17 number of brokerages, most of them being in the
18 East.

19 Q What sort of market does Frank Davis
20 Company supply?

21 A Frank Davis Company has a plant in Los
22 Angeles and also he has a plant in New Jersey and
23 he has other outlets, but I don't know exactly
24 where they are, but Mr. Davis has been in business
25 so I have been told by Mr. Davis himself since
26 1942 in the Los Angeles area in the pigment,

1 colored dye business of fine grind material and
2 natural and synthetic iron oxides.

3 Q Into what kind of product does the ore
4 which he might buy from you go?

5 A It goes into different fields. Some of it,
6 if it's high grade enough and the purity is good
7 enough such as synthetic iron oxides of a purity
8 of 98 or 99 per cent Fe_2O_3 , these type go into the
9 manufacture of ferrites which is the mainstay of
10 your computers, your electronics industry, your
11 television industry, your catalysts, both used
12 as accelerators and retarders. Your micron size
13 natural red iron oxide goes into the primer paint
14 industry. Your minus 325 mesh material of natural
15 red iron oxides goes into several fields, but the
16 main amount, total tonnage, goes in the color of
17 cement of cement dyes.

18 Q Does C. K. Williams apply a different
19 market than the Davis Company?

20 A They are competitive. C. K. Williams and
21 Frank Davis are competitive. They sell practically
22 the same products. C. K. Williams sells more due
23 to having larger plants and a larger company, and
24 they are more centrally located than Frank Davis,
25 but they are very competitive in the entire field
26 of iron oxides, especially natural red iron oxides.

1 Q How would this product have been sold to
2 these outlets if you had been able to sell it, that
3 is, to Davis and C. K. Williams? What form would
4 it take and so forth?

5 MR. PERRY: We object to speculation
6 necessarily incident to this question. Go ahead
7 and speculate for us.

8 THE WITNESS: When we contacted Mr. Davis in
9 Los Angeles he assured us that he had markets of
10 minus 200 mesh material which went into the
11 fertilizer-cattle feed industry.

12 Q BY MR. PARSONS: When was that?

13 A Our first contact where we had presented
14 samples of our product for further study by him
15 to Mr. Davis was made in December of 1961, that
16 Mr. Davis had outlets for minus 325 mesh material
17 and that he had outlets for micron size material,
18 that he could pay us thirty or forty dollars per
19 ton of 50-pound bag material of minus 200 mesh,
20 that he could pay us forty to sixty dollars per
21 ton of minus 325 mesh material in 50-pound bags,
22 that he could pay us sixty to seventy dollars per
23 ton for micron size material in 50-pound bags
24 loaded on the car at Seligman, Arizona.

25 Q So this new market would have been supplied
26 by you in bagging the ore and that kind of thing,

1 is that the idea, in its entirety?

2 MR. PERRY: Objection, leading.

3 THE WITNESS: In the mining and milling of the
4 ore which consisted of pulverizing, a bagging
5 setup in your mill, the classification of the ore
6 as to size, the marketing of the ore to the Los
7 Angeles area and even competitive to the eastern
8 areas.

9 Q BY MR. PARSONS: What would have been the
10 approximate cost, if you know, of the necessary
11 mill that would pulverize the ore into fine grind?

12 A Mr. Parsons, the total cost can be
13 considerable. Initial stages of making minus 200
14 mesh and minus 325 mesh material with some micron
15 size material can range in the field of around
16 thirty or thirty-five thousand dollars. Now, to
17 further your micron size material which there is
18 more being used every year due to your ferrite
19 industry increasing and your primer paint industry
20 back east, your micron size material really needs
21 a jet mill, a jet mill being a controlled flow of
22 pressure and steam in a mill type of a round shape
23 of a doughnut. This is your fine grind micron
24 size material. That mill in itself would have to
25 go around forty or fifty thousand dollars.

26 Q Just before the arbitration proceedings I

1 believe a contract was entered into with Ferro-
2 Oxide?

3 A Ferro-Oxide came to me --

4 MR. PERRY: Just a moment. That question calls
5 for a yes or no answer. Either there was a
6 contract executed at that time or there wasn't.
7 That was the question.

8 THE WITNESS: Yes.

9 Q BY MR. PARSONS: Was it with Ferro-Oxide?

10 A Yes. But I would like to state --

11 MR. PERRY: No. You answered the question.

12 THE WITNESS: I answered it.

13 MR. PERRY: Then stop talking until you hear
14 another question.

15 Q BY MR. PARSONS: What was Ferro-Oxide's
16 business? What did they do?

17 A Ferro-Oxide came to me with a proposal
18 that Mr. Campbell and I join them in a research
19 program that they assured us that they had a market
20 in the catalytic field to Shell Chemical Company
21 of Los Angeles of a micron size material that
22 would bring them in the neighborhood of 15 or 16
23 cents a pound, that they had to reach a purity of
24 97 to 98 per cent total iron oxide content.

25 Q What research was carried on by you and
26 Ferro-Oxide?

1 A They had done some work prior to our
2 coming into the picture. Their main work that they
3 had done was a Dorr Oliver fluid solids reduction
4 test of approximately 800 pounds of the Cowden
5 iron ore. They reached a purity of 97.4 or 97.5
6 per cent of total iron content in a black very
7 fine grain hardness magnetic material. The
8 density and the hardness of this material when it
9 was presented to Shell Chemical Company did not
10 pass the water retention test that they so
11 demand for the porosity of their product in the
12 catalytic field. The water retention test has to
13 be 13 milliliters of water against 15 grams of
14 the material. This material that Ferro-Oxide
15 presented to Shell Chemical Company before we
16 joined them only went to the scale of six on the
17 porosity scale.

18 Q Was it agreed that this ore on the Cowden
19 property would be satisfactory?

20 A Yes. There was no reason to assume that
21 if you could get the purity of the ore up without
22 too much heat that it had a good possibility of
23 reaching 11, 12 or 13 on the porosity scale of the
24 water retention test.

25 Q What experimentation and research did you
26 and they do as I understand it in conjunction?

1 A When we came into the picture with Ferro-
2 Oxide, they assured us that all they needed from
3 us was the material, that we would not have to put
4 any money into it, that they had orders other than
5 these, so we came into the picture with them.
6 Through our coming in with Ferro-Oxide we did some
7 tests with them ourselves at the University of
8 Arizona at Tucson with Dr. Rosevere there. We
9 found that the Cowden iron ore in a natural state
10 of mine run material of the red soft ore in the
11 deposit would go to the scale of eight and a half
12 on the water retention test without any upgrading
13 or any purifying of the ore.

14 Q So what does that mean?

15 A It means that we have a very good
16 possibility of getting it up by upgrading the ore.
17 We get our iron oxide content up to 97 and 98
18 per cent and we have a very good possibility of
19 reaching the scale of 12 or 13 so demanded by Shell
20 Chemical Company. This is only one phase. We
21 went into the ferrite possibilities of making a
22 high purity iron oxide powder to the low grade or
23 soft ferrite industry. Mainly this material would
24 go into the television industry.

25 Q What eventually happened to Ferro-Oxide?

26 A Ferro-Oxide other than accumulating a vast

1 amount of data of research work, of which we have
2 records, I believe, which I have given Mr. Cowden
3 all of this work, we felt like that Ferro-Oxide
4 had reached the highest that they could go, that
5 they were limited in financial assistance. They
6 had breached the contract that we had made with
7 them. So we canceled the contract with Ferro-
8 Oxide and therefore got out of Ferro-Oxide
9 ourselves, but we feel like Ferro-Oxide even though
10 it may not have gone any place, we feel that Ferro-
11 Oxide did a vast amount of research work which is
12 very valuable to us at this time.

13 Q You spoke of negotiations with Ken Powell
14 of Kaiser Steel and others. Would you tell us
15 first when you entered into some negotiations
16 with Kaiser Steel?

17 A This would have to go back to 1957, or it
18 would have to go back to 1956 when I had my first
19 contact with Kaiser Steel. But it was obvious
20 that I could not break into the steel market with
21 Kaiser Steel, and that is one of the reasons I
22 went to R. F. Helmke with Bradley & Eckstrom.

23 Q Tell us about your dealings with Bradley
24 & Eckstrom.

25 A Our dealings with Bradley & Eckstrom were
26 for over a period of two years. I'll say this for

1 Mr. Helmke, he tried desperately to create markets
2 with Maco Mud, with Kaiser Steel, with the
3 Japanese and also with C. K. Williams. But
4 Bradley & Eckstrom finally after about a year and
5 a half or two years got disgusted because of the
6 cancellation of their verbal agreement with Kaiser
7 Steel. Because of the fines in the Cowden ore,
8 Maco Mud felt like --

9 Q Bradley & Eckstrom, is it a brokerage
10 outfit?

11 A Well, they don't like to be called brokers.
12 I guess you could call them brokers. They are
13 competent mining people. From the history of the
14 company I would have to call them a brokerage
15 because they have bought ore and sold it.

16 Q They were responsible for your being put
17 in contact with Kaiser Steel?

18 A No, I had contacted Kaiser Steel before
19 I went to Bradley & Eckstrom, but I felt like I
20 couldn't do any good with Kaiser Steel. Bradley &
21 Eckstrom put me in direct contact with C. K.
22 Williams.

23 Q Explain about the Japanese market.

24 A The Japanese have always been a -- Dodge
25 Construction Company of Lovelock, Nevada verified
26 this -- but they were good pay, and they would take

1 the ore. They wouldn't pay you the premium
2 prices that you should get for your ore, but they
3 did have a bonus set up. The Japanese was always
4 a tough setup. But also the Japanese have been
5 evasive in this area of Seligman and always trying
6 to get you to pay the freight rate, the loading
7 of the ore on the boats, which we felt like took
8 too large a capital investment.

9 Q Explain to us what your dealings were with
10 regard to selling ore to the Japanese, please.
11 What company were you dealing with?

12 A I dealt with any number of promoters whom
13 we quickly gave up on that had verbal -- I don't
14 mean verbal, but they had some sort of written
15 letter from different Japanese companies, but we
16 soon eliminated most of these, but our main
17 contact was with the Mitsubishi people whom we
18 understand is the second largest steel mill in
19 Japan through Mr. John L. Domann of Southgate,
20 California. Mr. Domann contacted us back in 1959
21 for the first time. This went on for almost two
22 years, but really not until the summer of 1960 did
23 we carry on quite a bit of correspondence, and
24 in the latter part of '60 we sent full reports,
25 test work, reserve tonnage and everything to the
26 Mitsubishi people in Japan.