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1425
2000

2850000

.10
2000

20000

① Want copy of O'Leary
Report. ✓

② Copy of depositions
to be taken 10/31/62

③ ~~Letter with Wright's
cost estimates.~~

④ Heinrichs geophys rpt

Exhibit 1 for show
10-25-63
min. in. date, notes,

mine and removal(+) - 9
mine 2 slip - 3

LEASE AGREEMENT

This lease agreement made and entered into this 31st
day of May, 1956, by and between YAVAPAI RANCH COMPANY,
an Arizona corporation, hereinafter designated as Lessor, and
E. P. CAMPBELL, herein designated as Lessee.

WITNESSETH:

I

In consideration of the sum of One Dollar (\$1.00) paid
by Lessee to Lessor, the receipt of which is hereby acknowledged,
and in further consideration of the covenants, agreements and
conditions hereinafter contained to be observed, kept and per-
formed by the Lessee, the Lessor does hereby demise, lease and
grant unto the said Lessee, his heirs, personal representatives
and assigns the following mining claims situated in the Chino
Valley Mining District in the County of Yavapai, State of Arizona,
to-wit:

Camp Bird
Fairview
Federal No. 2
Federal No. 7
Ben Franklin
Ben Franklin No. 2
Hematite
Iron Horse
Lone Jack
Lone Jack No. 2
Machias
Monitor

and -

The South Half ($S\frac{1}{2}$) of Section Fifteen (15)
The East Half ($E\frac{1}{2}$) of Section Twenty-one (21)
The West Half ($W\frac{1}{2}$) of Section Twenty-three (23)
The North Half ($N\frac{1}{2}$) of Section Twenty-seven (27)

All in Township Twenty (20) North, Range
Six (6) West of the Gila and Salt
River Meridian.

for a term beginning at such time as Lessee shall notify Lessor
in writing that Lessee proposes to proceed with mining operations.

upon said property and extending for a term thereafter of ten (10) years, provided, however, that in the event that Lessee shall abandon said property, shall fail to mine the same for a period of six (6) successive months, or shall notify Lessor that it is no longer desirous of continuing said lease for the reason that it is no longer economically feasible to produce iron ore in commercial quantities, then and in such event this lease shall terminate and Lessee shall execute and deliver to Lessor a proper form of release thereby clearing the title to the property of said Lessor.

II

This lease to Lessee is for the purpose of permitting Lessee to enter upon the demised premises and mine and remove therefrom iron ore and to do all things reasonably necessary and convenient to economically and properly extract and remove said iron ore from the demised premises. In this connection the parties agree that it is to the interests of Lessor and Lessee that the ore removed and shipped from said demised premises as the result of the mining operations of said Lessee shall approach 51 1/2% in grade of iron contained in said ore as is reasonably possible. Lessee agrees as a term of this lease that it will use its best efforts to so mine the iron ore deposited upon said premises; that the ore shipped shall approximate 51 1/2% iron, provided, however, that in the event Lessee cannot advantageously dispose of ore unless it is mined at a higher percentage of iron, then and in such event, Lessee may increase the iron ore content of the ore shipped from said premises, but only after notifying Lessor in writing of its intent so to do and advising Lessor as to the approximate percentage of iron which the ore thereafter shipped will contain. Lessee shall not unreasonably increase the iron

ore content, however, and shall not engage in the practice commonly known as "high grading", but so shall manage its mining operations that the entire ore body developed on the demised premises shall be mined and sold to the advantage of the parties hereto. It is further understood and agreed in this connection that the foregoing management by Lessee of its mining operations will require that Lessee commingle and mix low grade ore with high grade ore to the extent reasonably possible and in keeping with good mining practices.

It is understood and agreed that this Lease is for the purpose of permitting Lessee to mine and remove⁽²⁾ from the demised premises the deposit of iron ore known to the parties hereto to be found therein. In the event other minerals or matter which may be extracted and mined and sold on a commercial basis be found, it is understood and agreed that Lessee shall have a preferential right to lease the demised premises for the purpose of mining any such commercially valuable materials, provided that Lessee is willing to enter into a lease with Lessor as advantageous to Lessor as any other Lessee tenders or agrees to enter into with Lessor.

III

Lessor hereby grants Lessee the right to enter upon the demised premises and all parts thereof and to lay therein pipes, lines, telephone lines and all other installations reasonably necessary or convenient to Lessee's mining operations. Lessee shall have the right to strip and cave the surface of said demised premises and sink shafts and do all such other things as may be reasonably necessary or convenient in its operation. In addition thereto Lessee shall have the right to dump earth, rock and waste of all kinds removed by it upon said demised premises or upon premises adjacent thereto, provided that Lessor be first notified of the intent on the part of Lessee to so dump waste material on lands

not hereby leased and secure Lessor's approval of such dump.

IV

It is understood and agreed that there is one mining claim a part of the group of claims making up the aforesaid iron ore deposit known as the Iron Chancellor which is not owned by Lessor.

Lessor presently holds an option from the owner thereof whereby the said Iron Chancellor can be purchased for the sum of Five Thousand Dollars (\$5000.00). The Lessee agrees to purchase said Iron Chancellor mining claim in the name of Lessor and that upon the purchase thereof by said Lessee the same shall be and become the property of Lessor and subject to all of the terms and conditions of this lease as if owned by Lessor at the time of the execution thereof. Upon the cancellation or termination of this lease agreement Lessee shall have no right, title or interest in or to said Iron Chancellor mining claim.

It is also understood and agreed by the parties hereto that it will be mutually advantageous to the parties that mining claims be located upon lands not owned by Lessor for the purpose of protecting the iron ore deposit which may be developed and for the purpose of preventing interference by others locating mining claims with the mining operations of Lessee. Accordingly Lessee agrees to survey and locate in the name of Lessor mining claims upon the unpatented lands adjoining and appurtenant to the various claims hereby leased in such fashion as will adequately protect the ore deposit which the parties believe to be located upon the demised premises. The Lessee shall perform the necessary assessment work, do all other things to maintain the validity of said mining locations until such time as this lease shall terminate. The Lessor shall have the right at any time when it is legally permissible so

to do to patent any said unpatented mining claims so located by Lessee for the account of Lessor. All expense incurred in connection with the location of such claims shall be borne and paid by Lessee; Lessee shall have no claim against Lessor therefor.

V

It is understood and agreed that the ore body located upon the demised premises and upon the areas which Lessee will protect with unpatented mining claims is not fully developed and known to the parties, and that Lessee is not desirous of proceeding with mining operations until the extent and amount of said ore body shall be more accurately ascertained. It is therefore agreed that Lessee may forthwith enter upon the demised premises and the areas adjacent thereto which Lessee will protect through the filing and making of mining claim locations thereon and enter upon a program of drilling the area for the purpose of blocking out and ascertaining the nature and the extent of the ore body located thereon. Full records shall be kept of all such drilling operations of Lessee and two copies thereof shall be supplied to Lessor promptly; said drilling program shall be completed within a period of two months from the date hereto, and within said period Lessee shall either exercise its right to proceed with mining operations through giving notice to Lessor that it is satisfied with the nature, grade and extent of the ore body located upon the demised premises and that it proposes to enter upon the performance of this lease and exploration; mining and removing of the ore body located upon the demised premises or surrender the premises back to Lessor. All analyses and other examinations made by Lessee of the demised premises and the areas adjacent thereto shall be fully and faithfully recorded and reported to Lessor.

VI

Lessee covenants that all mining operations performed by it under the terms and conditions of this lease and all other

things and acts done and performed by it pursuant to its performance of this lease agreement shall be done in a good and workman-like manner in accordance with good engineering practice and so as not to cause or permit any unnecessary or unusual permanent waste or injury to the demised premises or inconvenience or hindrance to Lessor.

VII

It is understood and agreed that there is presently a water well located upon Lone Jack No. 2 claim and that said well supplies Lessor with a cattle watering facility.

It is agreed that Lessor shall be entitled to the continued use of this well and that in the event it is destroyed through mining operations of Lessee, then Lessee will replace the same in some convenient location in the same general area, provided that such a well can be supplied to Lessor through reasonable water well drilling operations.

VIII

As royalty and rental payments to Lessor, Lessee agrees to pay Lessor a royalty or rental of 50¢ per ton for all iron ores mined and shipped or otherwise removed from the demised premises.

Lessee further agrees that in the event Lessee is able to negotiate a more favorable freight rate for the shipment of the iron ores to be mined and removed from the demised premises than the presently understood rate of \$5.00 per ton, then and in such event Lessee shall pay to Lessor in addition to the aforesaid sum of 50¢ per ton 50% of any freight decrease negotiated and received by it per ton, but only upon ore mined and removed by the open pit method of mining. In this connection it is understood that the parties agree that should Lessee be required to remove said ores through underground mining operations as distinguished from

open pit mining operations, then Lessor shall not be entitled to a percentage of any freight rate decrease negotiated by Lessee with respect to ores mined through such underground mining operations for the reason that the cost thereof will be substantially greater to Lessee than open pit mining operations.

It is further understood and agreed that if and whenever during the term of this lease the Cleveland, Ohio marketing value of Old Range Bessemer iron ore containing .51% natural iron shall exceed \$ _____ per ton, which sum is the present Lake Erie price for such ore, then and in such event the royalty to be paid hereunder by Lessee to Lessor shall be proportionately increased; that is to say, shall be increased in the proportion that the increase in the price of such Old Range Bessemer iron ore bears to the present price above set forth. X

Lessee agrees to keep good, true and accurate records of all ores and other materials removed from the demised premises including all assays thereof and all other records pertaining to the amount, value and kind of all materials removed from the demised premises, which records shall be at all times available to Lessor. In addition it is agreed between the parties that Lessor shall be entitled to make such assays required in the keeping of such records on the part of Lessee as may be reasonably required to adequately protect the interests, rights and position of Lessor under this lease agreement to the end that Lessor may at all times be satisfied that it is being properly compensated for ores mined and removed from the demised premises. In this connection it is understood and agreed that the demised premises shall include all claims located by Lessee for the account of Lessor and that all such claims so located by Lessee for the account of Lessor shall be considered a part of the demised premises.

It is further agreed in this connection that Lessee shall not locate any claims in the general area adjacent to the demised premises other than for the account of Lessor.

It is further understood and agreed that if Lessee shall mine and ship from the demised premises ores having a content of natural iron in excess of 51 1/2% and by reason of the increase in the iron ore content of such ores, Lessee shall receive a higher price than would be received for iron ore containing natural ore content of 51 1/2% then the royalty payable by Lessee to Lessor hereunder shall be proportionately increased in the percentage that the increased price bears to the price which would be received for the iron ore containing natural ore content of 51 1/2%.

IX

Lessee shall make payment to Lessor of the royalties and other sums due hereunder by depositing the same to the account of Lessor in The Valley National Bank at Prescott, Arizona, and shall forward to Lessor duplicate deposit slip, together with the other reports herein required, such deposits shall be made on or before the 10th day of each month for the preceding month.

X

Parties hereto mutually agree to do all things reasonably necessary to carry out the intent of this agreement. Lessee agrees to at all times maintain proper accounting and assay practices and procedures and other procedures necessary to accurately, carefully and truthfully reflect the ores removed from said premises and the values thereof.

Lessee agrees to supply to Lessor, from time to time, and at least every 60 days, estimates of the tonnage of iron ore which Lessee anticipates it will mine and ship in the immediately ensuing 90 day period.

XI

In the event Lessee notifies Lessor that it proposes to proceed with the mining of the mine ore upon the demised premises, Lessee agrees to forthwith proceed with diligence throughout the term of the lease with mining operations calculated to and which in fact do properly, economically and effectively mine, remove and sell the iron ore deposit located upon the demised premises.

XII

The Lessee shall and will pay all taxes and assessments, ordinary and extraordinary, general or specific, including occupation or severance taxes which may lawfully be imposed, levied or assessed upon the demised premises and upon the whole thereof and on the iron ore mined thereon or other minerals or metals and all improvements and personal property thereon, excepting any and all personal income taxes chargeable to the Lessor and taxes upon the royalty payable to the Lessor or royalty interest of the Lessor hereunder, while this lease shall remain in force and will furnish the Lessor with duplicate receipts showing the payment of all such taxes or assessments; provided, however, that the Lessee shall always have the right to contest in the courts or otherwise, the validity of any such assessments or taxes in case the same shall be deemed unlawful, unjust, unequal or excessive or to take such steps or proceedings as may be necessary to secure a cancellation, reduction, readjustment or equalization thereof before the Lessee shall be required to pay and discharge the same, or any part thereof; provided, however, that Lessee shall at all times protect the demised premises and all property thereon from sale or other loss by reason of its failure to pay such tax, assessments or other impositions. In the event Lessee

does not pay all taxes, assessments or other impositions as hereinbefore required, Lessor at its option shall have the right so to do and to charge the same forthwith to Lessee as a royalty payment hereunder.

XIII

Lessee shall account to Lessor and to pay to Lessor monthly the royalty payments herein required to be made with a detailed statement showing the basis for such royalty payment.

XIV

Lessee shall provide the proper weighing facilities for accurately and correctly weighing all iron ore removed from said premises and shall be responsible to satisfy Lessor as to the accuracy of said scales or weight devices and as to the authenticity of the figures supplied to Lessor. Lessor shall have the right at all times to test the correctness of the scales or other weighing devices employed by Lessee.

XV

While this lease shall remain in force and effect, the Lessee shall and will protect the demised premises and all interests thereon and all iron ore or other ores or the concentrates mined and produced therefrom and not sold and disposed of in due course of business or shipped therefrom, from all mechanic's or laborer's liens and will keep the title to the same free and clear from all clouds or encumbrances on account of or in any manner arising from the mining operations conducted hereunder or the use and occupancy hereunder of the demised premises by the Lessee, or the agents servants and employees of the Lessee. The Lessee further agrees to record and put on the demised premises prior to commencing any operations thereon under this lease, and keep posted at its own cost and expense, a notice as

provided by law, that the Lessee is responsible for all claims and demands in connection with the operation of said property and that the Lessor of said property is not liable for any liens or claims resulting from said operations. All miners, laborers and other persons who may furnish labor or materials on or for said premises during the term of this lease and to whom any sum may be due from the Lessee for labor or materials shall be promptly paid by the Lessee.

XVI

At all times during the term of this lease, the Lessee shall and will carry and maintain liability insurance under the Workmen's Compensation Law and the Occupational Disease Liability Law of the State of Arizona satisfactory to the Industrial Commissioner of that State or, at its option, may carry at its own risk under the Workmen's Compensation Law and Occupational Disease Liability Law of the State of Arizona, after first securing permission to do so from the Industrial Commissioner of that State. At its own cost and expense, the Lessee will also fully comply with all the terms of the Arizona Workmen's Compensation Law and the Arizona Occupational Disease Liability Law.

carry what?

XVII

The Lessee hereby assumes any and all liability or liabilities arising or to arise from accidents or injuries to it, its agents or employees or any other person in or about the demised premises while the same are in the possession of the Lessee and hereby indemnifies the Lessor against any liability or responsibility for or on account of any such injuries, it being understood that the hazard of all such liability or responsibility is taken into consideration by the parties hereto in fixing the royalty due and payable under this lease.

XVIII

That the uninterrupted rights of the Lessee to the use

of the demised premises and to exercise the rights and privileges herein provided for shall continue unsuspended, notwithstanding any controversy or disagreement between the parties hereto respecting the same, provided that the Lessee shall duly pay all royalty which may accrue on shipments and minimum royalty at the time or times and in the manner stipulated in and by this lease.

IXX

That the Lessor shall, at all times have the right, by itself or its duly authorized agents, to enter upon the demised premises or concentrating plants for treatment of ores therefrom, to inspect or survey the same, provided that they shall not unnecessarily or unreasonably hinder or interrupt the operations of the Lessee.

XX

That if the royalty provided for remains unpaid at the time or times above specified or if the Lessee shall fail to keep any of the other conditions herein expressed to be performed or observed by the Lessee and if either of such failures shall continue for sixty (60) days after the receipt by the Lessee of written notice from the Lessor specifying such failure, then and from thence forward it shall be lawful for the Lessor to declare this lease terminated and the rights of the Lessee hereunder forfeited; provided, however, that if the Lessee shall deny the failure alleged by the Lessor or either party shall demand arbitration thereof in the manner hereinafter provided, the period required for the hearing and determination of such matter by the arbitrators shall not be deemed a part of said sixty (60) days hereinbefore referred to and if the contention of the Lessor be sustained by the arbitrators, the Lessee shall have sixty (60) days after the filing of the decision by the

arbitrators in which to correct the failure complained of; provided, however, that in the event the failure complained of by Lessor on the part of Lessee shall be the failure to pay royalty or other moneys due Lessor from Lessee, then Lessee shall not have the right to proceed to arbitration unless and until said moneys in dispute be paid into escrow to await the determination of the arbitrators.

XXI

That upon the termination of this lease by expiration of time or otherwise with respect to all or any part of the demised premises, the Lessee will peacefully surrender possession thereof to the Lessor with all caves or openings made by the Lessee properly fenced, filled or otherwise protected and thereafter in such case, the Lessee shall have ninety (90) days in which to remove all engines, tools, machinery, railway tracks, shaft houses, buildings, dwellings or structures and all other property of every nature and description erected or placed by it upon the premises so surrendered, except any and all supports placed in any shafts, drifts or openings upon said premises, or any ladders, timber or framework necessary to the use and maintenance of shafts or approaches to mines or tramways within mines, none of which shall be so removed by the Lessee; provided, always, however, that none of said property may be so removed by the Lessee unless all payments of taxes (except taxes not then due and payable which must and will be paid within ten (10) days after they become due and payable), royalty and other dues shall have been made and all other covenants, agreements and conditions hereof obligatory upon the Lessee shall have been fully and faithfully observed and performed.

XXII

That in the case any disagreement or controversy shall arise between the parties hereto relative to the observance of fulfillment or construction of the terms and obligations hereof, then such controversy or disagreement shall be determined by arbitration. Either party may, within a reasonable time after such disagreement arises, demand arbitration thereof and the party making such demand shall, in writing, specify the matter to be submitted to arbitration and at the same time choose and nominate some disinterested competent person skilled in the operation of iron mines and related matters to act as an arbitrator. Thereupon, within ten (10) days after the receipt of such written notice, the other party to this lease shall, in writing, choose and nominate a disinterested and competent arbitrator skilled in the operation of iron mines and related matters and the two arbitrators so chosen, shall promptly select a third arbitrator, giving written notice to both parties of the choice so made and fixing a place and time for meeting, not later than thirty (30) days thereafter, at which both parties may appear and be heard touching such controversy. The decision of said arbitrators shall be made in writing within thirty (30) days after the completion of hearings thereon and when signed by a majority of them, shall be final and conclusive upon both parties and the award so made shall be forthwith complied with. In case the notified party shall neglect or refuse to choose and nominate an arbitrator within the time herein specified or in case the two chosen by either method herein provided, shall fail to agree upon a third arbitrator, then such arbitrator shall in each case, upon application of either party after reasonable notice to the other and opportunity to be heard on the question

of the selection of such arbitrator, be named by the person (or any one of the persons) who may then be holding the office of Senior Judge of the United States District Court in and for the District in which the demised premises are located or the person holding any office which corresponds to such office as now extant if it shall have been abolished. The expenses of any such arbitration, including reasonable compensation for the arbitrators shall be paid by the party against which the award therein shall be made or as otherwise directed by the arbitrators.

XXIII

That all payments, reports, statements and notices required or permitted to be made and to be made to the Lessor by the Lessee may be made or given by depositing the same in the United States mail, postage prepaid, addressed to the Lessor at the following address:

Yavapai Ranch Company
P.O. Box 1550
Phoenix, Arizona

or at such other address within the continental United States of America as the Lessor may from time to time designate in writing and all notices and communications authorized to be given by the Lessor to the Lessee shall be addressed to the Lessee at the following address:

E. P. Campbell
902 Lubbock National Bank Building
Lubbock, Texas

or at such other address within the continental United States of America as the Lessee may from time to time designate in writing but any notices by either party of termination or default shall be effective only on actual delivery by registered mail or otherwise.

XXIV

That the Lessee shall have the right to assign this lease and to contract with others to work the mine or mines upon the demised premises and to sublet said premises, or any part thereof, for the purpose of mining for iron ore or other ores, with the same rights and privileges as are herein granted to the Lessee, but no such assignment shall operate to release the Lessee from the obligations herein contained until and unless such assignment shall have been consented to in writing by the Lessor.

XXV

That the covenants and conditions hereof shall run with the land and shall inure to the benefit of and be binding upon the successor, sublessees and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the YAVAPAI RANCH COMPANY has caused these presents to be executed by its proper officers thereunder duly authorized and the Lessee has signed these presents on the 31st day of May, 1956.

YAVAPAI RANCH COMPANY

BY S. Ray Cowdell
President

ATTEST:

A. A. Clement
Secretary

LESSOR

E. P. Campbell
E. P. Campbell

LESSEE

STATE OF ARIZONA)
County of Yavapai) ss

On this the 31st day of May, 1956, before me, the undersigned officer, personally appeared S. Ray Cowdell and A. A. Clement who acknowledged themselves to be the President and Secretary respectively of YAVAPAI RANCH COMPANY, a corporation and that they, as such officers being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as such officers.

IN WITNESS WHEREOF, I herunto set my hand and official seal.

W. Lynn Christensen
Notary Public

My Commission Expires:

Oct 17-58

STATE OF Arizona)
County of Maricopa) ss.

On this the 3rd day of May, 1956, before me, the undersigned officer, personally appeared E.P. CAMPBELL, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I herunto set my hand and official seal.

W. Lynn Christensen
Notary Public

My Commission Expires:

Oct 17-58

John Miller - Keon 10/15/62

Jim said he had talked to
Mr. Schwart - He plans to
put 3 crews at work at the
Iron property and will have
10 trucks hauling ore to mill
at Delington.

K. W. Fowler 1962

West Galloway Drive

Route 8 Box 665

Yacima, Washington

Glencourt - 2-2228

12/13/62

Jim Miller called at 6³⁰ PM
and told me someone had
taken a truck and tractor
to the Iron Mine on
Friday evening.



Jim

Roan

12/13/62

Started hauling ore from mine
to Deligman - Driver of truck
said it was Schwartz who was
doing the work. Hauling 20
tons to load. He said they
were putting in a mill at
Deligman to grind and sack
the ore prior to shipment.



8802

STATE OF ARIZONA, County of Yavapai—ss.

I do hereby certify that the within instrument was filed and recorded at the request of Guy A. Swartz on Aug 16 A.D., 1962 at 8:15 o'clock a. M. Book 265 Official Records

Page 135-136 Records of Yavapai County, Arizona.

WITNESS my hand and official seal the day and year first above written.

FRANK G. BAUER, County Recorder.
By Therese Trumbach, Deputy

INDEXED

STATE OF ARIZONA)
COUNTY OF YAVAPAI)

ASSIGNMENT

This Assignment dated July 5th, 1962, by and between Elwood Wright and wife, Mary Lee Wright (hereinafter called Wright) and Guy A. Swartz (hereinafter called Swartz);

W I T N E S S E T H:

WHEREAS, Wright acquired by an assignment dated December 20, 1960, and recorded in Book 207, Page 227 of the Records of Yavapai County, Arizona, all of the right, title and interest of E. P. Campbell and wife in and to that certain mining lease agreement dated May 31, 1956, by and between Yavapai Ranch Company, as Lessor and E. P. Campbell, as Lessee, which lease is recorded in Book 183 at Page 127-143, inclusive, of the Records of Yavapai County, Arizona and reference is here made to said lease agreement and assignment and the record thereof for all purposes: and

WHEREAS, Wright desires to assign to Swartz all of his right, title and interest in and to the above referred to lease agreement.

NOW THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00) cash and other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged, Wright does hereby grant, bargain, sell, assign, quitclaim and convey unto Swartz all of his right, title and interest in and to that certain mining lease agreement dated May 31, 1956, by and between Yavapai Ranch Company, as Lessor and E. P. Campbell, as Lessee, which lease is recorded in Book 183 at Page 127-143, inclusive, of the Records of Yavapai County, Arizona, to which lease agreement reference is here made for all purposes as fully and completely as if the same were set out in its entirety.

To have and to hold said Lease Agreement unto Swartz, his heirs, successors and assigns.

WITNESS execution hereof the day and first herein-
above written.

Elwood Wright
Elwood Wright

Mary Lee Wright
Mary Lee Wright

Guy A. Swartz
Guy A. Swartz

STATE OF NEW MEXICO)
COUNTY OF CHAVES)

The foregoing was acknowledged before me this 5th day of July,
1962, by Guy A. Swartz.



Dwight J. Spauld
Notary Public

STATE OF TEXAS)
COUNTY OF GARZA)

GARZA)
COUNTY OF GARZA)

The foregoing was acknowledged before me this 9 day of July,
1962, by ~~Elwood Wright and his wife~~ Mary Lee Wright, wife of Elwood Wright.



Roberts Hest
Notary Public

Commission Expires:

STATE OF NEW MEXICO)
COUNTY OF CHAVES)

The foregoing was acknowledged before me this 5th day of July,
1962, by Elwood Wright.



Dwight J. Spauld
Notary Public

STATE OF ARIZONA, }
County of Yavapai } ss.

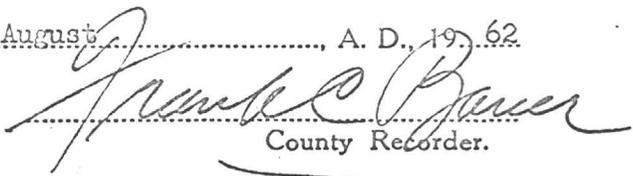
I, FRANK C. BAUER, County Recorder, in and for the County of Yavapai, State of Arizona, and custodian of the records of such office, do hereby certify that the foregoing is a full, true and correct copy of the

Assignment

Elwood Wright et ux to Guy A. Swartz

as same appears of record in my office, in Book 265 Official Records
Page 135-136 and of the whole thereof,

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the City of Prescott, County of Yavapai, State of Arizona, on this, the 24th day of August A. D., 19..... 62


County Recorder.

By.....
Chief Deputy Recorder.

bcc L.K. ~~rs~~
E. Ray Cowden
E. G. Ratcliffe

July 25, 1962

Mr. A. J. Symonds, President
Ferro-Oxide Corporation
1608 East Earl Drive
Phoenix, Arizona

Dear Mr. Symonds:

We have made arrangements with Harold Johnson of Soligman, Arizona to load the iron ore from the Cowden Ranch, which is presently stockpiled at Soligman and owned by Ferro-Oxide Corporation into cars for shipment. We are enclosing our purchase order for approximately 1,000 tons of iron ore to cover this shipment.

We will pay Ferro-Oxide Corporation \$4.00 per net ton for all ore shipped on the basis of rail weights furnished by the Santa Fe Railroad.

You are to guarantee that Ferro-Oxide Corporation is the owner of the ore and that it is free of liens and incumbrances.

Sincerely

C. K. WILLIAMS & CO.

T. J. Stewart
Vice President-Production

TJS:hb
encl.

June 13, 1962

Mr. E. Ray Cowden .
Cowden Livestock Company
P. O. Box 1550
Phoenix, Arizona

Re: Cowden v. Wright, et al

Dear Ray:

Enclosed please find copy of a letter
which I have written to Mr. Boedeker, together
with a copy of his letter to me for your file.

Sincerely,

MW:ms
Encs.

June 13, 1962

Mr. Edwin H. Boedeker
Attorney at Law
906 Lubbock National Bank Building
Lubbock, Texas

Re: E. Ray Cowden et ux v. Elwood Wright, et al

Dear Mr. Boedeker:

We are enclosing herewith copy of the complaint as filed in the above action.

Briefly, the background of the action is this. Mr. Cowden has an iron deposit on his ranch southeast of Seligman, Arizona, which was the subject of a mining lease to Mr. B. P. Campbell, a copy of which is enclosed for your information.

In his lifetime Mr. Campbell did some work on the mine in the way of drilling and some actual mining operations, but his failure to aggressively develop the mine was very disappointing to Mr. Cowden. The claim was made that a market for the ore could not be developed, but it was Mr. Cowden's understanding when the lease was executed that if Mr. Campbell was not able to develop a market for the ore and did not develop the mine, that he would relinquish the lease.

Mr. Elwood Wright, who is named a defendant, was his, I suppose he might be termed, general manager, in the area and in charge of this mining development. Some time back we were given a power of attorney from Mr. Campbell to Mr. Wright to manage the mine and take any action necessary to protect his interests, and Mr.

Mr. Edwin H. Boedeker

June 18, 1962

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Wright has stated that he has an assignment of the lease from Mr. Campbell, but I do not believe this has ever been filed with us or exhibited to us. Just what his relationship is to the mine is not clear in our minds.

In any event, there has been no activity of any substantial nature with respect to the development of the mine for over a year. Mr. Cowden some time back gave notice of forfeiture under the terms of the lease and consented to go to arbitration in the belief this might bring the matter to an early conclusion. However, Mr. Wright employed counsel and at the hearing presented testimony as to the existing plans for the development of the mine at that time, which led the arbitrators to refuse to go along with the forfeiture. However, these plans did not materialize and Mr. Cowden has therefore elected to proceed under the clause in the lease which provides that it shall terminate if there shall be an abandonment of the property or a failure to mine for six months. In our view of the Arizona law, an arbitration provision is not effective unless the parties actually proceed to submit the controversy to arbitration or unless the agreement itself is tailored to our arbitration statutes, which this agreement is not. We are further of the view that the lease provisions which call for termination in the event of abandonment or failure to mine for six months are unrelated to the balance of the terms of the lease, since manifestly if there is an abandonment, there would be no occasion for arbitration. Plainly, if the lease has terminated and become of no further force and effect, any provisions of the lease relating to the rights of the parties would likewise terminate.

If we can be of further assistance in the matter, please let us know. We would also appreciate advice as to the time when you have qualified and as to whether or not you desire to appear in the action and contest it. We will, of course, be willing to extend you a reasonable time to make a determination of just what action you should take to protect the interests of Mr. Campbell's estate. If it does have some residual

Mr. Edwin H. Boedeker

June 13, 1962
Page 3

interest in this leased property if in fact Mr. Wright does not have an assignment, we assume it might be necessary that an ancillary administrator be appointed here if the action is to be contested.

Yours very truly,

MW:ms
Encs.

LAW OFFICES
OF

Edwin H. Boedker

906 LUBBOCK NATL. BANK BLDG.
LUBBOCK, TEXAS

June 8, 1962

Snell & Wilmer, Attorneys
400 Security Building
Phoenix, Arizona



E. Ray Cowden et ux vs. Elwood Wright,
Et Al.
No. 22363
Superior Court, County of Yavapai,
Arizona

Dear Sirs:

The undersigned has been appointed as Administrator with the Will annexed of the Estate of E. P. Campbell, deceased, but he has not as yet qualified. The appointment was made June 6, 1962.

Please give particulars on the above suits.

Sincerely yours,

E. H. Boedker

cc: Hon. Bill Davis
Probate Judge
Lubbock, Texas

May 31, 1932

Mr. E. Ray Cowden
Cowden Livestock Company
P. O. Box 1550
Phoenix, Arizona

Dear Ray:

Enclosed please find copy of the letter which I received from Mr. Tognoni, together with a copy of my letter reply to him.

The suit has been filed, service of summons is presently in process in Prescott, and I have also mailed copies of the summons and complaint to Wright, his wife, and to the Campbell estate in Lubbock.

We will keep you advised as to any further developments.

Sincerely,

MW:ms
Encs.

May 31, 1962

Mr. Hale C. Tognoni
Tognoni, Parsons, Birchett & Cooding
Attorneys at Law
610 First National Bank Building
Phoenix 4, Arizona

Re: Cowden Iron lease

Dear Mr. Tognoni:

This acknowledges your letter of May 28, 1962 regarding the Cowden - Campbell lease.

I shall not attempt to answer your letter in detail other than to say that our construction of the lease agreement is that it terminated by its own provisions on the failure to the lessee to carry on substantial mining operations for a six months period.

Please be assured that Mr. Cowden has not in any sense slandered the title of Mr. Wright. In view of my advise to him, he has undoubtedly taken the position that he does not believe the lease remains in full force and effect and further that he would not waive any defaults on the part of either Mr. Campbell, his estate or Mr. Wright in the sense that he would ratify or approve any sales or other attempted actions on the part of the lessee or anyone acting for them.

I further believe that if you will examine the law of the State of Arizona you will come to the conclusion which I have, that unless the parties affirmatively submit a particular disagreement to arbitration an arbitration contract provision is

Mr. Hale C. Tognoni

May 31, 1962
Page 2

ineffective. Furthermore, it is our position that the lease terminate by its own terms in effect insofar as the failure to mine for a period of six months is concerned and that therefore the lease for all practical purposes is terminated and non-existent.

In view of this I have filed a suit to quiet title in order that this matter may be resolved, and enclose herewith a copy for your information, inasmuch as you are apparently still representing Mr. Wright.

In this respect I might bring to your attention that while I believe there was a power of attorney filed by Mr. Wright, I do not recall any assignment or other divestiture of the interests of Mr. Campbell or the Campbell estate in favor of Mr. Wright, and of course upon the death of Mr. Campbell, the power of attorney ceased to be effective.

Yours very truly,

HW:ms
Enc.

LAW OFFICES

TOGNONI, PARSONS, BIRCHETT & GOODING

610 FIRST NATIONAL BANK BUILDING

PHOENIX 4, ARIZONA

HALE C. TOGNONI
ARTHUR B. PARSONS, JR.
JOSEPH A. BIRCHETT
WILLIAM H. GOODING

WILLIAM K. STRONG
S. EARL PUGH, JR.
CALVIN N. BRICE

TELEPHONE
258-6481

May 28, 1962

Mr. Mark Wilmer
Snell & Wilmer
Security Building
Phoenix 4, Arizona



Re: Cowden Iron Lease

Dear Mr. Wilmer:

This letter is in answer to your letter of May 17, 1962, addressed to Mr. Elwood Wright wherein you stated in your opinion "that the failure to mine the property for in excess of six months has worked an absolute termination of the lease agreement" of May 13, 1956, between Yavapai Ranch Company and E. P. Campbell.

Evidently Mr. Cowden has failed to advise you of the work that has been done by Mr. Wright on the property during the last 6 months. Mr. Wright hereby denies that said lease is terminated or in default and my position as his attorney is that the work done by him on the Cowden Iron Property is sufficient under the language of the Lease Agreement as originally executed to keep the lease in good standing.

If after reviewing the facts as to work done by Mr. Wright, you and Mr. Cowden disagree with Mr. Wright's assertion that such work is sufficient to satisfy the terms of said lease then you may demand arbitration as set forth in the lease; and Mr. Wright will comply with any ruling which such Arbitrators may render.

Below is a list of some of the work reported to me as having been performed by Mr. Wright and his employees on the Cowden Iron Property since January 1, 1961.

MARCH, 1961

1. Mined and stockpiled on property 1,000 tons of ore. \$500
2. Shipped to C. K. Williams, Embryville, California, 12 carloads of minus 4 inch ore (720 short tons). Paid royalty by check in account of Cowden (Valley National Bank, Phoenix).
3. Worked out a purchase contract with Mitsubishi International Co., Japan for the purchase of 250,000 tons of iron ore over a 2 year period. Upon being contracted Mr. Cowden refused to acknowledge that the lease was in good standing, and the buyer refused to buy unless the lease was approved by the Lessor.

12500 20000
of 650000000

AUGUST & SEPTEMBER, 1961

1. Did assessment work on claims consisting of a geological map and report by Geological Engineer Hale C. Tognoni and a magnetic survey and map by Heinrichs Geoexploration Company, Tucson.

2. Mined 400 tons of ore left stockpiled in pit.

Oct. 1961
↓

DECEMBER, 1961

1. Mr. Wright met with Mr. Cowden and Mr. Clements in Phoenix on two separate occasions in an attempt for Mr. Cowden to approve the sale of ore. The buyers in each instance demanding the Lessor's approval.
2. Attempted to establish fine grind markets.

JANUARY, 1962

1. Developed a fine grind market with Frank Davis Co., Los Angeles.
2. Got Diversa, Inc., Dallas, Texas, interested in project. Again contacted Mr. Cowden who again took the position that Mr. Wright had no right to sell ore.

FEBRUARY, 1962

1. Took Diversa contract and representatives to Mr. Cowden, and he again refused to recognize the lease.

MARCH, 1962

- * 1. Cleaned up pits and stockpiled 25 truck loads of ore on property (400 tons).

2. Found a group in Midland, Texas, that would build a mill. Mr. Frank Lake representing this group talked with Mr. Cowden; and as a result of the conversation, the proposal was withdrawn.

May 1962 Filing date of suit.

Please be advised that this letter is a formal request through you that Mr. Cowden cease and desist in his slander of the title of Mr. Wright. Through Mr. Cowden's conversations with potential purchasers of ore, Mr. Cowden has stopped each major ore sale that Mr. Wright has had. As a result of such actions, Mr. Wright has suffered considerable damage.

The method of resolving differences between the parties is clearly set forth in the lease. If Mr. Cowden disagrees with Mr. Wright, he should follow those procedures instead of continuing his present practice of slandering Mr. Wright's title.

Respectfully submitted,

Hale C Tognoni

Hale C. Tognoni

HCT:cn

May 17, 1962

Mr. Elwood Wright
118 North Avenue W
Post, Texas

Dear Mr. Wright:

Your letters of April 3rd and May 10th, 1962 addressed to Mr. Ray Cowden have been referred to this office by Mr. Cowden.

I have advised Mr. Cowden that in our opinion under the language of the lease agreement originally executed with Mr. Campbell that the failure to mine the property for in excess of six months has worked an absolute termination of the lease agreement, and accordingly he is not interested in either of the proposals advanced by you.

The history of this lease has been such as to justify, in our opinion, Mr. Cowden in taking this step.

Yours very truly,

HW:ms

May 10, 1962

Elwood Wright
118 N. Ave. H
Post, Texas

Mr. E. Ray Cowden
P.O. Box 1550
Phoenix, Arizona

Dear Mr. Cowden:

I have been anxious these last few weeks to have received some word from you. I took for granted that you would be pleased with a company such as Diversa, Inc., in some way coming into this operation. Evidently you were offended in some manner, or I suppose not interested in their proposal to you.

After several weeks I decided that in some way, another group that would be appropriately financed could perhaps be more successful than Diversa. The group from Midland, Texas whom Mr. Frank Lake is one of the parties is no longer interested in the property as long as I am part of, or involved in any manner in the operation.

Mr. Cowden, I am only trying to do what the arbitrators suggested. That is to work out a new agreement that both parties can live with.

I have never asked you if you would care to participate in an operation that has a good market to start with. Naturally I would not expect you to finance any part of the operation. In fact this market will take care of the financing, as I can get the money escrowed. The money will be paid from escrow as the ore is delivered on cars Seligman, Arizona.

This market will purchase 625 short tons per month of minus 1" (one inch) material FOB cars Seligman. They have offered \$10.00 per short ton, but I have reasons to believe we can get \$12.00 per short ton on cars. This money will be put in escrow for a full year supply (7,500 tons) and kept current as ore is delivered. This is a good price and a substantial market over a five year period. Within six months this market will supply enough net money to build a small, dry, fine grind mill that will produce the following—Minus 200 mesh, minus 300 mesh, and micron size material. These markets are small volume wise but very profitable. The following prices that can be depended upon from Frank Davis Co. in Los Angeles are—minus 200 mesh in 50lb. bags \$30.00 to \$40.00 per short ton, minus 300 mesh in 50 lb. bags \$50.00 to \$60.00 per short ton, micron size material in 50 lb. bags \$70.00 to \$80.00 per short ton. Frank Davis & Co., after a few months can handle upwards of 5,000 tons per year of the three sizes. Mr. Davis has a wonderful outlet in the cement color field using minus 300 mesh material. He also has markets of around 1,000 tons per year of minus 200 mesh going into the fertilizer and cattle feed color

industry. These pigment, color, and dye markets can be gradually increased over the years (see Mineral Yearbook data enclosed) and also, the quoted prices can be received after a dependable, producing operation is successful.

If we could write a new contract based upon the data we now have, and the available markets that we can supply, would one of the following proposals be satisfactory to you?

- (1) Fifty-fifty partnership or equal amount of stock in a corporation. (no financial obligation on your part).
- (2) Pay you \$1.00 a short ton royalty for all ore removed from your claims and a 25% interest in the operation (without any financial obligation on your part). Your interest to be declared as you see fit--Company, Corporation, Partnership or etc..
- (3) Pay you a royalty of \$2.00 per short ton for all ore removed from your claims or 10% of the net smelter returns--net smelter returns being the price received for the ore less the transportation costs. Some of these markets will be in the East, West, and F.O.B. Seligman.

Any one of these proposals would be satisfactory to me Mr. Cowden. I could not make you an offer like this if it were not for the market in which I can get escrowed.

The following costs to operate for the 7,500 short ton per year order will be approximately these--

2 miners, compressor and drill on contract \$1.50 per ton
Truck and driver (on contract) \$1.00 per ton
Loader rental basis \$.50 per ton
Loading on cars \$.25 per ton
Office, bill of ladens, miscellaneous expenses \$.40 per ton
Stripping 5,000 tons over burden \$.35 per ton
Crushing-screening \$.65 per ton

Total cost per ton to deliver 7,500 short tons on cars

Seligman, Arizona \$4.65 per ton.

I can get at least \$11.00 per ton on cars

$\$11.00 - \$4.65 = \$6.35$ per ton profit without royalty or taxes.

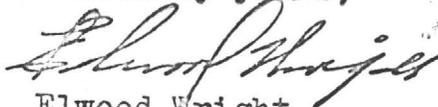
$\$6.35 \times 7,500 = \$47,625.00$ profit on first year order.

I can build a 25 to 50 ton per day dry mill with Butler type building for \$30,000.00. This mill would serve all purposes for several years. There are many points to discuss with you about the overall operation Mr. Cowden--but these are the most important. Costs could be cut on a larger operation, but these will be fairly accurate on this size operation.

The fine grind market will have to be handled carefully and gradually, but there is no reason why we could not sell at least 2,000 tons this year. The average price being \$50.00 per ton or gross \$100,000.00, net being about \$40,000.00.

I would appreciate hearing from you about this matter as soon as possible. I will gladly come to Phoenix to discuss this proposal or any other matters with you.

Sincerely yours,


Elwood Wright

EW/mw

IRON OXIDE PIGMENTS

By John W. Hartwell and Betty Ann Brett
Commodity specialist, Division of Minerals
Statistical clerk, Division of Minerals
1960 Minerals Yearbook Vol. I Metals and Minerals
Pages 659 - 666

Domestic sales of crude iron oxide pigments increased to a new record in 1960, but sales of finished pigments decreased below those of 1959.

DOMESTIC PRODUCTION

Demand for pigment-grade iron oxide during 1960 was strong. Production from iron ore mines increased about 63 percent over 1959, a new record, whereas iron oxide from pigment mines increased only slightly. Crude iron oxide pigments sold or used increased 32 percent, also a new record. Finished pigments sold or used decreased 10 percent in quantity and 6 percent in value.

Crude iron oxide pigments mined and sold or used in the United States were produced by 10 companies in 7 States. Sales of finished iron oxide pigments were made by 16 producers in 9 States.

Larger quantities of iron oxide pigment-grade material were being used to manufacture products other than those requiring colors. These products included magnetic tapes and inks, catalysts, ferrites, and miscellaneous electronic components. Over 6,000 tons of iron oxide pigment-grade material was reportedly used annually for production of these commodities. See tables 1, 2, and 3.

Plans were announced for constructing a plant in West Memphis, Ark., to make inorganic pigments, stains, and colors. Production was expected to start in January 1961.

Another plant for the manufacture of a soil additive using iron oxide and sulfur was planned for construction in Delta, Colo.

PRICES

Prices quoted for metallic brown natural red, and natural French ocher pigments were lower in September 1960, but by yearend they were back to their original level. All other iron oxide pigment prices remained constant. See table 4

FOREIGN TRADE

All imports of crude ocher (28 tons) and 97 percent of the refined ocher (196 tons) came from the Union of South Africa. The remainder of the refined ocher (6 tons) originated in Canada.

Malta and Italy supplied all the crude sienna imported; the refined sienna came from the United Kingdom (10 percent), Malta (17 percent), and Italy (73 percent).

Crude umber imports came from Malta. The refined umber was from Malta (81 percent), United Kingdom (17 percent), and Italy (2 percent).

Vandyke-brown imports from West Germany were 72 percent compared with 86 percent in 1959 and 75 percent in 1958. The balance came from the Netherlands.

WORLD REVIEW

AUSTRALIA.- A subsidiary of Imperial Chemical Industries, Ltd., was planning to build a \$3.4 million plant to make pigments. This would be the first pigment plant in Australia. See tables 5 and 6.

BRAZIL.- In 1959 seven manufacturers produced 3,417 short tons of iron oxide pigments valued at \$1,067,000.

CANADA.- Production of natural iron oxide pigments declined to 1,220 short tons in 1959 compared with 1,632 tons (revised) in 1958. Imports of ochers, siennas and umbers increased to 833 tons in 1959 compared with 680 tons in 1958, whereas other iron oxides increased to 6,103 tons from 4,923 tons in 1958.

Consumption of iron oxide in the gas and coke industries declined from 6,000 tons in 1957 to 237 tons in 1958. The paint industry used about 2,090 tons of calcined and synthetic iron oxide in 1958. Consumption data for 1959 were not available. See table 7.

FRANCE.- Ocher production was reported at 12,125 short tons valued at about US\$475,000 in 1959.

IRAN.- Red iron oxide was mined on Hormuz Island. Reserves were estimated at 500,000 tons, and annual output approximated 10,000 tons. Persian Gulf iron oxide production in 1959 was 5,220 short tons compared with 3,307 tons in 1958.

MEXICO.- A plant to produce organic and inorganic pigments was being constructed by Sun Chemical Corp. of New York. The plant was expected to be the largest of its kind and would supply Latin American manufacturers of printing ink, textiles, and coating and finishing materials.

MOROCCO.- Production of iron oxide pigments in 1959 was 2,323 short tons compared with 2,124 tons in 1958. The 1959 exports of 1,781 tons were to France, Algeria, United Kingdom, Viet-Nam, and the Republic of the Congo (formerly Belgian Congo).

UNITED ARAB REPUBLIC (EGYPT REGION).- In 1959 Egypt produced 824 tons of iron oxide pigment material compared with 1,096 tons in 1958. Proposals were made under a 5-year plan to increase production within a 2-year period.

TECHNOLOGY

The descriptions of 21 mineral pigment deposits in Washington were published.

The thermal decomposition of ferrous sulfate yielded a pigment of excellent quality with minute traces of impurities, and sulfuric acid and 96-percent concentration.

X-ray and differential thermal analysis investigations on the formation and stability of various iron oxides were described.

A study was made on the pigment-binder relationship in terms of volume rather than weight. This concept, known as the pigment volume concentration, had almost universal acceptance by the paint industry in Czechoslovakia.

Studies were made on production of black, red, and yellow iron oxide, and other inorganic pigments. Experiments were made on the production of black iron oxide pigments using a nitrate to reduce the oxidizing time, during aeration, of solutions containing calcium hydroxide and ferrous chloride.

Coatings used to protect iron and steel from corrosion due to outdoor weathering and salt spray were described. With the exception of phosphate coatings, black oxide films were the most widely used.

A rust-inhibiting paint containing red lead and precipitated red iron oxide was described. The red iron oxide gave additional weathering resistance and hardness to the film.

The accelerated weathering of paint by exterior exposure was described.

The general properties and classifications of bright inorganic colors and organic pigments were given.

The Chemistry of Ferromagnetic Iron Oxide published by the U.S.S.R. was being translated by the U.S. Department of Commerce.

Oxides of iron and other metals calcined at 2,000 degree F. form compounds during the firing of porcelain enamel coatings, but since some red pigments are unstable during firing and may fade with use, improvements in stability may be obtained by using sodium fluoride or silicate, zinc oxide, or other compounds in the enamel coatings. Tests and classifications for fade-resistant enamels were described.

A revised summary of materials that may be used to control firing, drying, forming, texture, color, porosity, weight, strength, and size of manufactured clay products was published. The coloring agents mentioned included crocus martis, ocher, umber, and other iron oxides.

Methods which could be used to accelerate weathering of protective and decorative coatings were studied. Certain techniques yield reliable results only when used with comparative tests made by normal time-consuming outdoor exposures. Ultraviolet radiation was considered a major factor influencing the lightfastness of colored pigments. Therefore, accelerated exposure devices were equipped with this type of light source, with or without water sprays. Iron oxide and other pigment materials were tested and compared.

A process for producing red ferric oxide by converting a gamma oxide into a red nonmagnetic alpha oxide was patented.

In another process of manufacturing iron oxide, alpha ferric oxide was precipitated from an aqueous ferrous salt solution by an oxygen-containing gas through the solution forming ferric oxide and hydrogenions.

A patent was issued for the manufacture of a ferrite of mixed composition containing 47 to 49 percent iron oxide.

A process of producing red iron oxide by introducing oxygen into an aqueous solution of a ferrous salt containing metallic iron and involving the growth of iron oxide crystals upon colloidal ferric oxide seed was patented.

A process of forming iron salts by oxidizing iron from the divalent to the trivalent stage was patented.

A method of producing magnetic iron oxide with oil-absorptive characteristic used in the making of magnetic records was patented.

The conversion of a ferric halide to finely divided magnetic iron oxide by heating in a flame was patented.

A fireproof paint which would resist temperatures up to 1,000 degrees F. was patented in Japan. The paint pigment used was composed of 20 percent Fe_2O_3 , 20 percent Cr_2O_3 , and 60 percent ZnO .

TABLE 1.—Salient iron oxide pigments statistics in the United States

	1956	1957	1958	1959	1960
Mine production:					
Iron oxide pigment mines short tons—	21,400	20,300	30,100	29,000	29,600
Iron ore mines do	32,500	29,000	24,600	24,900	40,700
Crude pigments sold or used:					
Iron oxide pigments mines do	17,300	18,400	30,700	29,100	30,400
Value thousands	\$168	\$193	\$234	\$251	\$262
Iron ore mines Short tons	32,500	29,000	24,600	24,900	40,700
Value thousands	\$300	\$269	\$211	\$219	\$373
Finished pigments sold or used					
short tons	113,900	104,900	98,400	117,600	106,000
Value thousands	\$17,104	\$16,405	\$15,822	\$19,037	\$17,948
Imports for consumption					
short tons	13,100	13,100	11,700	14,800	14,500
Value thousands	\$1,202	\$1,314	\$1,160	\$1,495	\$1,422
Exports					
short tons	5,100	3,700	3,900	4,300	3,900
Value thousands	\$909	\$1,038	\$1,065	\$1,040	\$1,113

TABLE 2.—Crude iron oxide pigments produced and sold or used by processors in the United States, by kinds.

Red iron oxide—1959—Mined (short tons)—Sold or used—short tons—Value	31,203	31,203	\$307,700
Red iron oxide—1960—Mined (short tons)—Sold or used—short tons—Value	46,396	46,396	\$454,200

TABLE 3.—Finished iron oxide pigments sold by processors in the United States, by kinds

Pigment	1959		1960	
	Short tons	Value	Short tons	Value
Red: NATURAL:				
Iron oxide	19,398	994,800	16,068	841,800
Sienna, burnt	1,157	242,400	970	209,000
Pyrite cinder	1,097	58,700	888	50,700
Total natural	21,652	1,295,900	17,926	1,101,500
Red: MANUFACTURED:				
Pure red iron oxides:				
Calcined copperas	16,694	4,789,800	15,192	4,355,400
Other chemical processes	6,395	1,900,000	6,445	1,887,200
Other man. red iron oxides	25,202	2,611,800	21,125	2,369,900

TABLE 3. Contd.

Venetian red	3,098	364,400	2,536	305,500
Total Manufactured- Mixtures of natural and manufactured red iron oxides	51,389	9,666,000	45,298	8,618,000
	6,635	1,139,900	6,348	1,110,000
GRAND TOTAL	79,676	12,101,800	69,572	10,829,500

TABLE 4.—Prices quoted on finished iron oxide pigments, per pound, in bags, unless otherwise specified, in 1960

Pigment	High	Low
Red:		
Domestic (pure)	\$0.1425	\$0.1425
Natural (75-85 percent ferric oxide)	.0625	.0525
Persian Gulf	.0875	.0875
Spanish (barrels)	.0575	.0575
Sienna, burnt	.0650	.0650
Venetian, 40 percent	.0675	.0675

COWDEN LIVESTOCK CO.

P. O. BOX 1550
PHOENIX, ARIZONA

E. RAY COWDEN, President
C. A. CLEMENTS, Sec. Treas.

May 2, 1962

Mr. Mark Wilmer
C/o Snell & Wilmer
Security Building
Phoenix, Arizona

Dear Mark:

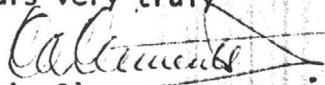
I am enclosing for your use and information the following amended notices of mining locations:

Iron Horse #2
Iron Horse #3
Hematite #2
Ben Franklin #3
Ben Franklin #4
Ben Franklin #5

Ben Franklin #6
Ben Franklin #7
Ben Franklin #8
Ben Franklin #9
Ben Franklin #10
Ben Franklin #11

Also enclosed is a map showing the approximate locations of these unpatented claims in relation to the patented claims which Ray holds.

Yours very truly


C. A. Clements

CAC:th
Encls: 13

Elwood Wright
118 North Ave. H
Post, Texas
April 3, 1962

Mr. E. Ray Cowden
P.O. Box 1550
Phoenix, Ariz.

Dear Mr. Cowden:

This letter will have to suffice as I was informed that you were in Mexico this past week. I had planned on spending some time with you if possible while I was in Arizona. I did not intend on stockpiling the ore from the Iron Chancellor claim until we had discussed the overall situation. However I felt that I had better do this, as you were not available. I stockpiled approximately 400 tons of mine run ore on your property alongside the other stockpiles. This was the ore I mined last September. I had 2 miners, a truck, and loader on the property Sunday March 25, 1962. We worked all that day and removed from the Iron Chancellor roadside face to the stockpile, 25 full truckloads.

I believe that I had mentioned to you in at least one of our conversations that I had a 1,000 ton order from C. K. Williams. This is the order I received from Mr. T. J. Stewart last September. Immediately following the purchase order I received a letter from Mr. Stewart cancelling the order until this spring. Mr. Stewart's reason at this time was that the Emeryville plant was undergoing repairs and enlarging the plant capacity. In the first week of March, Mr. Stewart called me and stated that he was desperate for ore and needed the order filled from the September purchase order. I stated to Mr. Stewart that the Seligman area had had an unusual amount of winter moisture, and I could not deliver for at least two weeks. On March 11, 1962 I called Mr. Stewart and told him I was leaving for Arizona shortly and would start shipping the ore he had previously ordered. Mr. Stewart stated that he was not interested in the Cowden ore and that they had found a second source of ore. Mr. Stewart confirmed this cancellation by a letter written on March 13, 1962. This was rather hard for me to comprehend, and I must admit quite a discouraging bit of news.

In December of last year when I was in Phoenix to see you and Mr Clements, we discussed the Mitsubishi market that I had been working on for several months. This market you did not approve, because of price FOB Seligman, which was \$5.00 per long dry ton, and tax wise, this was not advantageous to you. I agreed with both of you that the Cowden ore was much too good to sell for \$5.00 per/ton. That the only reason I had pursued this market was to get the property in production which I so desperately need. After discussing this with you and Mr. Clements I wrote my broker, that was handling this order, that I could not find anyone to put up the performance bond that the Japanese demanded. This is the way it remains today.

In early January of this year I ground to several different meshes 500 lbs. of the stockpiled ore. After testing the results of

these grinds I went to the west-coast to inquire on the markets and usage of the type material that we have in the Cowden ore. My results were even better than I had anticipated. The Cowden ore when ground, and classified to specifications of various markets, can be an economic venture. We can be competitive and can produce a comparable ore to any ores being produced domestically, or to any foreign ores being imported. I would not make this statement if the markets, and products being sold had not been thoroughly checked to see if we were in the same league with this tightly and jealously controlled market.

I have conversed in person and by telephone with a representative of a large mining company from Ohio, they also operate nationally. This company would like to purchase a minimum of 625 tons of fines per/month with a guarantee of having a source for at least five years. They had rather do the mining themselves and take out the over-size ore for a market in Ohio. This would involve large tonnages per year, and again, we would be facing the same problems that confronted us with the Japanese market. The company involved is reputable and gave as reference-- Manitowoc Ship Co.
Crane and Shovel Division
Manitowac, Wisconsin

In addition to the purported market in Ohio I have verbal markets set up on fine grind materials, that the first year would give us an outlet for approximately 5,000 tons. I have been assured if the operation is set up for a long term operation, the fine grind market after 2 years will in all probability exceed 10,000 tons per year. That with steady and reliable operation for 5 years, that it is conceivable to be producing 20% (percent) of natural red iron oxides used in the United States from the Cowden deposit. These are not my estimates Mr. Cowden, but information given me by operators in the color industry.

I am not writing this letter to plead my interest in the property to you Mr. Cowden; but to inform you of what has been accomplished from my efforts to make this a valuable and an economical property. Pursuance in the direction that is most advantageously for both parties concerned, I believe should be seriously considered at this phase of the situation.

Enclosed you will find a copy of the letter from T. J. Stewart of C. K. Williams & Co., which cancels order # G-3093. This is the order that was issued last August and cancelled in a few days, re-ordered, then cancelled again. The assays from A.R.C. are the results of my getting a representative sample from the stockpiles. The samples weighing 500 lbs., were then ground and classified to the sizes as stated. This to my knowledge from these tests, and all previous tests, would approximate the grade of iron and iron oxide content, that would be encountered in an attentive operation.

The Cowden iron property is presently in the best status possible without regular production being considered. Economic markets are known and waiting, available capital is at hand, unpatented claims are in good standing, and we should have good weather for several

months. These in my opinion are a necessity for a successful operation.

I hope this letter will be of some assistance to you in your analysis of our position--both yours and mine.

If you would care to discuss any of these interests, or any other matters concerning our situation and/or position, I will be very pleased and anxious to meet with you in Phoenix.

Respectfully yours,



Elwood Wright

EW/mlw

Encl:

C. K. WILLIAMS & CO.

1001 LYNCH AVENUE EAST ST LOUIS, ILLINOIS

SYNTHETIC OXIDES & NATURAL OXIDES
EXTENDER PIGMENTS

WILLIAMS

March 13, 1962

Mr. Elwood Wright
118 North Avenue H
Post, Texas

Dear Elwood:

Confirming our telephone conversation this afternoon,
we have located a second source of supply for iron
ore for use at our Emeryville, California plant.
Therefore, please cancel our order number G-3093
dated August 10, 1961.

Sincerely

C. K. WILLIAMS & CO.

T. J. Stewart
Vice President-Production

TJS:hb

cc Mr. Elwood Wright
c/o Mecca Motel
Wickenburg, Arizona

Mr. E.P. Campbell
1608 Broadway
Lubbock, Texas

February 15, 1962

Mr. Gerald C. Mann
President, Divorsa
633 Meadows Building
Dallas 6, Texas

Dear Mr. Mann:

This acknowledges your letter of February 8, 1962, with respect to the Iron ore deposit which I own near Seligman, Arizona.

The lease agreement under which Mr. Wright claims an interest, in my opinion, has been long ago breached and I consider it as no longer conferring any rights upon anyone.

I am, of course, interested in developing this property. However, I am not interested in any lease or other arrangement except with dependable parties who can provide me with suitable assurances that there will be prompt and workman-like development of the property. Your company may be the one best equipped to do this. I would be happy to discuss the matter with a responsible representative of your company.

Inasmuch as I am away a good bit, advance notice of any visit for this purpose would be advisable.

Yours very truly

E. Ray Cowden

ERC:th

C
O
P
Y

GERALD C. MANN, JR.
633 MEADOWS
DALLAS, TEX

PLEASE
1

VICTOR H. VERITY
ATTORNEY AT LAW

MINING LAW

2207 E. WAVERLY ST.
TUCSON, ARIZONA
EAST 5-9448

Thank You

~~1-15-62~~ 2-15-62

ARC LABORATORIES

Division of Arizona Research Consultants, Inc.

817 W. HATCHER RD

PHOENIX, ARIZONA

WINDSOR 3-3573

FOR: Mr. Elwood Wright

DATE Feb. 12, 1962

LAB No.

RESULTS

Lab. No.	Description	% Fe	as % Fe ₂ O ₃
7182	1 & 2 B -4"	62.0	88.7
7183	3 & 4 B -4"	61.6	88.1
7184	5 C -4"	62.7	89.7
7185	HFC -1"	62.4	89.2

Cowden Iron from Stock Pile

LAB No. 7182 GROUND TO - 200 MESH
 " " 7183 GROUND TO - 300 MESH
 " " 7184 GROUND TO - 325 MESH
 " " 7185 " " 100 %

Respectfully submitted,
 ARC LABORATORIES

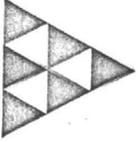
John T. Long, Jr.
 John T. Long, Jr.

PASSING MINUS 325 MESH SCREEN

Elwood Wright

©

D I V E R S A



833 MEADOWS BUILDING • DALLAS 6, TEXAS

February 8, 1962

Mr. E. Ray Cowden
Cowden Livestock Company
P.O. Box 1550
Phoenix, Arizona

Dear Mr. Cowden:

Mr. Elwood Wright has been a friend of our family, particularly my son, for many years. I am familiar with and have visited your ore deposit at Seligman, Arizona, in which Elwood has an interest.

We are very much interested in joining with Elwood in building a mill and marketing this ore. We are unable to go forward unless a lease can be secured for some extended period of time. I have asked Elwood to see if he can arrange a satisfactory lease with you. We certainly would have no objection to reasonable, minimum guaranties.

We would welcome your checking us and our ability to perform.

Sincerely yours,

Gerald C. Mann

LAW OFFICES

TOGNONI, PARSONS, BIRCHETT & GOODING
610 FIRST NATIONAL BANK BUILDING
PHOENIX 4, ARIZONA

HALE C. TOGNONI
ARTHUR B. PARSONS, JR.
JOSEPH A. BIRCHETT
WILLIAM H. GOODING

WILLIAM K. STRONG
S. EARL PUGH, JR.
CALVIN N. BRICE

November 2, 1961

TELEPHONE
258-6481

Mr. Mark Wilmer
Snell & Wilmer
Attorneys at Law
Security Building
Phoenix 4, Arizona



Re: Cowden-Campbell
Iron Ore Lease

Dear Mark:

Thank you for your letter of October 27, 1961 concerning the Cowden-Campbell lease. It is, of course, the opinion of both me and my clients that this lease is not in default and that most of the particulars which you have previously discussed with me concerning such a default were settled in the arbitration.

It is therefore our belief that this lease is in good standing and we hope to be able to make some large sales in the very near future. Mr. Elwood Wright is in town today and informed me he had just mined 300-400 tons of ore which he hopes to sell within the near future.

Sincerely yours,

A handwritten signature in cursive script that reads "Hale".

Hale C. Tognoni

HCT/ee

LAW OFFICES
TOGNONI, PARSONS, BIRCHETT & GOODING
610 FIRST NATIONAL BANK BUILDING
PHOENIX 4, ARIZONA

HALE C. TOGNONI
ARTHUR B. PARSONS, JR.
JOSEPH A. BIRCHETT
WILLIAM H. GOODING
WILLIAM K. STRONG

TELEPHONE
ALPINE 8-6481

October 24, 1961

Mr. Mark Wilmer
Snell & Wilmer
Security Building
Phoenix, Arizona



Re: Cowden-Campbell Iron Ore
Lease

Dear Mark:

Enclosed find a copy of the map I have completed in my geological survey of the Cowden-Campbell property. Also enclosed is a copy of Affidavit of Labor showing the work done by myself and Heinrichs Geoexploration Co., Tucson, Arizona. The geophysical survey is in my office and available for your examination. A copy of that report was sent to the Campbell estate.

Sincerely yours,

A handwritten signature in cursive script, appearing to read 'Hale', is written over the typed name Hale C. Tognoni.

Hale C. Tognoni

HCT/ee
Enclosures

Affidavit of Labor Performed and Improvements Made

STATE OF ARIZONA, }
County of Maricopa } ss.

Hale C. Tognoni being duly sworn, deposes and says that he is a citizen of the United States and more than twenty-one years of age, and resides at Phoenix in Maricopa County, State of Arizona, and is personally acquainted with the mining claim known as Levitate No. 2, Iron Horse No. 3 and Ben Franklin No. 3 & 11.

mining claim, situate in _____ Mining District, County of Yavapai, State of Arizona, the location notice of which is recorded in the office of the County Recorder of said County, in Book _____ of Records of

Mines, at page (See attached); that between the 1st day of August, A. D. 1961, and the 31st day of August, A. D. 1961, at least fifteen hundred

(41500.00) dollars worth of work and improvements were done and performed upon said claim, not including the location work of said claim. Such work and improvements were made by and at the expense of the E. P. Campbell, Estate.

leasee
owners of said claim for the purpose of complying with the laws of the United States pertaining to assessment of annual work, and Hale C. Tognoni, 1525 West Northern, Phoenix, Arizona, George Ann Tognoni, John W. Marlatt, David Craff, Walter E. Heinrichs, Jr., Franklin A. Seward, Jr.

were the men employed by said leasee who labored upon said claim, did said work and im-

provements, the same being as follows, to-wit: completed a geological and geophysical survey of said claim. Hale C. Tognoni being the Graduate Geological Engineer with proficiency in mining, engineering, registered as Arizona # 2048; Walter E. Heinrichs, Jr. being a registered professional engineer with proficiency in mining, Reg. #2447; Mr. David Craff, 8 years experience in electronics and geophysics; Franklin A. Seward, Jr., Geophysicist with 12 years experience. His work consisted of the completion of a geological map covering both the above unpatented and patented claims completed by Hale C. Tognoni along with a reconnaissance magnetic survey made by a mobile magnetometer which made a continuous recording along with magnetic profile records. The results of this magnetic survey determined that the volcanic rocks cause erratic magnetic readings while the limestone profiles are relatively flat and smooth with little magnetic variation. Contacts between the two rock types are generally abrupt and pronounced. There was a subtle suggestion of change in character of the anomalous variations around the iron workings and workings. It is recommended that some ground sections in the vicinities of the contact between mineralization and limestone be made in the future. SIX

The geological mapping by Mr. Tognoni was to more closely define the contacts between volcanic and limestone and to identify the igneous rocks of the area.

Hale C. Tognoni

Subscribed and sworn to before me this 25 day of October A. D. 1961

(My commission expires March 2, 1965) Dennis R. Jeannet Notary Public.

Name of Unpatented ClaimYavapai County Recorder's Office

		<u>Book</u>	<u>Page</u>
Homatite #2		82	122
	Amended	154	293
Iron Horse #3		82	125
	Amended	154	295
Ben Franklin #3		82	114
	Amended	154	284
Ben Franklin #4		82	115
	Amended	154	285
Ben Franklin #5		82	116
	Amended	154	286
Ben Franklin #6		82	117
	Amended	154	287
Ben Franklin #7		82	118
	Amended	154	288
Ben Franklin #8		82	119
	Amended	154	289
Ben Franklin #9		82	120
	Amended	154	290
Ben Franklin #10		82	121
	Amended	154	290
Ben Franklin #11		154	292

October 24, 1961

Mr. Hale C. Tognoni
Tognoni, Parsons, Birchett & Gooding
Attorneys at Law
610 First National Bank Building
Phoenix 4, Arizona

Re: Cowden-Campbell Iron Ore Lease

Dear Hale:

This acknowledges yours of October 24, 1961
with enclosures.

Please be advised that the Lessors consider
the Lease to be in default in numerous particulars,
all of which I believe have been previously discussed
with you. Lessors expressly reserve all rights and do
not waive any of the defaults heretofore occurring.

Yours very truly,

Mark Wilner, Attorney for
Lessors

MW:ms

cc: Mr. C. A. Clements

C. K. WILLIAMS & CO.

INCORPORATED

2001 LYNCH AVENUE EAST ST. LOUIS, ILLINOIS

Manufacturers

SYNTHETIC OXIDES - NATURAL OXIDES
EXTENDER PIGMENTS

WILLIAMS
COLORS & PIGMENTS

September 25, 1961

Mr. C.A. Clements
Cowden Live Stock Company
P.O. Box 1550
Phoenix, Ariz.

Dear Mr. Clements:

It was certainly a pleasure to visit you in Phoenix on Friday, September 15 and to make your acquaintance.

It appears that our stockpile in our plant at Emeryville should last us until about February 1, 1962. In view of this and since it is your feeling that we can ship ore from the Cowden ranch at almost anytime, we need it, we should get in touch with you about January 1, 1962 and discuss arrangements for getting a ten car shipment of ore.

We will have to talk to you about the first of the year because it may take us sometime to decide who we want to haul and load the ore and just what arrangements should be made for the purchase of the ore, as to whether order should be made out to you or whether you will want us to go through Elwood Wright.

As a matter of interest, in whose name have the mining claims been filed which Wright is now doing assessment work on and which surround the patented claims? If these claims are filed in Mr. Cowden's and your name and people that are friendly toward you, rather than in the name of Wright and Campbell or the Western Drilling interests it would appear to be a better setup for the future.

Thanks for the many courtesies extended me on my first visit to Phoenix and I hope that one of these days I will again be able to visit the Phoenix area and have the pleasure of meeting Mr. Cowden as well as visiting with you again.

Sincerely
C.K. WILLIAMS & CO.

T. J. Stewart

T.J. Stewart
Vice President-Production

TJS:hb

LAW OFFICES

TOGNONI, PARSONS, BIRCHETT & GOODING

610 FIRST NATIONAL BANK BUILDING

PHOENIX 4, ARIZONA

August 26, 1961

HALE C. TOGNONI
ARTHUR B. PARSONS, JR.
JOSEPH A. BIRCHETT
WILLIAM H. GOODING

GEORGE ROUNTREE, III
WILLIAM K. STRONG

TELEPHONE
ALPINE 8-6481

Mr. Mark Wilmer
Snell and Wilmer
Security Building
Phoenix, Arizona

Re: Cowden-Campbell Iron Ore Lease

Dear Mark:

Pursuant to the obligation of Lessee under the May 30, 1961 lease between Yavapai Ranch Company and E. P. Campbell, the necessary assessment work is being performed on the unpatented claims in that lease.

Mr. Hale C. Tognoni in his capacity as a mining engineer and geologist has been hired to do a geological and geophysical examination, and he is utilizing the services of Heinrich Geophysical Company in making a magnetometer survey with a continuous recording magnetometer. Mr. Tognoni was on the ground with his engineering crew and equipment on August 5, 6, 20, 21 and 22.

As soon as the geophysical report has been received from Heinrichs engineers, Mr. Tognoni will consolidate it with his geological report and affidavits of labor will be in conformity with Title 30, Sec. 22-1 and 2 of the U.S.C.A., and will be recorded in conformity with A.R.S. 27-208.

Very truly yours,

TOGNONI, PARSONS, BIRCHETT & GOODING

By

William K. Strong
William K. Strong

WKS/ee

C. K. WILLIAMS & CO.

INCORPORATED

2001 LYNCH AVENUE EAST ST. LOUIS, ILLINOIS

Manufacturers

SYNTHETIC OXIDES \ NATURAL OXIDES
EXTENDER PIGMENTS

WILLIAMS
COLORS & PIGMENTS

August 18, 1961

Mr. Elwood Wright
118 North Avenue H
Post, Texas

Dear Elwood:

It appears that I was premature in placing the order for 10 cars of iron ore from the mine on the Cowden Ranch with you for delivery between now and November 1, 1961.

Due to a building program which is going on at the present time at our Emeryville plant, our ore storage area is greatly curtailed and we will not be able to receive ore before next spring.

Please cancel our order No. G-3093 for ten cars of ore.

Sincerely,

C. K. WILLIAMS & CO.

T. J. Stewart
Vice President

TJS:mg

cc - Mr. E. Ray Cowden
Box 1550
Phoenix, Arizona

Mr. E. Ray Cowden ✓

C. K. WILLIAMS & CO.

INCORPORATED
2001 LYNCH AVENUE EAST ST. LOUIS, ILLINOIS

Manufacturers
SYNTHETIC OXIDES ~ NATURAL OXIDES
EXTENDER PIGMENTS

WILLIAMS
COLORS & PIGMENTS
August 11, 1961

Phone 6014

378 14600-

HOME.

Ex 73146 - 616

Mr. Elwood Wright
118 North Avenue N
Post, Texas

Dear Elwood:

Enclosed you will find our purchase order for ten carloads (approximately 700 net tons) of Minus 4" Iron ore from the Cowden Ranch Deposit, 20 miles South of Seligman, Arizona.

Also enclosed are Bills of Lading to be used for shipping the ten carloads of ore.

The ore is to be loaded in flat bottom gondola cars which have been swept clean and caulked tight. These cars are to be loaded to a minimum of 50 tons of ore per car. The cars will have to be loaded in this manner in order to secure the most economical freight rate.

Each Bill of Lading has five copies and the ore is to be shipped via AT&SF Southern Pacific delivery, freight collect to C. K. Williams & Co., Attention: Mr. E. G. Ratcliffe, 4650 Shellmound Street, Emeryville, California.

The cars are to be weighed en route by the railroad and payment to you for the ore will be made on the basis of \$7.00 per net ton based on the railroad weights for ore loaded in the cars.

When each car is loaded and ready for shipment, one copy of the Bill of Lading will go to you as the shipper for your records.

One copy will go to the railroad.

One copy to the receiver of the shipment who will be C. K. Williams & Co., Attention: Mr. E. G. Ratcliffe, 4650 Shellmound Street, Emeryville, California.

The fourth copy of the Bill of Lading should be sent to C. K. Williams & Co., 2001 Lynch Avenue, East St. Louis, Illinois, Attention: Mr. T. J. Stewart and the fifth copy of the Bill of Lading should be sent to Mr. E. Ray Cowden, Box 1550, Phoenix, Arizona.

Mr. Elwood Wright
August 11, 1961
Page 2.

Payment to you for the cars will be made as soon as the cars and car weights are received at our Emeryville office.

Mr. Ratcliffe will send you an analysis sheet showing iron content of each carload and moisture content per your request in our phone conversation of today.

I expect to be in Victorville, California on Wednesday, September 13 and if we can arrange to meet at your attorney's, Mr. Hale Tognoni, office in the First National Bank Building in Phoenix on Friday, September 15 or Saturday, September 16, it would fit into my plans nicely.

I'll contact you by telephone early in September to see if either of these dates will be satisfactory to you.

Sincerely

C. K. WILLIAMS & CO.

T. J. Stewart
Vice-President

TJS:EK

cc: E. Ray Cowden ✓
E. P. Campbell

Condit

©

6-3093

Blywood Wright
118 North Avenue H
Post, Texas

8/10/61

C. K. Williams & Co.
Duerbyville, California

To be
shipped
before
11/1/61

Cars
Soligman,
Arizona

AT&SF c/o
Sou. Pac.
delivery

10

carloads (approx. 700 net tons) of minus 4 inch iron ore
from Gordon Ranch deposit twenty miles south of
Soligman, Ariz.

97.00
Net Ton
Job cars
Soligman,
Arizona

We will send you copies of bills of lading to be used
for this ore shipment.

Cars are to be loaded with a minimum of 50 tons per car.

Cars are to be swept clean before loading and caulked
tight to prevent loss of ore during shipment.

You to guarantee ore to be free of liens and encumber-
ances.

Ore to be shipped before Nov. 1, 1961

8/10/61

T.J. Stewart

Western Div.

JOHN L. DOMANN

SINCE 1933

P. O. BOX 21 • SOUTH GATE, CALIFORNIA

MERCHANDISE SALES

- Office and Warehouse Facilities
694 1/2 Van Buren Ave.

• 5235 Tweedy Blvd.

Cable Address:
"JONDOMA"
South Gate, California

August 2, 1961

Mr. Elwood Wright
Post, Texas

Dear Mr. Wright:

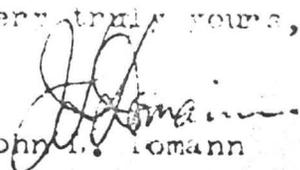
I am enclosing a copy of a letter received from Mitsubishi. They are now ready to do business as outlined in this copy being sent you. Please take each paragraph and give me your opinion on it and I will see if we can get this thing to jell right away.

On page 2 they have a misunderstanding, I will check it with a red pencil. They have an idea from some letter or cable that the Los Angeles Office sent to them that there is only 250,000 ton of iron ore all together. What they want is a deal that will be lasting, one that would last several years at 10 to 15 thousand ton per month from what you told me this should last for 4 to 5 years. They are also talking about dry long tons and seem to be very concerned about moisture content but you have told me that there is less than 1% moisture.

These prices that are quoted in this letter are the prices that I talked to you about on the phone and I do not have any profit in here for myself but we can talk about this later, maybe you can spare a dime or so out of these prices and also there will be a bonus on all ore above 60%, maybe we could fix it so I could get some money out of the bonus. You will notice that these prices are figured Free On Rail at Seligman. They do not like it this way as you can tell from reading the letter but I'm sure that it is better for us as you would get your money much faster than waiting for it to be delivered to the Port. Go over this letter real carefully with your attorney and get the information back to me at once as we have no come to the point of where it is necessary to shoot or drop the gun.

Of course payment will be made by letter of credit so there is no worry about the money.

Very truly yours,


John L. Domann

Harold Wright
118 North Ave. E
Post, Texas

August 7, 1961

Mr. John E. Demann
P.O. Box 21
South Gate, California

Dear Mr. Demann:

I have studied the letter from Mitsubishi very carefully. I made notations by side of paragraph or gave my OK by same. I see no reason why we can't get together if we stay with these basic specifications and conditions.

I will go through each paragraph with you so there will not be a misunderstanding.

1. Price

- a. We can handle more tonnage on the \$5.00 long dry ton for the maximum size of 5 inch.
- b. Long dry ton basis.
Moisture content at mine should not exceed over 1%.
My analysis show about .50 of 1%.
I do not know the conditions of the boats they ship on, however this ore in a fine state, minus 5 inch, or 2 inch with 20% minus 3/4 inch is porous. Therefore it will absorb some moisture if saturated with water. Such as rain, leaky hold on boat, or ect.
- c. My conditions will have to be made at the railhead at Holigman. I do not have the financing to handle the shipment on board boat.
- d. Freight on Rail (Holigman, Arizona).

2. Quantity

I would suggest you negotiate for a contract of 250,000 tons. Delivery to be a maximum of 15,000 tons per month, a minimum of 10,000 tons per month, to be delivered over a two year period. This will compensate for bad weather, and other troubles in a mining operation. Make the contract optional for both parties for another 250,000 tons at the completion of the first contract. This will be protection for us, and will give us time to develop the mine more thoroughly.

3. Specifications

This is OK except the last three, which I put a maximum of the following-----

Mn 0.18%
Cu 0.10%
TiO₂ 0.10%

I do not believe they will average over the ones they listed, but to be safe we had better change these now. Moisture is maximum at the mine.

- 4.
- a. My deal will have to be railroad Solignum loaded on cars.
 - b. We will have many thousands of tons of minus 1/4 inch material after we start operating. I cannot say how much or what I could take for them at the present time. These fines will be a hot item for the following markets---- Paint Pigment, fertilizer, cattle feed, cement, and a possibility of the ferrite field.
 - c. I can start shipment 30 to 60 days after signing of contract.

I hope this will get us started as I need to begin production on this property. Please let me know if I have not answered their questions clearly.

Respectfully yours,

Elwood Wright

nlw

MITSUBISHI BISHI KAISHA, LTD.

Please Return

COOKS STREET
2000
CENTRE ST & COVENTRY
AUG 611

2-CHOME
CHINYOBAKU, TOKYO, JAPAN

PHONES:
TOKYO (211) 2111 2111

TELEX:
Nos. TK 222 to TK 225
ANSWERBACK CODE:
MITSUBI TK

CABLE ADDRESS FOR THIS BUSINESS:

(Cable No. 22, TOKYO CENTRAL, TOKYO)

TELEX ADDRESS FOR GENERAL USE:
MITSUBI BISHI KAISHA TOKYO

YOUR REF.

[Handwritten signature]
OUR REF.

FEK-A 227

TOKYO

July 12, 1961

Mitsubishi International Corporation
Los Angeles Branch

Gentlemen,

Re: Arizona Iron Ore

Rec'd July 24, 1961

204-1432

Reference is made to our TELEX FEM061048-A of July 10th regarding the subject iron ore business proposed by Mr. Donnan.

We advise you the following matters for your further negotiation with the above gentleman and also would like to confirm the terms and conditions so far offered by him.

1. Price

a. We understand that he is now offering this ore at the two alternative prices of FOB Seligman in accordance with each different guarantee forfeiture, as follows:

- 1) FOB Seligman US\$9.10 per dry L/T, subject to 80% minimum for size between 1/4 inch and 2 inch, and 20% maximum for below 1/4 inch (maximum diameter to be 2 inch).
- 2) FOB Seligman US\$5.60 per dry L/T, subject to 80% minimum for size between 1/4 inch and 5 inch, and 20% maximum for below 1/4 inch (maximum diameter to be 5 inch).

*OK
J.H.*

*OK
J.H.*

b. Although neither his letter nor your cable does not indicate as to whether his offer is based on dry, or wet basis, we understand dry basis is applied in his offer too as well as in usual iron ore business.

*LONG
DIRY*

TONS

J.H.

c. So long as his offer is made on FOB Seligman basis, we must exhaustively estimate all costs and charges to be accrued after the loading ore into wagon at Seligman, so that we can calculate the accurate figure of FOB Long Beach. Therefore we must take account of surplus costs and charges, such as insurance premium for inland transportation, inland freight & loading charge, on moisture etc., in addition to FOB Seligman, \$5.00/5.10, inland freight, \$4.50/4.60 and loading & trimming charge, \$88, the total of which you roughly estimated at \$10.50, FOB Long Beach.

2. In this connection, we advise you to negotiate with Demann to submit offer on the basis of 1000 Long Beach per dry long ton, in which all other costs and charges shall be included.

F.O.R.
Seligson,
Arizona
1502 612
L.O.T. 24.

2. We understand Demann has offered 125,000 dry L/T, subject to shipping 10,000/12,000 tons monthly. According to your cable 01000045-A, however, we presume that he wants to increase the quantity upto 200,000 tons with additional 125,000 tons per year.

However, if 200,000 tons should actually be shipped in one year, all the proved ore reserves would be exhausted in the first year and there would remain no more reserve in the deposit.

Of course, the more quantity is produced and sold out, the less production cost would become and the more profit could be expected for him and his associates. It is to be noted, however, that our mills would show less interest in such iron ore source as they cannot stably depend on it for a long period.

Therefore we advise Demann not to increase the quantity under unreasonable conditions but to offer the quantity which can be actually successively shippable for a long term.

→ MAKE
250,000
L.O.TON
CONTRACT WITH
TWO (2) years

3. Specification

We understand that Dr. Demann has guaranteed the following specifications.

QUALITY	UNIT	GUARANTEED
Fe	57%	57% min. → OK 8.5%
SiO ₂	5%	5% max. ✓ OK 8.5%
Al ₂ O ₃	1%	1% " ✓ 8.5%
P	0.05%	0.05% " ✓ 8.5%
S	0.05%	0.05% " ✓ 8.5%
CaCO ₃	6%	6% " ✓ 8.5%
Mn	0.01%	0.01% " 0.18 MAX. 8.5%
Cu	0.01%	0.01% " 0.10 MAX. 8.5%
TiO ₂	0.01%	0.01% " 0.10 MAX. 8.5%

Delivery date
at rate of
10,000 to
15,000 long
dry tons per
month. 8.5%

As for moisture, please let him guarantee the maximum. 1% MAXIMUM MOISTURE AT WATE. 8.5%

4. Please hand Demann regarding the following items we asked by our cable 010053044-A of June 18th.

a. Don't they have any objection to load the said iron ore on the same vessel but in the separate hold that hauls Eagle Mt iron ore from Long Beach, the same loading port?

F.O.R.
Seligson,
Ariz. 8.5%

Can they supply fine ore under 1/4 inch to 100 mesh which we presume comes out in considerable quantity when ores are crushed into lumpy size? If possible, please advise the terms and conditions he offers.

we will have considerable tonnage when operating 5 L. ton

MITSUBISHI SHOU KAISHA, LTD.

- e. The commencement of the [unclear] [unclear]
- 5. Please explain the [unclear] [unclear] [unclear] and his associates.

Report Recd. 30 to 60 days from signing of Contract, U.S.

(A. Rep.) P. 11.

Please let us know [unclear] [unclear] if any, by cable, and confirm the above with [unclear] [unclear] so that we may proceed with this business further. *Very anxious to start operation. T. O.*

Truly yours,

MITSUBISHI SHOU KAISHA, LTD.

Manager of Technical Law Section, Dept

c.c. MIC, N.Y.
S.P.

4131 East Van Buren
Phoenix, Arizona
June 16, 1961

The Arizona Research Consultants
West Hatcher Blvd.
Phoenix, Arizona

Attention: Mr. John T. Long

Gentlemen:

You have informed me that your New York principals have requested some detailed information regarding the so-called Cowden iron mine, eighteen miles south of Seligman, Arizona.

In accordance with the above request, I am enclosing herewith the following exhibits:

- A. Photographs of the deposit in one of several openings
- B. A geological report by Mr. O'Leary
- C. A geological cross section (I will try to find two more detailed plan blue prints and forward under separate cover.)
- D. My explanation of the complex title situation

I have known of this deposit for many years and I have discussed it in more or less detail with your associate, Mr. George Olson, who has also known of it for a considerable length of time.

Very sincerely yours,

CHARLES H. JONAS

CHJ :wg
Encls.

MISCELLANEOUS NOTES REGARDING COWDEN IRON MINE

Mr. O'Leary, who has written the enclosed geological report, has a good reputation and I believe his conclusions are soundly arrived at.

The drilling of this property ended most unfortunately. The drilling was done by the Western Drilling Company, E. T. Campbell, President, of Lubbock, Texas, who were very active and well known well drillers and oil well drillers.

The drilling was done under the supervision of Elwood Wright, a geologist in the employ of the Western Drilling Company.

I have no doubt that the drilling was properly performed and the samples correctly taken under Mr. Wright's supervision.

The misfortune starts when Mr. Wright, a stranger in the Arizona field, delivered his samples to a well-known assayer of no local good repute.

I quote Mr. Wright as follows: "The damn fool came up with 75% and 80% iron contents intermixed with lower values when I know from the cuttings that the grade was consistent." There is certainly no native iron in that ore."

Then to complete the debacle the assayer threw away all the rejects.

As a result of this situation we have a \$40,000 drilling program with the holes completed and only the field notes of Mr. Wright, who fortunately wrote down his observations as "high grade" or "low grade", etc.

Drilling conditions are very simple and a few check holes 50 to 75 feet deep would satisfy a contractor that the tonnage is substantial.

There is little evidence of faulting and there is a chance that, if you disregard the ever increasing amount of overburden, or if you decide to mine underground, the tonnage predicted by Mr. O'Leary would be considerably increased.

From my personal observation as a practical underground mine operator, I am convinced that an underground mining operation, probably by both room and pillar or other methods, would be very easily carried out.

The 18 or 19 mile haul to the railroad at Seligman is over practically all level ground with a few moderate, possibly 6%, grades.

However, it should be borne in mind that soil conditions are bad and that from December to March we would have to draw on a stock pile to guarantee an even flow of feed to your operation.

Page 2.

The railroad distance from Seligman to Clarkdale is approximately 80 miles.

~~*****~~

The ore itself is very unusual because of its purity. Copper, lead and zinc are absent entirely, as is titanium. Sulphur and phosphorus are well below any blast furnace requirements.

Mr. Ken Powell of the Kaiser Steel at Fontana who has tested the ore several times has told me that in blast furnace work, it decrepitates too rapidly, produces a high percentage of flu-dust and gives a very poor heat circulation medium.

Considerable work has been done on this ore along metallurgical lines, but since your only interest is in bulk ore feed for your electric furnaces, the above points of disadvantage are not of any importance to you.

PROPERTY TITLE DETAILS

At this point I will go into every detail that I know of, even though it confuses you.

I feel that it is necessary that you understand the situation so that there is no crossing of the wires between adverse interests.

1. The property is owned free and clear by Mr. Cowden, who with his wife, I believe, own the entire stock of the Cowden Livestock Company.

Mr. Clements, who is the Cowden Livestock Company's manager told me that Mr. Cowden's entire estate is represented by his ownership of the capital stock of his livestock company and the only asset that Mr. Cowden has of any moment, outside of this stock, is his personal ownership of this iron deposit.

Mr. Cowden is close to seventy years old and Mr. Clements told me that he was doing everything in his power to get Mr. Cowden to sell this iron deposit on which he could take a long term capital gain instead of being continuously irked by his realization of the terrifically high income tax bracket that results from his cattle company operation.

Following through on this line of thinking, Mr. Del Fisher, of the Fisher Contracting Company, the largest contracting company in the state, was a boyhood friend of Mr. Cowden and has told Mr. Cowden that he would like to buy the property so that he could mine it at a profit and control the price of the mining operation.

Mr. Fisher's representative, Mr. Jack Brown, who is a personal friend of Mr. George Olson, has told me that they would buy the property today if it were not for the existence of the lease which I will explain later which has tied the property up to the Western Drilling Company, Elwood Wright, interest.

Mr. Brown states that they positively will not buy the property and wait either four and a half or nine and a half years, which is the possible period that the Western Drilling Company lease would or could, by legal movements, continue in force for that length of time.

The lease in existence provides for a payment to Mr. Cowden of a royalty of 50¢ per ton.

Page 4.

If you take Mr. O'Leary's tonnage, multiply it by 50¢ per ton, and get out an actuarial table, you could figure a cash value of anywhere from \$100,000 to \$150,000.

In my recollection, Mr. Wright discussed the purchase for cash at somewhere between or around \$75,000, and Mr. Cowden was not interested. However, that may have been because of the personal tie-in between Mr. Fisher and Mr. Cowden.

The next factor to consider is the condition of the lessees, namely the Western Drilling Company, E. P. Campbell, its president, and Mr. Wright, the actual manager of the project.

About a month ago Mr. Campbell died and it looks now as though his personal affairs are terrifically overloaded with debt.

However, some months ago the lease was assigned over to Mr. Elwood Wright and Mr. Hale Tognoni, Mr. Wright's local attorney, is positive that the lease is valid and owned by Mr. Wright.

I now come to a description of the terms of the lease, which was drawn by one of the most prominent attorneys in Phoenix but an attorney who had never had any mining legal experience. The lease provides for "going into production" but does not define what tonnage is required in order to have the lease remain in good force and effect.

It also states that the ten year period of the lease does not start until the lessee has notified the owner that he is "putting the property into production." The lessee claims that he gave this notice six months ago. The owner claims that he gave it four and a half years ago.

Furthermore, the lease provides that in the event of a dispute, each party appoints an arbitrator and the two arbitrators appoint a third, and the findings will bind the principals.

Such a meeting of arbitrators was held about two months ago and the majority ruled that the lessee had complied with the terms of the production requirements in that he had tried to find a market and had failed excepting as to something like 2500 tons all within the last two years of the four and a half year period.

This leaves the situation with the lessee's rights settled and the four and a half or nine and a half year period for the lease to run.

With the above explanation, you can see why Fisher and all other parties have not been willing to buy a lawsuit or a dispute.

Page 5.

It is my idea, however, that in spite of the difficulties the matter can be handled if handled discreetly.

You may ask what my interest is in making out this report. I can define it as a "hope for financial gain" purpose.

I have spent over a year and a half on pyrometallurgical experimentation on this ore with the goal of achieving a 99.5% pure iron oxide for usage in scientific deals. My associates in this enterprise withdrew financial support, went through what is to me a very unsatisfactory reorganization plan under which they will continue this scientific experiment providing they can get protection on their source of supply.

CONCLUSION

I believe that if there is any possible way that you could indicate your future interest in acquiring 200 tons per day of this ore that I can get together an amount of risk capital that would, if substantially presented to the Campbell-Wright interests, move them out of the picture with some to be negotiated down payment, plus a royalty on the gross production of the mine.

At this stage, with the nuisance value of the Texas lease eliminated, I am sure that it would be possible to buy Mr. Cowden out either in cooperation with the Fisher Contracting Company or without their cooperation, if it were worked so that the power to deliver a "no nuisance contract" would be under our control and then say, take it or leave it.

Under these circumstances, if you were ready to accept the ore in two or three years, it would be possible to go into mass production under the existing lease, stockpile either at Seligman or at your terminal, under Lawrence Warehouse receipt financing, or under any financing plan that would be interested because of the existence of your purchase contract.

In the above letter I have succeeded certainly in making the picture look might lousy. But why kid yourself?

I feel that the deal should be considered rather rapidly because at present it is quite evident that the financial situation, as I have had it explained to me, is rather acute in the office of the Western Drilling Company. I may be wrong but my source of information is quite reliable.

If you have not already lost interest in reading this letter to its conclusion, I will outline my ideas as to how to proceed.

1. Get an expression from you as to whether or not you wish me to proceed entirely independently of you in my negotiations with Mr. Wright, or under a joint cooperation plan where my position in the picture would be whatever you determine.
2. If I can work out a payment program with Mr. Wright that I can handle, we might work out a proposition where the amount of invested capital would be possibly \$10,000 to \$20,000, and we might have some guarantee from you that as and when we got in operation, you would make us well financially upon an agreed upon basis.
3. It is very evident to you and to me that whoever acquired the right to mine the ore at the time you are in operation will certainly come to you and try to sell you the ore at that time, and that is probably, or rather possibly, the course that you would follow, but right now, if it could be closed economically, it would give you a certain source that you could figure on immediately.

CHARLES H. JONAS
Mining Engineer

JOHN L. DOMANN

SINCE 1933

P. O. BOX 21 • SOUTH GATE, CALIFORNIA

MERCHANDISE SALES

- Office and Warehouse Facilities
- 2218 Yesler Ave.
- 5235 Tweedy Blvd.

Cable Address
"JONDOMA"
South Gate, California

June 5, 1961

Mr. Elwood Wright
118 N. Avenue H
Post, Texas

Dear Elwood:

Received a cable from Japan wanting to know what price we would quote on iron ore 1/4" to 2" size with a maximum of 5", 15% fine, kindly advise regarding this.

One of the Japanese Companies is filing a petition with Santa Fe for a freight rate of \$4.60.

I have an inquiry from another Japanese Company which I am writing to today. I'm working real hard to try to bring this iron ore deal to a close and I believe that we will get it sooner or later.

Very truly yours,

John L. Domann
John L. Domann

P.S. What about the Colorado Oil deal? Advise if you are going up.

*also
they
want to
know
Moisture
content*

April 27, 1961

Mr. C. A. Clements
Cowden Livestock Company
P. O. Box 1550
Phoenix, Arizona

Re: Cowden - Campbell arbitration

Dear Cliff:

We enclose copies of the statement we received from Mr. Stanley Secrist and also copies of our correspondence with Hale Fogioni.

I have endorsed his check to your order in the sum of \$2.10, and enclose it herewith.

It would appear to be in order to forward Mr. Stanley Secrist a check for \$103.00 in payment of one-half of his costs for arbitration and to Mr. Powell, a check for \$551.75, inasmuch as Campbell apparently has paid Sundness as being one-half of the charges of the two arbitrators selected by each of the parties and therefore by paying Powell \$551.75 and Secrist \$103.00, it would seem this discharges our one-half of the cost of the arbitration.

If you have any questions, call me.

Sincerely,

MW:ms
Encs.

STANLEY M. SECRIST
REALTOR

TELEPHONE EA. 6-1033
P. O. BOX 1088
15 CALLE CONQUISTA
TUCSON, ARIZONA

Messrs Snell and Wilmer
400 Security Building
Phoenix, Arizona

February 27, 1961

Messrs Tognoni, Parsons, Birkett & Gooding
821 First National Bank Building
Phoenix, Arizona



RE: ARBITRATION ON DISPUTED IRON
ORE LEASE: R. E. COWDEN AS LESSOR
E. P. CAMPBELL AS LESSEE

Gentlemen:

For services rendered in above matter and expenses
in connection therewith:

\$ 206.00

Breakdown:

1 day	\$100.00
7 hours	70.00
Transportation	22.80
Public Stenographer	10.00
Telephone	3.20

Stanley M. Secrist

TREASURY DEPARTMENT
UNITED STATES GOVERNMENT
WASHINGTON, D. C. 20548

WILLIAM A. SNELL
WILLIAM A. WILNER
ATTORNEYS AT LAW
PHOENIX, ARIZONA

April 10, 1951

RECEIVED
APR 10 1951

Mr. Mark Wilmer
Snell & Wilner
Security Building
Phoenix 4, Arizona



Re: Cowden v. Campbell

Dear Mark:

I have today forwarded to Mr. Stanley Secrist a check for \$103.00 from E. P. Campbell for his half of the cost of Mr. Secrist's services in the Campbell-Cowden arbitration.

I have also forwarded today a check for \$400.00 to Mr. O. A. Sundness as an additional payment for his services in that arbitration. This makes a total of \$500.00 that we have paid Mr. Sundness. There remains to be paid \$47.45 to Mr. Sundness.

I gather from the copy of Mr. Powell's letter of February 24th that the total cost of his services has been \$551.75. It appears now that the total cost of Mr. Sundness' services is \$547.45. The difference between these two would be \$4.20, and one-half of this difference should be borne by Mr. Campbell. Therefore enclosed find my check for \$2.10 which covers Mr. Campbell's half of the costs for arbitration.

If you have any additional charges or bills to submit, or if I find any, we can further adjust this settlement.

Sincerely yours,

Hale C. Tognoni

HCT:tb
encl.

cc Mr. E. P. Campbell
cc Mr. Elwood R. Wright

A-14-61
P.O. Box, Texas (E)

Dear Mr. Cowden,

Santa Fe mined up CUR AT 75851.
I will get this weight & send to you along
with the check for the royalty within the next
few days.

Respectfully yours,
Edward Wright

MITSUBISHI INTERNATIONAL CORPORATION

LOS ANGELES OFFICE

606 SOUTH HILL STREET
LOS ANGELES 14 CALIFORNIA
PHONE VANDIKE 1067

Our Ref No. LA-M-378

Date March 17, 1961



Mr. John L. Domann
P.O. Box 21
South Gate, California

Dear Mr. Domann: Re: Arizona Iron Ore

Confirming the telephone conversation our Mr. Purcell had with you yesterday, we are pleased to inform you that our Tokyo people have expressed great interest in your iron ore, with the preliminary prospect of it having a good Fe content and fairly low in harmful impurities, such as S, P, Cu, Etc.

Although the deposits are small in overall quantity, they believe that they can attract the interest of their mills in your ore, if the price is competitive with other overseas iron ores which our company is supplying to several of the mills.

In this connection, we are listing below some further information requested by our people regarding your iron ore and property:

- (1) We would like to take up this business on the purchase and sales basis. Therefore we will appreciate it if you will invite their formal offer on the above-noted basis quoting price on the specific basis of Fe and other impurities, if any, and showing the guaranteed quality of the following components, Fe, SiO₂, Al₂O₃, P, S, Free Moisture and other impurities. Then we will propose this business to our mills.
- (2) So far as the suppliable quantity is concerned, the more quantity can they supply extending over a long period, the more interest will our mills show. However, even annual 100,000 tons shipment would be a good lot for the contract.
- (3) Generally speaking, FOB vessel price depends on its Fe percentage and contents of harmful impurities.
- (4) Please furnish us with the maps showing the location of the mine and hole, so that we may check the attached Hole Log Tabulation and learn how the report of Smith-Emery Company estimates the property. If possible, please obtain a copy of the geological map of this area. For our reference, please ask them how to calculate the quantity each of "Assured", "Probable" and "Possible".

Mr. John L. Domann, March 17, 1961, Page 2

- (5) Although the report of Smith-Emery Company stated in the clause - "its conclusion and recommendations" - that the underground mining methods would be preferable for the development of these deposits, we wonder whether they can produce ores at competitive price. We understand so far such underground mining method costs too expensive.

Besides the above, please furnish us with any useful and necessary informations and data.

In view of our sincere interest in your iron ore, it is important that you furnish us all the above information, as well as the full particulars and name of the company who will handle the mining operation, financial background, etc. We would also like to have a map showing the location of the property in relation to the nearest city, roads and railroad facility in access to the mine and/or ore bodies. You will note our people request a map of the mine area showing the various drill test holes to check the Hole Log Tabulation which you submitted. You furnished us with several large scale maps of various ore bodies, but we do not think they showed the drill test holes. With this, we wish to know how the surveyor arrived at the estimated "Assured", "Probable" and "Possible" quantities.

We assume this applied to the approx. 505,000 tons in your 12 patented claims. If so, please give us similar information for the 12 unpatented claims that you also hold, which you say will bring the total estimated tonnage of your iron ore property to around one million tons. As it is important for us to know, as accurately as possible, the estimated total tonnage that will be available, do you feel the information you now have in hand is sufficient, or if some further exploratory work will be necessary; if so, how long it may take.

You will note our people intimate that an annual tonnage of 100,000 L/T might be a good quantity for the contract - about ten 10,000 tons cargoes per year. If everything is conducive, it might be better, and more profitable for all concerned, if this could be doubled or more, to permit loading some cargoes in the larger ore carriers now in service ranging from 15,000 to 30,000 L/T or more.

In order to arrive at a mutually satisfactory price for the ore loaded on board vessel at Long Beach, the important factor is rail freight from Arizona. This will have to be fully explored with the Santa Fe R.R., and perhaps a petition may have to be filed with them for a new or lower rate. We understand that there is no freight rate for iron ore originating in Yavapai County. In any event, it will at least have to be competitive, or nearly so, with iron ore shipments from Nevada points to Stockton, or from Kaiser's mine in California, despite the shorter distances. However, this is something we can go into later.

Mr. John L. Doman, March 17, 1961, Page 3

We should like to know the quantity of ore you estimate you can produce monthly, the size range, the distance to the R.R. and the method of mining and loading the ore into cars, etc. You mention that most of the ore can be mined by open pit, but the Smith-Emery report ~~intimated~~ intimated some shaft mining may have to be done. Further, the O'Leary report showed some stockpiling of ore, and we would like to know if any domestic mills have used some of the ore, the results of it, or if shipments have been made overseas to any place.

We are very glad that prospects are favorable for business, and hope that you can furnish all the information required for our people to pursue the matter further in your behalf.

Very truly yours,

MITSUBISHI INTERNATIONAL CORP.



K. Saito, Manager
Los Angeles Branch

MMP/yh

C. K. WILLIAMS & CO.

INCORPORATED

2001 LYNCH AVENUE EAST ST. LOUIS, ILLINOIS

Manufacturers

SYNTHETIC OXIDES - NATURAL OXIDES
EXTENDER PIGMENTS

WILLIAMS
COLORS & PIGMENTS

February 8, 1931

*Account
CR 71404*

Mr. Elwood Wright
118 North Avenue H
Post, Texas

Dear Mr. Wright:

We have finally been successful in getting the freight rate on iron ore from Seligman, Arizona to Oakland, California reduced to \$9.30 per ton with a minimum overload of 100,000 pounds of iron ore. This rate is effective after February 27, 1931.

The rate isn't as low as we had hoped to have approved, however, it appears to be the best we can do for the present. You can ship the iron ore loads (approximately 700 net tons of iron ore from the Garden Ranch deposit, 20 miles south of Seligman, just as soon after February 27 as weather will permit.

We are aware that the road between the mine and Seligman becomes slippery at times during the winter when the road freezes and then thaws in the morning in the bright sunshine and should you encounter this kind of weather for a period, we are agreeable to you postponing loading of the ore until the roads aren't hazardous for your trucks.

The ore should be of 4 inch sized under which has gone through the grizzly.

The ore is to be loaded in flat bottom gondola cars which have been swept clean and caulked tight. These cars are to be loaded to a minimum of 50 tons of ore per car. Cars will have to be loaded in this manner in order to secure the most economical freight rate.

We are also enclosing ten bills of lading, each of which has five copies. The ore is to be shipped via AT&SF - Southern Pacific Delivery, freight collect, to:

Mr. Wright

-1-

February 8, 1961

C. E. WILLIAMS & CO.
Attention: M.G. Natoliffe
4000 Shilbourn Street
Emeryville, California

The cars are to be weighed enroute by the railroad and payment to you for the ore will be made on the basis of \$7.00 per net ton, based on the railroad weights for ore loaded in the cars. \$ 7⁰⁰

When each car is loaded and ready for shipment, one copy of the bill of lading will go to you as the shipper for your records.

One copy to the railroad.

One copy to the receiver of the shipment, who will be C.E. Williams & Co., 4000 Shilbourn Street, Emeryville, Calif., Attention: M.G. Natoliffe.

The fourth copy of the bill of lading should be sent to C.E. Williams & Co., 3001 Lynch Avenue, East St. Louis, Illinois, Attention: T.J. Stewart; and the fifth copy of the bill of lading should be sent to Mr. H. Ray Cowden, Box 1550, Phoenix, Arizona.

Payment to you for the ore will be made as soon as the cars and car weights are received at our Emeryville office. Please let me know, by letter, to whom payment of the ore is to be made and the address of the party or company to receive the check.

Sincerely

C. E. WILLIAMS & CO.

T. J. Stewart
Vice President-Production

TJS:hb

cc Mr. E.P. Campbell
1008 Broadway
Lubbock, Texas

Mr. H. Ray Cowden
Box 1550
Phoenix, Arizona

C
O
P
Y

STANLEY M. SECRIST

Realtor

Telephone EA. 6-1033
P. O. Box 1088
15 Calle Conquista
Tucson, Arizona
January 15, 1961

Messrs. Tognoni, Parsons, Birkett & Gooding
821 First National Bank Building
Phoenix, Arizona

Messrs. Snell and Wilmer
400 Security Building
Phoenix, Arizona

Re: ARBITRATION ON DISPUTED IRON
ORE LEASE: R. E. COWDEN, AS
LESSOR, E. P. CAMPBELL, AS LESSEE

Gentlemen:

The conclusions of the undersigned arbitrators in the above matter, together with some comments, follow herewith:

Mr. E. Ray Cowden, assignee lessor in his letter of June 6, 1960, alleges five breaches of contract which lessee, through his agent, categorically denies (letter Aug. 3, 1960).

1. "Full records have not been kept of all drilling operations and two copies thereof supplied to Lessor."

Records of the drilling operations were kept by the Lessee but to date of the Notice of Cancellation, in spite of numerous requests on the part of the Lessor, no copies had been received. The Lessee was definitely in default. With the threat of cancellation the default was in part corrected by the presentation of the K. S. O'Leary report on July 27, 1960. Copies of the Lessee's detailed drill records stated to be in Lubbock, Texas, office still had not been supplied to the Lessor up until October 25, 1960. Our judgment is that there is no breach here since the records have been kept. Censure may be directed to Lessee for not supplying the analyses to Lessor. After all, Lessee and Lessor are partners in this undertaking and Lessor should be just as careful as Lessee in not publicly disclosing such figures if they might embarrass Lessee competitively.

2. "All analyses and other examinations made by Lessee of the demised premises and the area adjacent thereto have not been fully and faithfully recorded and reported to Lessor."

* (2) To date of arbitration the Lessee was in default for not having supplied the Lessor with any analyses of iron ore encountered during the drilling operations. The grade of an ore developed is one of the key items necessary to produce a comprehensive report on a property and determine the tonnages of reserves therein. The question raised by the Lessee as to the accuracy of the analysis is not justifiable reason to withhold the information. If the Lessee considered the results inaccurate, he was and still is most lax in his responsibilities for the developing of the property under the terms of the Lease and for his own information when ore will be mined. Reruns on the sampled ore should have been requested by him and portions of the sample pulps could have been secured and submitted to a qualified testing laboratory for check analysis results. It is to be noted that the royalty payments for ore shipped from the property is tied to the grade of the ore; (several percentages mentioned in Lease. What is the intended percentage?) analysis information is therefore important to the Lessor.

The Lessee contended the verbal information passed on to the Lessor or Lessor's agent on infrequent occasions met the contract requirements of report. The contract does not specifically state the form of the report, written or verbal. Any competent mine operator, in the course of exploring and developing a property for his own use, compiles a certain amount of specific detailed information in writing. The Lessee was at fault in not passing on this written information and also at fault for not confirming verbal information in writing. However, from the testimony and from the exhibits submitted, there is no breach here because within the 60 days period provided in the lease, Lessee submitted to Lessor the Dorman S. O'Leary report on the demised premises and the area adjacent thereto, consisting of maps, analyses and geological report.

3. "Lessee has failed to proceed forthwith or at all and with diligence during the term of the lease with mining operations calculated to and which in fact do properly, economically and fully mine, remove and sell the iron ore deposit located upon the demised premises."

4. "Lessee has failed to mine the demised property for a period in excess of six successive months."

These two alleged breaches may be considered together since they both must be considered with regard to what the terms "mining" refers to. To the layman, the term "mining" usually connotes only the drilling, the blasting and the loading of the ore. However, in a contract such as the one under consideration, the term "mining" must of necessity cover all of the steps required to develop the property and get the ore to market. These would include:

1. Preliminary drilling and sampling to determine the chemical and physical characteristics of the ore for the purpose of intelligently presenting it to the market.
2. Secondary drilling and sampling for the purpose of intelligently laying out a plan for economical operation of the ore body. This planning would include estimates of tonnage available, complete analyses of this tonnage for presentation to market and an estimate of cost of production at the railroad or other delivery point.
3. Contracting consumers of iron ore in hopes of establishing a firm and continuing outlet for the product.
4. After an interested consumer is found and his approximate monthly or annual demand is known, contacts and negotiations with truckers or a railroad must be made in an endeavor to obtain a fair haulage rate.

From the evidence submitted, it appears that all these steps have been taken. It also appears that the ore in this deposit, while of fairly rich iron content, is not very desirable for blast furnace use and not at all suitable for open hearth use, because of its air-spalling characteristics which produce a large amount of fines, undesirable for pig iron and for steel making. It does have a limited value for special purposes, and from evidence submitted (Ore Contract dated 8/2/60) it appears that a market has been found and delivery on contracts has begun. While compliance may have been slow, the contact between Lessee and Lessor may not have been as satisfactory as it should have been, it appears that production is now started, and Lessee should not be charged with non-compliance at this time.

5. "Lessee has failed to perform the necessary assessment work to maintain the validity of the unpatented mining claims."

No breach now exists regarding assessment work as is evidenced by affidavit filed by Elwood R. Wright on August 2, 1960.

The contract provision covering arbitration provides that the party in an arbitration case against whom an award is made pays the full cost of the arbitration. In this case we recommend that the cost be borne equally by the two parties.

There are some ambiguities in the contract and it is clear that certain parts of the lease are interpreted one way by the Lessor and another way by the Lessee, therefore, it is our recommendation that the Lessor and the Lessee meet and iron out these areas of misunderstanding so as to avoid friction and arbitration in the future.

In summary, it is our feeling that finding a specialty market for such a small tonnage with physical characteristics unknown and untried, is a difficult task. The blast furnace man operates a utility within which various chemical reactions, still not completely understood are taking place. If he has available known uniform ores which produce for him a satisfactory product, at reasonable cost, he is loathe to experiment with an unknown ore which may seriously upset his furnace practice. Now that a specialty market seems to be opening up, it will be to the best economic interest of both Lessor and Lessee to work closely together and pursue this outlet while attempting to develop others.

Respectfully submitted

O. A. Sundness

K. B. Powell

S. M. Secrist

SMS:kw

LAW OFFICES

TOGNONI, PARSONS, BIRCHETT & GOODING

610 FIRST NATIONAL BANK BUILDING

PHOENIX, ARIZONA

HALE C. TOGNONI
ARTHUR B. PARSONS, JR.
JOSEPH A. BIRCHETT
WILLIAM H. GOODING
JOHN LARRY MELAWS

January 9, 1961

TELEPHONE
ALPINE 8-6481

Mr. Mark Wilmer
Snell & Wilmer
Security Building
Phoenix, Arizona

Dear Mark:

Yesterday in a telephone conversation with Mr. Elwood Wright he informed me that Mr. E. P. Campbell had assigned to him Mr. Campbell's rights in the May 31, 1956 lease between Yavapai Ranch Company as lessor and E. P. Campbell as lessee, the rights of Yavapai Ranch Company in said lease already having been assigned to E. Ray Cowden. All future correspondence until further written notice will be sent to me at this office.

This letter is in answer to your letter of November 18, 1960, wherein you gave notice to my client, E. P. Campbell, that he was in further default of said May 31, 1956 lease. Neither Mr. Wright nor I feel that there is any default at this time. I have closely examined the five items that you listed as particulars of default and checked each of them with Mr. Wright to see if there had been compliance. If there was some area of any one of them that had not been done, we immediately moved to take care of it. The particulars of our understanding of what has been done and is being done under each of your enumerated defaults are as follows:

1. You state that under Paragraph II of said lease, in the event the iron ore shipped does not approximate 51-1/2% iron, the lessee is required to notify lessor in writing of his intention to ship a higher iron content ore and advise as to the approximate percentage of iron which the ore shipped will contain. I think you will find that time and time again during the October 25th arbitration in your office it was mentioned that the iron ore shipped was higher than 51-1/2% and that the iron ore on the property averaged 60% iron. The correspondence between Mr. Cowden and Mr. Campbell since the original signing of this

Mr. Mark Wilmer
January 9, 1961
Page Two

lease contains numerous references to the fact that the ore on this property is a high-grade iron ore and of an average of 60% iron. If these notices are not sufficient to notify lessor in writing of the lessee's intention to ship iron of a higher grade content, then notice is hereby given to you that as of now it is Mr. Wright's intention to ship iron ore from the property that averages 60% iron and that as the percentage varies Mr. Wright will notify you of such a change in the grade if you feel it is necessary.

2. You state that Paragraph X requires that lessee supply to the lessor at least every 60 days estimates of the tonnage of iron ore that lessee anticipates he will mill and ship. Again, this has been done continuously in the past in that Mr. Wright has kept the lessor abundantly informed as to his prospects of sale, and the record of the hearing on October 25th contains a complete explanation of what the lessee anticipates he will mine and ship in the ensuing 90-day period. If this is not enough to satisfy your client, Elwood Wright anticipates making the following sales during January and February, 1961:

- (a) 30 tons of ore running an average of 60% in grade to Ferro-Oxide Research Company delivered at Seligman.
- (b) 10 carloads of average 60% ore to C. K. Williams & Co.
- (c) 2500 tons a month to Japanese interests.
- (d) To enter into a new ore sales agreement with Ferro-Oxide Research Company for additional sales.

3. You state here that mining operations as required by Paragraph XI are still not being carried on. Of course, it has always been Mr. Wright's position that such mining operations were being carried on, and it still is his position that they were, are and will continue to be carried on diligently and throughout the term of the lease with such mining operations calculated to and which, in fact, do properly,

Mr. Mark Wilmer
January 9, 1961
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economically and effectively mine, remove and sell the iron ore deposit located on the demised premises. As you can see from Mr. Wright's anticipated sales, the operation that has gone on in the past is very likely to be accelerated.

4. You state here that Paragraph XIV requires proper weighing facilities to accurately and correctly weigh all iron ore removed from the premises, and it is Mr. Wright's position that proper weighing facilities were, are and will be provided, and that each and every shipment made from the Cowden Iron Property has been and will be weighed by proper weighing facilities and that weight slips will be furnished to the lessor. Should the lessor contend that some of these weight slips are inaccurate, I would appreciate his immediately contacting us. The stock piles of iron ore sold to Ferro-Oxide at Seligman have not been weighed to date, but mineral will not be removed from those stock piles without Ferro-Oxide properly weighing and submitting weight slips which are subject to the approval of Elwood Wright, and which will be forwarded on to E. Ray Cowden.

5. In your Item 5 you state that there has not been posted under Paragraph XV the "no lien" notice required by said paragraph. Enclosed find a copy of a No Lien Notice which has been posted on the property and recorded in the Recorder's Office. It has been brought to our attention that a recent Superior Court case in Pima County states that the law requiring this No Lien Notice is unconstitutional.

You are therefore notified that Mr. Campbell and his successor in interest, Elwood R. Wright, are not in default under the foregoing lease provisions, and I suggest that if your client disagrees that you contact me and see if we can amicably settle the difference. If we fail to settle any resulting disagreement, I suppose that you will have no alternative than to follow the procedure set forth for arbitration under Provisions 20, 21 and 22 of the said lease agreement. You are well aware that until that procedure has been followed and the arbitrators find that Mr. Wright has not complied, this contract cannot be terminated by Mr. Cowden. I am forwarding a copy of this letter to Mr. Cowden in order that any notice provisions that may be required in the contract will have been complied with.

Very truly yours,

Hale C. Tognoni

Hale C. Tognoni

HCT:kb
encl.

cc Mr. E. Ray Cowden

James L. Miller
P. O. Box 336
Seligman, Arizona

Dec 5, 1960.

Mrs. Ray Cowden,
P. O. Box 1550,
Phoenix, Ariz.

Dear Ray:

In regard to the mining that has been going on since October 16th up to November 2nd there has been work going on. I believe they quit hauling ore around the 22nd of October. Since Nov. 2nd up to Dec. 5th there hasn't been anyone around. I will see if I can get in touch with Bill Winters and get a little more information on the deal.

Sincerely
James

November 29, 1960

Mr. H. L. Walter
P. O. Box 391
Woodland, California

Dear Sir:

Your letter of the 17th to Seligman was forwarded to me and later your letter of November 23rd was received by me.

At the present time the mine is being operated by some other people and I would not be interested in either a sale or a lease. If you are still interested after the first of the year and will write me, I will let you know what the situation is at that time.

Yours very truly

E. Ray Cowden

ERC:th

C
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P
Y

November 18, 1900

Mr. Mate Tognoni
Tognoni, Parsons, Birchett & Gooding
Attorneys at Law
411 North Central Avenue
Phoenix, Arizona

Dear Mate:

This letter is by way of further notice to your client, Mr. E. P. Campbell, through you as his attorney, that Mr. Campbell is in further default under the terms of the May 31, 1896 lease between Yavapai Ranch Company as Lessor and E. P. Campbell as Lessee, which has been assigned to Mr. E. Ray Cowden by Yavapai Ranch Company.

The particulars of the defaults are the following:

1. Under paragraph III of said lease, in the event the iron ore shipped does not approximate 51 1/2% iron the Lessee is required to notify Lessor in writing of its intention to ship a higher iron content ore and advise as to the approximate percentage of iron which the ore shipped will contain.
2. Paragraph X requires that the Lessee shall supply to Lessor at least every sixty days estimates of the tonnage of iron ore which Lessee anticipates it will mine and ship in the immediately ensuing ninety day period. This has not been done.
3. Mining operations as required by paragraph XI are still not being carried on.
4. Paragraph XII requires that proper weighing facilities to accurately and correctly weigh all iron ore removed from the premises shall be provided.

Mr. Hule Tognoni

November 18, 1960
Page 2

Such scales have not been provided and demand is made that they be forthwith provided.

5. We are advised that there has not been posted as required under paragraph XV the "no lien" notice required by said paragraph.

You are therefore notified that Mr. Campbell is in default under the foregoing lease provisions and that the same will result in a termination and forfeiture of the lease unless corrected within the period prescribed in said Lease Agreement.

We are forwarding a copy of this to Mr. Campbell because of the lease provision requiring notices be sent to him at the address specified therein.

Yours very truly,

MW:ms

cc: Mr. E. Ray Cowden
P. O. Box 1580
Phoenix, Arizona

Mr. M. P. Campbell
902 Lubbock National Bank Building

#1-INSTRUCTIONS TO DELIVERING EMPLOYEE

Deliver ONLY to addressee Show address where delivered

(Additional charges required for these services)

RETURN RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)

E. P. Cowden

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

Mr. Robert Campbell

DATE DELIVERED _____ ADDRESS WHERE DELIVERED (only if requested in item #1)

POSTMARK
OR DATE