

APPLICATION FOR A MINING LOAN

8. MILLING:

(a) If product is treated in applicant's mill or a leased mill:

- (1) State capacity, percentage of extraction, ratio of concentration, and submit flow sheet of mill.
- (2) Describe mill building, condition of same, etc.
- (3) Give inventory of equipment in mill building. State whether in good working condition.
- (4) State rental cost if leased mill.
- (5) State whether there is ample room for disposal of tailings.
- (6) State whether tailings pollute any streams, lakes, or other sources of water supply.
- (7) Submit tables showing complete total tonnage treated, tonnage of concentrates made, and analyses of heads, concentrates, and tailings, for the last year of operation.

(b) If product is sold to a custom mill:

- (1) Submit table showing complete total tonnage shipped, including settlement sheets for last year of operation. Give name and location of mill purchasing product.
- (2) Submit copies of all contracts with the mill covering purchase of ores or minerals.

(c) If applicant proposes to build a mill:

- (1) Describe proposed milling operation.
- (2) Submit a flow sheet of the proposed mill, and state capacity.
- (3) Submit copies of all metallurgical or other tests.
- (4) Describe mill site showing location of mill with respect to mine.
- (5) State whether there is ample room for disposal of tailings.
- (6) State whether tailings may pollute any streams, lakes, or other sources of water supply.
- (7) Submit detailed cost of proposed mill.
- (8) Submit, if available, plans and specifications of proposed mill.

9. SMELTING:

(a) If concentrates or ore are sold to a custom smelter:

- (1) Submit tables showing tonnage of ore or concentrates shipped to smelter, including settlement sheets, for last year of operation. Give name and location of smelter purchasing same.
- (2) Submit copies of all contracts with the smelter covering purchase of ores or concentrates.

(b) If applicant proposes to build a smelter, describe in detail.

10. Give complete information concerning method and cost of transportation.

11. If mine has been in operation, give operating costs by years for each year during the last five years.

12. State sources of funds, and proposed schedule of repayment of the loan.

13. Fill in the following, or use separate sheets if necessary:

Collateral Offered as Security for Loan

Ore or mineral reserves	Estimated tons	Gross value per ton	Recoverable value per ton	Estimated cost of Production	Estimated profit per ton	Total Estimated profit
Developed reserves:		\$	\$	\$	\$	\$
Probable reserves:		\$	\$	\$	\$	\$

See reports attached and letter from applicant to the R. F. C., dated October 14, 1945.

NOTES RE HARQUA HALA MINE

July 20, 1939

In connection with past and recent investigation of this property owned by the ~~Bonanza~~^{Bonanza} and Golden Eagle Mining Company, - (for a long time inactive), I have obtained and examined the following documents:-

- + Howland Bancroft in U. S. G. S. Bulletin #451, about 1909
- Report by C. E. Mills, 1892
- Report by T. E. Farish, 1906
- Report by E. J. Olsen, about 1915
- Report and letters of R. N. Dickman 1914, '15 & '16.
- Report by Fred W. Norton, about 1915
- + Report by W. Tovote, about 1917
- Claim maps and surveys
- Sketches of section and plan of Golden Eagle Workings
- Survey map of Bonanza Workings
- Assay map of large portion of Bonanza Workings
- Copies of all the above excepting the sketch plan of

the Golden Eagle are in my possession and I have also looked over a number of assay and shipment records belonging to the owners.

I personally visited and hastily examined the mine in February 1917 and during the summer of 193⁴ when interested in the treatment of a portion of the tailings I took occasion to inspect practically all of the then accessible workings and took a few samples at various points but I have never made any thorough

examination or sampling of the mine and I have never visited the underground workings of the Golden Eagle.

Much of the information in the old reports is confusing by reason of the fact that different designations were given at different periods to the veins and stopes and maps which originally accompanied them are lacking so that they could only be intelligently read in conjunction with a careful inspection of the workings and their identification on the ground and *from the* available maps particularly to determine just what bodies of ore have been stoped out since the reports were written and what new ones have been developed.

This property is located 7 miles south of Salome, Yuma County, Arizona and consists of the Bonanza Group of 5 patented claims and the Golden Eagle group of 4 patented claims lying about 1 mile to the northeast. Both of these groups are owned by the Martins of Phoenix but between and around them are a number of other claims belonging to other parties and in visualizing any large scale future operations it would be advisable to option all of this land as could probably be done at very small expense.

The Bonanza and Golden Eagle Mines have been worked at intervals since 1888 and have produced upwards of \$4,000,000 worth of gold at the old price.

A somewhat complicated geology indicates that the gold associated with a little silver, much iron and some copper sul-

phide was probably deposited by deep seated solutions rising from or with the intrusive dikes of andesite porphyry, forming replacement ore bodies in faults, contacts and shear zones also impregnating as a disseminated deposit the intruded rocks which consist of pre-Cambrian granite or gneiss overlain by Cambrian quartzite and shale and by slightly younger limestone and dolomite. Nearly all of the known higher grade oxidized ore in the upper levels has long since been mined but the extent and value of the deeper sulphides has been only slightly developed and the quantity and quality of the disseminated or brecciated ore is practically unknown. The future value of the property seems to depend upon these two uncertain factors although much of the mineralized territory has not yet been explored and there is always a chance that new shoots of high grade might be discovered by extensive development which was repeatedly advocated by the examining engineers but never actually put into effect.

The general strike of the Iron or #2 vein seems to indicate that it or at least the mineralized zone of which it forms a part extends continuously from the Bonanza to the Golden Eagle group, about 5000' and perhaps much further at either end but between these two workings there is a broad erosion valley filled with sand and gravel and below this the rock formations have never been explored.

The width of pay ore mined in the Bonanza is stated to have been as much as 60' in places and the width of the disseminated

ore has apparently never been tested but judging from the maps it may be as much as 600' although no such assumption is justified except as a possibility.

The vertical depth of the Bonanza Workings is 350' and of the Golden Eagle 400' and neither mine has been bottomed of ore although the oxides had largely given place to sulphides at a depth of about 300' and one engineer estimated that the permanent water level should be found at 750'.

A mineralized area 5000' x 600' by 300' (allowing for the surface depression under the wash) would represent some seventy million tons all of which could doubtless be mined by open pit methods.

The grade of this material is an unknown quantity and must so remain until a great deal of money has been judiciously expended. The one attempt to secure data on this point was so entirely mismanaged that no credence can be placed upon the reported results which were said by the management to have shown that some 3,000,000 tons of \$3.50 ore had been left in the immediate vicinity of the old Bonanza workings, while two other parties placed the average of the sampled area at \$2.00 and at \$1.27 per ton.

Based on the very fragmentary data which is at present available, it is my personal opinion there is no reasonable probability of finding anything like 70,000,000 tons of ore that will average better than \$2.00 per ton which I should fix as a commercial minimum but I do think that,- including the Bonanza and Golden

Eagle Groups and the unexplored area between them,- there is a fair expectation of finding a sufficiently large body of this or slightly higher grade to make this operation a very profitable venture and I feel fully justified in calling attention to the Harqua Hala as a mine which should at least be further investigated with object of securing ~~much~~ more data tending to show just how good this chance may be.

As to the available water supply there is also considerable doubt. The water which might be obtained from the wells at Harrisburg, which are connected by pipe line to the mine is variously estimated at from 200,000 gals. per day up to a much higher figure. The amount of water which seeps into the present mine workings is negligible but there appears to be a probability that if these workings are extended to a depth of from 700 to 900 ft. below the surface a heavy underground flow would be encountered which would augment the Harrisburg supply to a sufficient extent to permit the operation of a large mill but just how large cannot be forecast until more data is obtained.

L. M. Colverson

THE SUMMITT LOBE MINING CLAIM, being designated in the office of the United States Surveyor General as Survey No. 1079, and in the United States Land Office at Phoenix, Arizona, as Mineral Entry No. 550, the same having been patented by the United States to the Harqua Hala Bonanza and Golden Eagle Mining and Milling Company, December 4, 1893; said patent was recorded in the office of the County Recorder of Yuma County, Arizona, on August 14, 1899, and together with the record thereof is hereby referred to for all the particulars therein contained.

THE NARROW GAUGE PLACER MINING CLAIM, being designated in the Office of the United States Surveyor General for the Territory of Arizona as Survey No. 1097 and in the United States Land Office at Phoenix, Arizona, as Mineral Entry No. 552, the same having been patented by the United States to the Harqua Hala Bonanza and Golden Eagle Mining and Milling Company, January 17, 1894; said patent was recorded in the office of the County Recorder of Yuma County, Arizona, on August 14, 1899, and together with the record thereof is hereby referred to for all the particulars therein contained.

THE GRAND VIEW LOBE MINING CLAIM, designated by the Surveyor General for the Territory of Arizona as Lots 1116 and 1183 Amended; and in the United States Land Office at Phoenix, Arizona, as Mineral Entry No. 569, the same having been patented by the United States to Henry Bratnober, June 9, 1896; said patent was recorded in the office of the County Recorder of Yuma County, Arizona, on August 14, 1899, and together with the record thereof is hereby referred to for all the particulars therein contained.

Also the unpatented mining claims described as follows:--

THE NORTH POLE MINING CLAIM, located January 1st, 1910, the location notice of which is recorded in the Recorder's Office of Yuma County, Arizona in Book 5 at Page 237, by John B. Martin, situated in a northerly direction from the Harqua Hala Store Building, the Southeastern corner of said claim being about 100 feet in a northerly direction from said Harqua Hala Store Building and said claim being a relocation of the ground formerly covered by the Gladdies Mining Claim.

THE WEDGE MINING CLAIM, located by John B. Martin on March 7th, 1908, the location notice of which is recorded in the Recorder's Office of Yuma County, Arizona, in Book "Y" of Mining Claims, at page 342.

Insert Also the well situate upon the Consolidated Bonanza Millsite hereinbefore described, the pipe-line conducting water from said well to the mines and mining claims hereinbefore described

with letter by Insert (a) of p 2

EXTRACT FROM LETTER TO CAPT. R. W. HUNT FROM R. N. DICKMAN

Harqua Hala, Arizona
April 17, 1916.

My dear Sir:-

.....
Since my last visit in August 1915 the work has proceeded below the sixth level, nothing having been done below that level at that time. My former reports have included development up to that point. On this visit, I have reviewed my former work to an extent sufficient to affirm former ore values, and I have examined the new work. On the latter, I have taken samples sufficient in size and number to satisfy myself that the daily sampling has been substantially correct. In point of thoroughness, in fact, these daily samples are entitled to more weight than my own taken in corroboration.

The best demonstration is in the Mill results combined with the tailing assays, though these results are perhaps a trifle lower than would be attained in stoping from the levels, since in the development work it has been impossible not to mix the ore with undue porportion of waste.

ABOVE THE FOURTH LEVEL to the north there is no doubt some ore to be gained both from No. 2 vein as well as from No. 1 vein.

At the present time a stope started at point "A" is showing high values, \$41.34 to \$210.00. This ore is of about two feet width and there is no development between this point and the surface more than 200 feet above.

BETWEEN LEVELS FOUR AND SIX the former Mill run showed a value of \$9.50 per ton with \$7.28 recovery and tailings of \$2.22.

None of this ground has been mined in the interval until now.

Stoping has just been commenced on Level 4 and at several points in the incline raise between 4 and 6. There is no reason to modify the former estimates on tonnage and value except perhaps to lessen the tonnage and perhaps raise the value, if stoped as at present in the higher grade locations and where the vein is of size to furnish cheaply stoped ore. My estimate was 2500 tons of \$8.00 gross.

Since my visit of August 1915 all the work below level 6 has been done and consists of the incline and the development of levels SEVEN AND EIGHT.

THE INCLINE follows the ore from level 6 to level 7 with a width of 4 to 5 feet on level 6 and from 1 to 3 feet along the incline.

The average shows about 2 feet with a value of \$8.85 per ton.

LEVEL SEVEN to the north follows an ore body lying rather flat and of assay value \$5.08 per ton. The ore is narrow.

To the south for a distance of 120 feet the vein averages about 3 feet in width and \$14.95 gold value. After an interval of about 40 feet in which the ore is narrow and the value low, there is encountered what seems to be the most important showing of the lower workings. For a distance of 45 feet the ore is of a width from 3 to 10 feet and shows an average value of \$12.90 per ton gold with sulphides carrying copper. Check sample \$13.66.

A winze on the ore shows a full face at 15 feet depth of a value of \$31.20 per ton gold.

This ore body is again cut 30 feet below by a drift from the connecting upraise (not in ore) where it shows a width of 10 feet and an average gold value of \$8.90. Selected

sulphide ore at this point shows \$37.20 and \$44.60 gold value. This same ore body has now been cut to the west of level 8 where it shows 16 feet in width of an average value of \$13.23 (R.N.D.).

The unfortunate part of present development at this point is that only a small part of the value is in FREE GOLD and the Mill saves but a small portion of the value. The ore is being piled on surface and none stoped. This ore when sent to the Mill on April 12th showed heads of \$16.00 and tailing value of \$10.40, there being no concentration apparatus in the Mill.

In course of mining a small amount of high grade sulphide will be encountered and will be saved and shipped for smelting. No calculation of the amount is yet possible.

I hesitate to estimate the ORE ABOVE THE SEVENTH level since no raises have been made and the vein is irregular. I should surmise that when it can be taken out the ground should yield 2500 tons of the value shown in the last Mill Run, viz. \$7.88 per ton of which \$5.79 would be recovered with \$2.09 in tails. If confined to the ground south of the incline the yield will be higher and the ore near the shaft cheaply mined. Until this incline is abandoned as a hoisting shaft much of the ore is not available.

BETWEEN THE SEVENTH AND EIGHTH levels the shaft or incline is not in ore. The vein has apparently straightened at this point as will be seen best from the larger new sectional map. While it is not PROVEN that the crack followed on level 8 is the same with that of level 7 on the whole length, it is very near to the new sulphide ore body, though not as yet identified as a part of it.

The vein itself on level 8 is narrow but persistent and of good grade. When it can be mined as a part of a larger

operation it will probably pay to stope, but under present conditions it would not yield tonnage sufficient to pay the cost of pumping and hoisting with present equipment. I make no estimate of this vein on this level.

THE SOUTH SULPHIDE ORE BODY on this level is by far the most important discovery as yet made in your work on the Bonanza Mine. Development has not proceeded far enough to prove any definite tonnage, but an ore body 45 feet long on level 7 with a width of 10 feet at that point, a width of 12 feet in the intermediate level and of 16 feet on level 8 must prove of considerable size. It will be MOST UNFORTUNATE if development cannot be now continued both along the level and still DEEPER. Aside from the high grade ore the body seems to have a value of about \$12.00 per ton in gold and the concentrates will have commercial copper value. When the body is a little further developed a test should be made of an average sample for concentration by tables and flotation with assay of concentration product.

.....

CONCLUSIONS:

The limit of ore which can be advisably treated at all by amalgamation alone seems to be reached on level 7, and prevents any present use or profit from the sulphide body now being opened on level 8, which is of utmost importance, as well as the first ore body of large size recently encountered. I do not consider it probable that all expenditures can be met from mill product under present conditions, though a substantial part may be made from now on. None the less, even if there were no revenue whatever, I think that the discovery warrants vigorous development to a deeper level by following and developing this ore body. There is no great probability

of the discovery of additional free milling bodies capable of paying for the mine under present contract and on this lower ore depends the outcome of the enterprise. The cost of this lower work will run from \$2000 to \$3000 per month above the expenditures in addition to the present milling and mining expense, which should of itself yield some profit.

I consider that the conditions as now existing well warrant proceeding with vigor.

Very truly yours,

(Signed) R. N. Dickman.

EXTRACT FROM LETTER TO CAPT. R. W. HUNT FROM R. N. DICKMAN

Harqua Hala, Arizona
April 17, 1916.

My dear Sir:-

.....
Since my last visit in August 1915 the work has proceeded below the sixth level, nothing having been done below that level at that time. My former reports have included development up to that point. On this visit, I have reviewed my former work to an extent sufficient to affirm former ore values, and I have examined the new work. On the latter, I have taken samples sufficient in size and number to satisfy myself that the daily sampling has been substantially correct. In point of thoroughness, in fact, these daily samples are entitled to more weight than my own taken in corroboration.

The best demonstration is in the Mill results combined with the tailing assays, though these results are perhaps a trifle lower than would be attained in stoping from the levels, since in the development work it has been impossible not to mix the ore with undue porportion of waste.

ABOVE THE FOURTH LEVEL to the north there is no doubt some ore to be gained both from No. 2 vein as well as from No. 1 vein.

At the present time a stope started at point "A" is showing high values, \$41.34 to \$210.00. This ore is of about two feet width and there is no development between this point and the surface more than 200 feet above.

BETWEEN LEVELS FOUR AND SIX the former Mill run showed a value of \$9.50 per ton with \$7.28 recovery and tailings of \$2.22.

None of this ground has been mined in the interval until now.

Stoping has just been commenced on Level 4 and at several points in the incline raise between 4 and 6. There is no reason to modify the former estimates on tonnage and value except perhaps to lessen the tonnage and perhaps raise the value, if stoped as at present in the higher grade locations and where the vein is of size to furnish cheaply stoped ore. My estimate was 2500 tons of \$8.00 gross.

Since my visit of August 1915 all the work below level 6 has been done and consists of the incline and the development of levels SEVEN AND EIGHT.

THE INCLINE follows the ore from level 6 to level 7 with a width of 4 to 5 feet on level 6 and from 1 to 3 feet along the incline.

The average shows about 2 feet with a value of \$8.85 per ton.

LEVEL SEVEN to the north follows an ore body lying rather flat and of assay value \$5.08 per ton. The ore is narrow.

To the south for a distance of 120 feet the vein averages about 3 feet in width and \$14.95 gold value. After an interval of about 40 feet in which the ore is narrow and the value low, there is encountered what seems to be the most important showing of the lower workings. For a distance of 45 feet the ore is of a width from 3 to 10 feet and shows an average value of \$12.90 per ton gold with sulphides carrying copper. Check sample \$13.66.

A winze on the ore shows a full face at 15 feet depth of a value of \$31.20 per ton gold.

This ore body is again cut 30 feet below by a drift from the connecting upraise (not in ore) where it shows a width of 10 feet and an average gold value of \$8.90. Selected

sulphide ore at this point shows \$37.20 and \$44.60 gold value. This same ore body has now been cut to the west of level 8 where it shows 16 feet in width of an average value of \$13.23 (R.N.D.).

The unfortunate part of present development at this point is that only a small part of the value is in FREE GOLD and the Mill saves but a small portion of the value. The ore is being piled on surface and none stoped. This ore when sent to the Mill on April 12th showed heads of \$16.00 and tailing value of \$10.40, there being no concentration apparatus in the Mill.

In course of mining a small amount of high grade sulphide will be encountered and will be saved and shipped for smelting. No calculation of the amount is yet possible.

I hesitate to estimate the ORE ABOVE THE SEVENTH level since no raises have been made and the vein is irregular. I should surmise that when it can be taken out the ground should yield 2500 tons of the value shown in the last Mill Run, viz. \$7.88 per ton of which \$5.79 would be recovered with \$2.09 in tails. If confined to the ground south of the incline the yield will be higher and the ore near the shaft cheaply mined. Until this incline is abandoned as a hoisting shaft much of the ore is not available.

BETWEEN THE SEVENTH AND EIGHTH levels the shaft or incline is not in ore. The vein has apparently straightened at this point as will be seen best from the larger new sectional map. While it is not PROVEN that the crack followed on level 8 is the same with that of level 7 on the whole length, it is very near to the new sulphide ore body, though not as yet identified as a part of it.

The vein itself on level 8 is narrow but persistent and of good grade. When it can be mined as a part of a larger

operation it will probably pay to stope, but under present conditions it would not yield tonnage sufficient to pay the cost of pumping and hoisting with present equipment. I make no estimate of this vein on this level.

THE SOUTH SULPHIDE ORE BODY on this level is by far the most important discovery as yet made in your work on the Bonanza Mine. Development has not proceeded far enough to prove any definite tonnage, but an ore body 45 feet long on level 7 with a width of 10 feet at that point, a width of 12 feet in the intermediate level and of 16 feet on level 8 must prove of considerable size. It will be MOST UNFORTUNATE if development cannot be now continued both along the level and still DEEPER. Aside from the high grade ore the body seems to have a value of about \$12.00 per ton in gold and the concentrates will have commercial copper value. When the body is a little further developed a test should be made of an average sample for concentration by tables and flotation with assay of concentration product.

.....

CONCLUSIONS:

The limit of ore which can be advisably treated at all by amalgamation alone seems to be reached on level 7, and prevents any present use or profit from the sulphide body now being opened on level 8, which is of utmost importance, as well as the first ore body of large size recently encountered. I do not consider it probable that all expenditures can be met from mill product under present conditions, though a substantial part may be made from now on. None the less, even if there were no revenue whatever, I think that the discovery warrants vigorous development to a deeper level by following and developing this ore body. There is no great probability

of the discovery of additional free milling bodies capable of paying for the mine under present contract and on this lower ore depends the outcome of the enterprise. The cost of this lower work will run from \$2000 to \$3000 per month above the expenditures in addition to the present milling and mining expense, which should of itself yield some profit.

I consider that the conditions as now existing well warrant proceeding with vigor.

Very truly yours,

(Signed) R. N. Dickman.

HARQUA HALA NOTE

April

1940

Fletcher Merrill says that there is a body of good grade ore on the west side of the 6th level.

Also that there is some good grade ore on the south workings on the 8th level which should be followed and might be found to represent a substantial tonnage.

Mr. Bratt found time limited and must leave on
Chief afternoon for New York so can't look at property
Call 4-1810 about 4:00 p.m.

Suite 1500
73 Wall St.
New York, New York
C/o J. Frederic Taylor

Would like to have option on H & W. Will be
in N. Y. next Mon. Tues. so have few days to
think over terms. Can have engineers on H & W within
60 days. Back in Ariz. by middle of Jan.

K

December 9, 1946

Bradt represents the Ventures Ltd. (Thayer Lindsey) and is mixed up in litigation with Henry Kaiser and others over the iron deposit in California and he expects to return here in January when he will look into the Oro Grande near Wickenburg on which he expects to have an option from Upton (who seems to be associated with Jasp Girand) and also the Picacho Mine which is now owned 100% by the Nipissing Company of which Lindsey is President and at same time he will consider the Tumco (if it is free for a deal) and also Harqua Hala, concerning both of which properties I may be able to give him data.

He will tell Lindsey about recent developments at Meteor Crater.

Phoned Martin that might have something of interest to say regarding Harqua Hala, but will not count too much on Bradt.

12/10-

Bradt phoned for information & asked for maps & data re Harqua Hala which sent him by afternoon train

Tom Rains - with him

12/9. 146

QUEBEC METALLURGICAL INDUSTRIES LTD.

132 ST. JAMES STREET WEST

MONTREAL

HARLAN H. BRADT

HARBOUR 8271

(A)

Golden Eagle, Golden Ark and Golden Belt Lode Claims, designated in the office of the United States Surveyor General, for the State of Arizona as Survey No. 1080, and in the United States Land Office, at Phoenix, Arizona, as Mineral Entry No. 549, the same having been patented by the United States to the Harqua Hala Bonanza and Golden Eagle Mining and Milling Company on December 4, 1893. Said patent being recorded in the office of the County Recorder of Yuma, County, Arizona, on August 14, 1899, and together with the record thereof is hereby referred to for all particulars therein contained.

(B)

A minimum of \$100 per calendar month beginning three months from the date hereof and thereafter a minimum of \$200 per month and so in proportion for any part of a calendar month whenever the royalties on shipments do not equal or exceed the sums mention in which event the lessee shall pay on or before the 25th day of the following month an amount in addition to regular royalties paid hereunder sufficient to make up the minimum royalty.

(28)

(23)

*Add Contract with list of all papers
Peter Smith*

Lease and

OPTION TO PURCHASE

Agreement of Lease and Option to Purchase

THIS INDENTURE, made this _____ day of March,

¹⁹⁴⁵ 1939, by and between BONANZA & GOLDEN EAGLE MINING COMPANY,
a corporation organized and existing under and by virtue of
the laws of the State of Arizona, with its principal place of
business at Phoenix, Maricopa County, Arizona, hereinafter termed
the first party, and *J. H. Bond* J. P. HODGSON, of Santa *Lucas* Monica, *Arizona* California,
hereinafter termed the second party; WITNESSETH:

That for and in consideration of the sum of Ten
(\$10.00) Dollars to the first party by the second party, the
receipt whereof is hereby acknowledged, first party has granted,
and hereby does grant to the second party the right, privilege
and option to purchase the following described premises situate
in the Ellsworth Mining District, Yuma County, Arizona, to-wit:

(3)

✓ THE CONSOLIDATED BONANZA MINING CLAIM, consisting
of the Gold Mountain, Gold Hill, and Gold Star
lode claims, and the Consolidated Bonanza Mill-site;
said Consolidated Bonanza Mining Claim being design-
ated in the office of the United States Surveyor
General for the Territory of Arizona as Survey No.
1081 "A" and "B"; and in the United States Land
Office at Phoenix, Arizona, as Mineral Entry No. 548,
the same having been patented by The United States
to the Harqua Hala Bonanza and Golden Eagle Mining
and Milling Company on April 5th, 1894. Said patent
was recorded in the office of the County Recorder of
Yuma County, Arizona, on August 14, 1899, and together
with the record thereof is hereby referred to for all
particulars therein contained.

(4)

✓ THE SUMMITT LODE MINING CLAIM, being designated in the
office of the United States Surveyor General as Survey
No. 1079, and in the United States Land Office at
Phoenix, Arizona, as Mineral Entry No. 550, the same
having been patented by the United States to the Harqua
Hala Bonanza and Golden Eagle Mining and Milling Company,
December 4, 1893; said patent was recorded in the office
of the County Recorder of Yuma County, Arizona, on August
14, 1899, and together with the record thereof is hereby
referred to for all the particulars therein contained.

(5)

✓ THE NARROW GAUGE PLACER MINING CLAIM, being designated
in the office of the United States Surveyor General for

(3) (3)

the Territory of Arizona as Survey No. 1097, and in the United States Land Office at Phoenix, Arizona, as Mineral Entry No. 552, the same having been patented by the United States to the Harqua Hala Bonanza and Golden Eagle Mining and Milling Company, January 17, 1894; said patent was recorded in the office of the County Recorder of Yuma County, Arizona, on August 14, 1899, and together with the record thereof is hereby referred to for all the particulars therein contained.

(6)

✓ THE GRAND VIEW LODE MINING CLAIM, designated by the Surveyor General for the Territory of Arizona as Lots 1116 and 1183 Amended, and in the United States Land Office at Phoenix, Arizona, as Mineral Entry No. 569, the same having been patented by the United States to Henry Bratnober, June 9, 1896; said patent was recorded in the office of the County Recorder of Yuma County, Arizona, on August 14, 1899, and together with the record thereof is hereby referred to for all the particulars therein contained.

Also the following unpatented mining claims described as follows:

(7)

✓ THE NORTH POLE MINING CLAIM, (unpatented), located January 1st, 1910, the location notice of which is recorded in the Recorder's office of Yuma County, Arizona in Book 5 at Page 237, by John B. Martin, situated in a northerly direction from the Harqua Hala Store Building, the Southeastern corner of said claim being about 100 feet in a northerly direction from said Harqua Hala Store Building and said claim being a relocation of the ground formerly covered by the Gladdies Mining Claim.

(8)

✓ THE WEDGE MINING CLAIM (unpatented) located by John B. Martin on March 7th, 1908, the location notice of which is recorded in the Recorder's office of Yuma County, Arizona, in Book "Y" of Mining Claims, at page 342, ~~together with the dwelling house located thereon and all the appurtenances thereunto belonging.~~

David 8 1/2

Also
The well situate upon the Consolidated Bonanza Mill-site hereinbefore described, the pipe-line conducting water from said well to the mines and mining claims hereinbefore described, and all water and other privileges franchises and easements now owned, held, used, or enjoyed by party of the first part herein in connection with any of the properties hereinbefore described.

(9)

for 8 1/2

Golden Eagle, Golden Ark and Golden Belt Lode Claims, designated in the office of the United States Surveyor General, for the State of Arizona as Survey No. 1080, and in the United States Land Office, at Phoenix, Arizona, as Mineral Entry No. 549, the same having been patented by the United States to the Harqua Hala Bonanza and Golden Eagle Mining and Milling Company on December 4, 1893. Said patent being recorded in the office of the County Recorder of Yuma County, Arizona, on August 14, 1899, and together with the record thereof is hereby referred to for all particulars therein contained.

(a) 2

Also all buildings structures & other improvements now situate on the above described claims

8 1/2 Also the Tramway Mining Claim (unpatented) located by John B. Martin on January 28th, 1910, situated about 3000 feet in a northerly direction from the Harqua Hala Mill and being relocation of the ground formerly covered by the Flat Iron Mining Claim.

for a total consideration of Eighty Thousand (\$80,000.00) Dollars, which sum shall be payable as hereinafter provided.

The said second party shall be permitted to enter upon the premises immediately upon the execution of these presents for the purpose of rehabilitating the properties, and to perform the annual assessment work upon the unpatented mining claims, and agrees to diligently prosecute such work so that such annual labor shall be performed at the time required by law. That upon the second party's election to exercise the option herein granted, by giving the first party written notice to that effect, which notice must be given not later than ninety (90) days from the date hereof, the said second party agrees to expend in actual development work upon said property within one (1) year from the date of exercising said option, at least the sum of Six Thousand (\$6,000.00) Dollars; and further agrees that all work done on said premises, whether it be rehabilitation work, the performing of the annual assessment work, or actual development work, shall be done in a good minerlike manner, having due regard to the safety, development and preservation of said premises as working mines, and further agrees to perform a minimum of ninety (90) one-man shifts per month on said premises. The said second party agrees that upon all ore having a minimum value of Thirty (\$30.00) Dollars per ton mined from said premises and shipped to a smelter, to pay a royalty to the said first party of fifteen (15%) per cent of the net proceeds of each of such shipments so made, the words "net proceeds" meaning the proceeds remaining after deducting transportation charges from the railroad shipping point to the smelter, and

all smelter charges. All ore of commercial value produced from said premises of less than Thirty (\$30.00) Dollars per ton shall not be shipped by the said second party, but stacked on the premises as the property of first party, unless milled in the mill hereinafter mentioned.

Second party further agrees, that if sufficient ore in the judgment of the second party is developed on the premises above described, to erect a mill on the above described premises of sufficient capacity to treat a minimum of fifty (50) tons of ore for each twenty-four-hour period, and to increase the capacity of such mill as required in order to treat additional quantities of ore developed.

Said second party agrees to pay the first party on all concentrates produced from such ore mined on the premises and shipped to a smelter, and on all bullion produced from such ore and sent to a mint, a ten (10%) per cent royalty on the net smelter or mint returns, after deducting only such transportation charges from the railroad shipping point to such smelter or mint, and the actual smelter or mint charges charged for treating or refining such concentrates or bullion.

It is agreed by the parties hereto that all of such royalties shall be paid to the first party hereto through a bank in the City of Phoenix, to be nominated by both of the parties, in which bank all moneys due to second party from the smelter and/or mint will be deposited by second party, and all payments made to the first party from such returns shall be applied on the purchase price of the above described premises.

The said second party agrees to cause the said smelter to which any of said ore and/or concentrates is shipped, or in the event bullion is produced by the said second party from any mill erected on said premises and such bullion is shipped to the mint, to cause the United States Mint to furnish

the said first party duplicate smelter returns and/or mint returns for all shipments of ore, concentrates or bullion made to either said smelter and/or mint, as the case might be.

Second party covenants and agrees that upon exercising the option herein granted to pay all taxes and charges of every kind and nature levied upon the aforesaid mining property after the date of the exercise of said option, excepting all taxes levied and assessed prior to the first day of January, 1939, which taxes the first party agrees to pay. All taxes levied for the year 1939 which are a lien, but not yet payable, will be pro rated between the parties hereto, the first party paying a proportion of such taxes as the time from the first day of January, 1939, to the date of exercising the option bears to the whole year of 1939, and the second party agrees to pay that portion of the taxes which the time from the exercising of the option to the end of the year bears to the whole of the calendar year 1939.

It is agreed by the parties hereto that the Hadsell Western Mill and steel ore bin, located at or near the Bonanza mine, and all tanks and other equipment known as the Hart & Carpenter Cyanide Plant, for treating the tailings at the Bonanza mine, are not the property of the first party, and are not included as a part of the property covered by this agreement.

It is further agreed by the parties hereto that the first party will not be responsible for any indebtedness incurred by the second party either for materials, equipment, supplies or labor, and second party hereby covenants and agrees to indemnify and hold harmless the first party from any such indebtedness or claims whatsoever, including personal injuries which may be sustained by the second party or any workman employed by the second party, or any other persons permitted on the premises by

the said second party.

It is further agreed that "No Lien" notices, such as are provided by Sections 2028 and 2029 of the Arizona Revised Code of 1928 will be posted at the collar of all working shafts, tunnels, entrances to mines, and at all boarding houses located on the above described premises, on or before the day said second party, or his agents or assigns, begins operations on any portion of the premises hereinabove described; and second party agrees to keep such notices posted during the life of this agreement.

It is further understood and agreed by the parties hereto that the first party, its agents and officers, reserves the right to enter upon the premises at any and all reasonable times for the purpose of inspecting the premises and the condition of the mines, and for the purpose of ascertaining whether or not said second party is fulfilling his part of the agreement.

It is understood and agreed by the parties hereto that this instrument creates an option and not an agreement to purchase, and that after the exercise of said option the party of the second part shall not be obligated to perform any of the covenants and agreements herein contained, and that in the event he shall fail to perform any of such covenants, conditions and agreements at the time and in the manner as in this agreement provided, he shall have no further rights under this instrument and his rights to purchase the aforesaid mining property shall immediately cease and terminate, and the first party shall be immediately entitled to possession of said premises upon any such failure to perform the conditions and covenants contained in this option.

It is further understood and agreed by the parties hereto that in the event the second party fails to perform the

covenants and conditions contained in said agreement to be kept and performed by him, the first party shall notify said second party by an instrument in writing, delivered to said second party at _____, by registered mail, setting forth in what respects the said second party has failed to comply with the terms and conditions of said agreement. In the event said second party does not rectify such breach of the agreement within a period of fifteen (15) days from the date of such letter, then and in that event, said first party shall be entitled to declare this instrument forfeited and shall do so by mailing a notice of forfeiture to the said second party at the address above given, and in the event of any such declaration of forfeiture or other termination of this agreement, the party of the first part shall be entitled to immediate possession of the above described property, and likewise to retain all payments of money that have theretofore been made by the second party as liquidated damages.

It is further understood and agreed by the parties hereto that upon the declaration of a forfeiture of the interest of second party in and to said agreement, or in the event said second party agrees to surrender the premises and to terminate this agreement, said second party shall have the right to remove any and all machinery, tools and equipment placed upon the said premises by said second party, with the exception of any buildings, headframes, ore bins or other structures of a permanent nature, including timber in the mines, all of such removal to be completed within sixty (60) days after the termination of this agreement.

Second party further covenants and agrees that after the performance of the assessment work required to be done by the mining laws of the State of Arizona and of the

United

United States of America, to file the affidavit of performance of such labor in the office of the County Recorder of Yuma County, Arizona.

It is further understood and agreed by the parties hereto that upon completion of the payment of the full purchase price herein provided for, the party of the first part will convey and transfer to the party of the second part the above described mining property by good and sufficient deed, showing said premises to be free and clear of all encumbrances, except such encumbrances, if any, as may have attached to said property after the date hereof by reason of any act, neglect or default upon the part of the second party.

This agreement shall extend to, and be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

No assignment shall be made of this option by the second party prior to the exercise thereof, excepting to a corporation organized by the said second party, and in which he shall be the chief stockholder at the time of making such assignment.

IN WITNESS WHEREOF, the first party has caused these presents to be executed by its proper officers, and its corporate seal to be affixed hereto, and the second party has hereunto set his hand and seal, the day and year first above written.

BONANZA & GOLDEN EAGLE MINING COMPANY,

By _____
President

Attest:

Secretary
Party of the First part.

Party of the Second part.

STATE OF ARIZONA,)
County of Maricopa.) ss.

This instrument was acknowledged before me this 7th day of March, 1939, by Donald M. Martin and Walter T. Martin, as President and Secretary, respectively, of Bonanza & Golden Eagle Mining Company, a corporation.

Rosa Nelson
Notary Public

My commission expires:

Oct. 19, 1942

* * *

STATE OF CALIFORNIA,)
County of _____) ss.

This instrument was acknowledged before me, a Notary Public, in and for the State and County aforesaid, on this _____ day of March, 1939, by J. P. HODGSON.

Notary Public

My commission expires:

For Brod's Contract

Law 42

Office Copy

Copied

Copies long paper

AGREEMENT OF LEASE AND OPTION TO PURCHASE

This Agreement of Lease and Option to Purchase, made this 28th day of June, ~~1945~~, by and between BONANZA AND GOLDEN EAGLE MINING COMPANY, a corporation organized and existing under and by virtue of the laws of the State of Arizona, with its principal place of business at Phoenix, Maricopa County, Arizona, hereinafter termed the first party and ^{Lessee or} J. H. Byrd, of ^{Lesser} Tucson, ^{Harlan H. Bradt New York City} Arizona, hereinafter termed the second party: WITNESSETH:

ARTICLE I.

That the first party being the lawful owner of the described property, for and in consideration of the sum of One Hundred Dollars (\$100.00) to it in hand paid by the lessee, the receipt whereof is hereby acknowledged, and for and in consideration of the payments to be made by the ^{lessee} second party and of the covenants and agreements hereinafter set forth, does hereby lease, let, demise and option ^{for a period of three months from the date hereof} unto the ^{said lessee} second party, his successors and assigns upon the terms and conditions hereinafter set forth, those certain patented lode mining claims situate, lying and being in the Ellsworth Mining District, Yuma County, Arizona, described as follows:

THE CONSOLIDATED BONANZA MINING CLAIM, consisting of the Gold Mountain, Gold Hill, and Gold Star lode claims, and the Consolidated Bonanza Mill-site; said Consolidated Bonanza Mining Claim being designated in the office of the United States Surveyor General for the Territory of Arizona as Survey No. 1081 "A" and "B"; and in the United States Land Office at Phoenix, Arizona, as Mineral Entry No. 548, the same having been patented by the United States to the Harqua Hala Bonanza and Golden Eagle Mining and Milling Company on April 5th, 1894. Said patent was recorded in the office of the County Recorder of Yuma County, Arizona, on August 14th, 1899, and together with the record thereof is hereby referred to for all particulars therein contained.

HARQUA HALA MINE.

Excerpts from letter dated December 16th, 1936

to- Mr. H. W. Hardinge from- G. M. Colvocoresses
Hardinge Company, Inc.
122 East 42nd St.
New York City, New York

Dear Mr. Hardinge:

I returned this morning from a short mining trip and must leave again at noon in another direction, but I wish to reply promptly to your very kind letter of December 14th and give you as much information as I can regarding the Harqua Hala. Thank you very much indeed for the personal comment in your letter and it would surely be a pleasure to once again become associated with you in some professional or business capacity.

I happen to know the Harqua Hala fairly well since I examined it to some extent back in 1917 and in 1934 I personally took over some of the old tailings and treated them in a small cyanide plant that another party had erected. Unfortunately the water supply from the mine had been grossly misrepresented and it gave out entirely during the course of my operations involving heavy extra expense for hauling water and as this appeared to be a losing game I gave it up entirely in the autumn of that year.

During the four or five months that I was operating I had occasion to go through practically all of the underground workings of the mine and the engineer whom I had in charge on the spot inspected it even more thoroughly and took a few samples, but we never attempted to thoroughly measure or sample the large ore body left above and around the old workings from which some \$4,000,000.00 in gold had been produced mostly back in the 90's.

The operations of Elliott and Stratton were conducted mainly with a view to some kind of a stock promotion scheme and I do not think that one should rely on any statements which they may have made. I was informed that their sampling indicated ore around the glory hole to the extent of 110,000 tons, averaging \$9.00, also that they claim to have measured and sampled pillars and fills in the old workings amounting to 400,000 tons and averaging \$24.00.

The sampling of the mineralized ground between and around the old stopes, i.e. of the great mass of low grade ore, was said to have indicated somewhere between two and three million tons which would average \$3.50 per ton. All values at present price of gold.

I am very certain that these results are entirely unreliable and that no trustworthy estimate of the tonnage and values could be formed until the property had been resampled in a thorough and scientific manner, but I do know that there are some portions of the mine in which \$6.00 ore and better grade remains and although I have no definite idea as to the tonnage I feel that this may be considerable and might justify operations on a fairly extensive scale and with a reasonable margin of profit. Most of this ore is comparatively near the surface and could be glory holed or caved down to an adit tunnel which has been run in from near the old tailings pond and a good part of it might be handled with a steam shovel working in an open cut from the hillside, but I rather doubt if it would be possible to keep up the grade in handling as much as 1000 tons or more per day.

The option held by Elliott and Stratton expired in October and the possession of the property has reverted to the owners in fee, namely the Bonanza and Golden Eagle Mining Company of Phoenix, of which Mr. Walter Martin and his brother are practically the sole owners. I have known the Martins for many years and have had business as well as personal relations with them and I saw Walter Martin this morning and he tells me that he would be very glad to negotiate for a lease or sale of his property but with the reservation that he has already discussed the matter tentatively with some other party in California who may wish to close a deal most anytime, although they have not as yet signified their firm intention in that respect and of course may not do so at all.

Stratton and Elliott did quite a lot of work on the surface and put up some excellent camp buildings. They also erected mill buildings and power house, installed a 225 H. P. Diesel engine with 185 K.V.A. generator, one of your mills and other equipment. They also put in an eight mile 3" pipe line from Harrisburg where there

is an ample water supply and they have a pumping plant capable of throwing 600 gallons of water per minute.

Most of their equipment was purchased on conditional sales contract and some of it has been taken away, but the items which I have mentioned are still on the property and the sellers would be glad to leave them there if there were a prospect of their being purchased in place by responsible people. There is some litigation in respect to the pipe line which costs upwards of \$4500.00 but Martin believe that he will secure clear title to this but possibly may have to pay some \$1000 or \$1500 to take care of some liens.

If you are seriously interested in this property I would be very glad to obtain as much further information as possible and to go over the present layout and situation on the ground as well as through the mine workings, which are practically all open and to give you a comprehensive report on the situation, also at the same time to try to tie the property up under an option from Martin for a sufficiently long period to permit a thorough sampling. I believe that Martin was always well pleased with our previous transactions and would be inclined to give me a favorable deal and the expense involved in all the above would be comparatively small.

A thorough sampling of the ore in the mine alone would require some two or three months and if the work is properly done I judge that it would cost upwards of \$3,000.00 but it might be possible to sample a portion of the property for somewhat less money and obtain from this preliminary work a pretty definite idea as to whether or not it would pay to go ahead on a large scale. Personally I think that it is worthy of investigation but cannot express any firm opinion as to how such an investigation is likely to turn out.

Excerpts from letter dated February 16th, 1937
from - G. M. Colvocoresses.

As to the existence of any deposit of fifteen to twenty million tons of material which will carry \$2.50 or thereabouts in gold. I can only say that I do not believe that this matter has ever

been properly investigated. Undoubtedly there is a geological possibility that it might exist since the mineralization appears to follow the veinlets of quartz and intrusive dykes which extend through the sedimentary rocks, namely the conglomerate, dolomite, limestone, and into the brecciated granite below, in which there is a distinct impregnation of iron pyrites which probably carries some gold as the pay ore in the mine is believed to have resulted from concentration in the zone of oxidation which included the shear zones in or near which the high grade ore was found.

There are some workings from the Marqua Hala which extend out into this brecciated area away from the shear zones and there are some other mines in this vicinity with underground workings which could be examined and sampled so that it might be possible to obtain an answer to your question or at least some very pertinent information without going to the large expense of drilling or carrying on any extensive underground developments. As to the grade of this material I should not care to even hazard a guess and so far as I have been informed no one has ever done any extensive sampling to date except in the vicinity of the old workings.

As to the available water supply you will have noted from my letter to Hardinge that there is practically no water at the mine but water is now brought in through a 3" pipe line for a distance of some six miles from a place called Harrisburg, which is located on Centennial Wash. It is locally reported that there is a large underflow of water in Centennial Wash, but again I cannot give you any figures, although these perhaps might be obtained by investigating some local records and data collected by different people who have worked in that vicinity.

MEMO FOR E. D. MORTON RE HARGUA HALA MINE

The blueprint of the assay map made for the Bonanza and Golden Eagle Mining Co. with scale of 1 inch equals 20 feet shows the workings on the 9th level but does not appear to give any assays. I believe that this map was made by Chris Thompson and is the same of which you showed me the blueprint on Sunday but if not I will gladly put my print at your disposal.

Regarding the geology of the mine I think that the best report is by Tovote, of which I furnished you with a copy but he says very little concerning the lower levels and apparently the winze was only sunk from the 8th to the 9th level in early 1917. It is mentioned by Norton at the bottom of page 2 of his report, of which you have a copy, that the value of the ore sampled in the winze between the 8th and 9th levels was: gold - \$16.54 (old price); silver - 7.85 oz.; copper - 6.15% Norton states that the average value of all the mill ore between the 4th and the 9th levels would have been about \$12.00 per ton with old price for gold and that the tonnage was in the order of 25,000.

As I recollect the conditions in the winze there was only a very narrow vein and I don't think that there could have been anything like 25,000 tons of ore between the 4th and 9th levels altho there was a considerable tonnage on the 6th and 5th which may have been mined after Norton made his examination. I think that his samples must have been taken in the narrow pay streak for elsewhere the ore did not assay anywhere nearly so high in gold and the copper was generally in order of 2 or 3%.

If I recall correctly the vein ^{branched} branched out in the comparatively limited workings on the 9th level but the conditions there appeared

to justify additional exploration.

Chris Thompson told me that there was a good block of sulphide ore between the 6th and the 9th levels and that the ore shoot was cut off at the bottom by a normal fault which dipped about 45 degrees to the N.E.

As I told you Sunday the mine makes very little water, certainly not over 8-10 gallons a minute and from the 6th to the 9th levels the workings are very limited so that no large expense would be involved in pumping these out except for the installation of the pump and power unit. I have not yet learned of any Diesel engine and generator locally available but will make further inquiries.

S. H. C.

5/11. 43

YUMA-WARRIOR MINING COMPANY

(HARQUA - HALA BONANZA)

(Portion of Report by Frederic W. Norton)

C
had much good

January 1916
or 1917

PROPERTY:

The properties consist of two groups, the Harqua Hala Bonanza group of five claims and the Golden Eagle group of four claims, all patented, and eleven adjoining unpatented claims covering a total area of approximately 365 acres of mineral ground, located in the Ellsworth Mining District in the foothills of the Harqua Hala range in Yuma County, Arizona, near the Yavapai County line. The title to a portion of these properties is vested in the Yuma-Warrior Mining Company by deed of record, and the balance of the properties are conveyed by deeds, which are deposited in escrow subject to compliance with conditions of escrow contracts.

The mines are connected by good wagon roads with Salome, six and one-half miles, a station on the Arizona & California branch of the Atchison, Topeka & Santa Fe railroad.

Ample water supply for both mill and camp is obtained from Granite Creek five miles away. There is no supply of big timber on the property. What is required can be easily obtained by direct rail transportation at low cost. All necessary supplies are brought in from Phoenix or Prescott by rail to Salome and from there to the mine by motor truck. Fuel oil is cheap and is used for the generation of power.

DEVELOPMENT:

The veins of the district, without exception, are STRONG, MASSIVE AND WELL-defined, varying in width from six to seventy feet with "pay-ore", where opened, from two to sixty feet. The steepness of their pitch and the elevation of the

outcroppings along the mountain side greatly facilitates the exploitation of many of the veins in an inexpensive manner. Even under the most impracticable, expensive and inefficient management which prosecuted the early development, the immensity of the ore deposition is readily apparent on every side.

THE BONANZA MINE:

The vein on this property is opened by levels from an inclined shaft. It varied from ten to seventy feet in width and was developed to a vertical depth of only 237 feet by the former owners. Although the surface had hardly been scratched, enormous quantities of oxidized gold ore were mined. It is said that over \$4,000,000 was obtained from the Bonanza vein above the 200 foot level.

Recent development work has proven the continuation of the rich oxidized ore of the Bonanza vein on the fourth, fifth, sixth, seventh and eighth levels to a vertical depth of 365 feet. On the seventh level a distinct showing of copper sulphide ore was encountered. On the eighth level and in the winze from the eighth to the ninth the copper tenor increased, still carrying high gold values. This is of profound importance. There is every indication now that when the water level is reached, a big body of copper sulphide ore will be found as is the usual experience in the Arizona vein mines. The water level should be found at an additional depth of 400 feet.

On the seventh level sampling the first sulphide showing gave the following assay value per ton over a considerable distance.

Gold, \$44.00; Silver 7.40 oz.; Copper 5.28 per cent.
Total val., \$75.68.

On the eighth level values were from \$13 to \$35 per ton in gold and four to five per cent. copper over a width of 16 feet. In the winze from the 8th to 9th levels the following assay value was obtained.

by 750'
level
at level
depth

Gold, \$16.54; Silver 7.85 oz.; Copper 6.15 per cent.
Total value, \$52.68.

This section of the mine is by all odds the most promising. It is early yet to make an accurate statement of the quantity or quality of the total ore available inasmuch as the exact extent of the ore body is not yet accurately determined. An average assay of all the mill ore exposed and partially exposed between the fourth and ninth levels would, however, probably be around \$12 a ton. The volume is roughly estimated at 25,000 tons, but there is hardly any question but that greater development will make this preliminary estimate appear insignificant. This does not allow for ore shoots carrying abnormally rich blocks of oxidized ore. Gold values run over \$200 a ton in some sections on the fourth and sixth levels.

Reference was previously made to the "cave in" which eventually discouraged the English operators. This has left the so-called "Bonanza Cave," about 60 feet in width, over 400 feet long and approximately 150 feet in depth, estimated to contain roughly 300,000 tons of which probably 150,000 tons will be mill ore of an average value of \$6 a ton. There are no copper values for it consists entirely of the oxidized portion of the vein. This material can be sent to the mill at little expense as it is well broken in place. It will be tapped from the seventh level and mixed with the higher grade ore from the newer workings when milled.

THE GOLDEN EAGLE MINE:

This was well opened by the former owners to a depth of 400 feet by a main shaft on the vein and an adit tunnel. On this tunnel level the richest ore was "gophered" but what remains is now excellent mill rock. The vein is opened on the second, third and fourth levels in much the same manner, only

the highest grade ore being removed. A sulphide vein, with many of the same characteristics as the Bonanza vein, 33 feet in width, was cut on the fourth level. The shaft has been extended to the fifth level and a cross cut started to open this same vein. With very little additional development a substantial tonnage of mixed oxidized-sulphide ore will be available for treatment in the new mill. The size and general character of the Golden Eagle vein indicates great permanency for a considerable depth. The present workings have shown its existence and that is about all, in spite of the millions already recovered in former operations.

PRODUCTION:

While there are no complete records available of early production, it is reliably estimated that the Bonanza Mine produced in round figures \$4,000,000 within a vertical depth of only 200 feet. One more recent record shows 59,875.54 tons milled, giving a total bullion return of \$593,291.54 or an average mill recovery of \$9.90 a ton with tailings or discard showing values from \$10 to \$20 a ton. An estimate of \$25 a ton as the average value of the ore milled must be regarded as ultra-conservative. This would indicate a percentage recovery of from 40 to 50 per cent. With the concentrating and oil-flotation equipment added to the mill, recovery should be raised to 85 or 90 per cent.

Frederic W. Norton
of C. C. Medbery & Co., Inc.
42 Broadway - New York

December 16, 1946

Mr. Donald Martin
44 North First Avenue
Phoenix, Arizona

RE: Harqua Hala

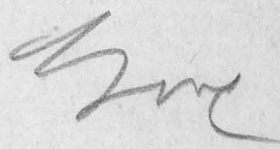
Dear Martin:

Enclosed herewith copy of the proposed contract with Bradt of which I am sending him copies today. Please, let me hear from you regarding any changes or alterations in the text which you think should be incorporated before it is put into final form for execution.

I am giving Bradt also an opportunity to suggest changes in the text and I shall not ask you and Walter to sign on behalf of the Bonanza Company until we have received Bradt's payment of \$100.00 which probably will delay the execution of the contract until after the first of the year.

Personal regards.

Yours very truly,

A handwritten signature in dark ink, appearing to be 'GMC', is written over the typed name 'GMC: IM'.

GMC: IM

Enclosure

AGREEMENT OF LEASE AND OPTION TO PURCHASE

This Agreement of Lease and Option to Purchase, made this _____ day of _____, _____, by and between BONANZA AND GOLDEN EAGLE MINING COMPANY, a corporation organized and existing under and by virtue of the laws of the State of Arizona, with its principal place of business at Phoenix, Maricopa County, Arizona, hereinafter termed the Lessor or first party and Harlan H. Bradt, of New York City, hereinafter termed the Lessee or second party:

WITNESSETH:

ARTICLE I.

That the first party being the lawful owner of the described property, for and in consideration of the sum of One Hundred Dollars (\$100.00) to it in hand paid by the lessee, the receipt whereof is hereby acknowledged, and for and in consideration of the payments to be made by the lessee and of the covenants and agreements hereinafter set forth, does hereby lease, let, demise and option for a period of three months from the date hereof unto the said lessee, his successors and assigns and upon the terms and conditions hereinafter set forth, those certain patented lode mining claims situate, lying and being in the Ellsworth Mining District, Yuma County, Arizona, described as follows:

THE CONSOLIDATED BONANZA MINING CLAIM, consisting of the Gold Mountain, Gold Hill, and Gold Star lode claims, and the Consolidated Bonanza Mill-site*, said Consolidated Bonanza Mining Claim being designated in the office of the United States Surveyor General for the Territory of Arizona as Survey No. 1081 "A" and "B"; and in the United States Land Office at Phoenix, Arizona, as Mineral Entry No. 548, the same having been patented by the United States to the Harqua Hala Bonanza and Golden Eagle Mining and Milling Company on April 5th, 1894. Said patent was recorded in the office of the County Recorder of Yuma County, Arizona, on August 14th, 1899, and together with the record thereof is hereby referred to for all particulars therein contained.

*Millsite is survey 1081-B.

THE SUMMITT LOBE MINING CLAIM, being designated in the office of the United States Surveyor General as Survey No. 1079, and in the United States Land Office at Phoenix, Arizona, as Mineral Entry No. 550, the same having been patented by the United States to the Harqua Hala Bonanza and Golden Eagle Mining and Milling Company, December 4, 1893; said patent was recorded in the office of the County Recorder of Yuma County, Arizona, on August 14, 1899, and together with the record thereof is hereby referred to for all the particulars therein contained.

THE NARROW GAUGE PLACER MINING CLAIM, being designated in the Office of the United States Surveyor General for the Territory of Arizona as Survey No. 1097 and in the United States Land Office at Phoenix, Arizona, as Mineral Entry No. 552, the same having been patented by the United States to the Harqua Hala Bonanza and Golden Eagle Mining and Milling Company, January 17, 1894; said patent was recorded in the office of the County Recorder of Yuma County, Arizona, on August 14, 1899, and together with the record thereof is hereby referred to for all the particulars therein contained.

THE GRAND VIEW LOBE MINING CLAIM, designated by the Surveyor General for the Territory of Arizona as Lots 1116 and 1183 Amended; and in the United States Land Office at Phoenix, Arizona, as Mineral Entry No. 569, the same having been patented by the United States to Henry Bratnober, June 9, 1896; said patent was recorded in the office of the County Recorder of Yuma County, Arizona, on August 14, 1899, and together with the record thereof is hereby referred to for all the particulars therein contained.

GOLDEN EAGLE, GOLDEN ARK AND GOLDEN BELT LOBE CLAIMS, designated in the office of the United States Surveyor General, for the State of Arizona as Survey No. 1080, and in the United States Land Office, at Phoenix, Arizona, as Mineral Entry No. 549, the same having been patented by the United States to the Harqua Hala Bonanza and Golden Eagle Mining and Milling Company on December 4, 1893. Said patent being recorded in the office of the County Recorder of Yuma County, Arizona, on August 14, 1899, and together with the record thereof is hereby referred to for all particulars therein contained.

Also the unpatented mining claims described as follows:--

THE NORTH POLE MINING CLAIM, located January 1, 1910, the location notice of which is recorded in the Recorder's Office of Yuma County, Arizona, in Book 5 at Page 237, by John B. Martin, situated in a northerly direction from the Harqua Hala Store Building, the Southeastern corner of said claim being about 100 feet in a northerly direction from said Harqua Hala Store Building and said claim being a re-location of the ground formerly covered by the Gladdies Mining Claim.

THE WEDGE MINING CLAIM, located by John B. Martin on March 7, 1908, the location notice of which is recorded in the Recorder's Office of Yuma County, Arizona, in Book "Y" of Mining Claims, at page 342.

Also the well situate upon the Consolidated Bonanza Millsite (Survey #1081-B) hereinbefore described, the pipe-line conducting water from said well to the mines and milling claims hereinbefore described and all water derived from said well.

This agreement shall also cover all other privileges, franchises and easements now owned, held, used or enjoyed by the first party in connection with any of the properties hereinbefore described. Also all tailings and dumps and all buildings, structures and other improvements now situate on the above described claims including such mining, pumping and milling equipment as belongs to first party.

ARTICLE II. Option to Purchase and Term of Lease.

Upon the terms and conditions hereinafter set forth the exclusive option is hereby granted to the second party to purchase the above described property for the sum of three hundred thousand dollars (\$300,000.00) lawful currency of the United States of America and in the event that this option is exercised all payments of rental or royalty previously made by the second party under the terms of this agreement shall be credited against the said purchase price. At the close of the three month's period the second party may surrender this agreement and vacate the property with no further obligation hereunder, but otherwise this lease and option agreement, unless sooner forfeited, cancelled, terminated or surrendered as herein provided shall continue in force and effect for five years from the date hereof or until the payment of the said purchase price has been completed whereupon first party will execute a good and valid deed to the said property in favor of the second party or his assign. The purchase price herein stipulated, less previous payments of rental or royalty, shall be made in three equal installments the first one of which shall be made when the option is exercised and the next two at twelve month intervals.

ARTICLE III. Possession and Control of Property.

The second party shall have and he is hereby given and granted the right to enter into the said property for the purpose of examination and exploration and for sampling and testing the ore as he may desire, and should he desire to continue this agreement beyond the three months period specified in Article I, he shall thereafter enjoy, subject to the terms and conditions hereof, the sole and exclusive possession and control of the said property and the whole and every part thereof, and during the term

of this lease to remain in the sole and exclusive possession and control thereof, and to explore, investigate, measure, sample, examine, test, develop, work, mine, operate, use, manage and control the same, and the water and water rights appurtenant thereto, and to mine, extract and remove from said property the ores and minerals therein and appurtenant and belonging thereto, and to construct mining and treatment plants and treat, mill, ship, sell or otherwise dispose of the products of his operation and retain the full proceeds therefrom less the royalties payable to the lessor as stipulated in Article IV, hereof. The second party hereby expressly agrees that during the first twelve months after the date of this agreement will expend or cause to be expended at least ten thousand (\$10,000.00) for exploration, sampling and development work upon the leased premises.

All work for the development and operation of the property is to be done in a careful and workmanlike manner and conform in all respects to the mining laws and regulations of the United States and the State of Arizona.

ARTICLE IV. Royalties and Rental.

The second party hereby agrees to pay the first party royalties on all ores, minerals, bullion, concentrates and other products mined and removed from said property during the term of this lease as follows:

Five per cent (5%) of the net returns received from the sale of bullion, ores, concentrates or other products for each calendar month when the average of these returns represents a value of \$5.00 or less per ton of ore mined and treated.

Seven and one-half per cent (7½%) for each calendar month when the average value of the ore as above calculated is from \$5.00 to \$10.00 per ton.

Ten per cent (10%) as above for each calendar month when the average value of the ore as above calculated is \$10.00 to \$15.00 per ton.

Fifteen per cent (15%) for each month when the average value of the ore as above calculated is over \$15.00 per ton.

It is however, expressly stipulated and agreed that the minimum royalty or rental payable by second party for the use and occupancy of this property and as a consideration for this option shall be \$100.00 per calendar month beginning six months from the date hereof for the next twelve months, and thereafter a minimum of \$200.00 per month and so in proportion for any part of a calendar month whenever the royalties on shipments do not equal or exceed the sums mentioned in which event the lessee shall pay on or before the 25th day of the following month an amount in addition to regular royalties paid hereunder sufficient to make up the minimum royalty.

ARTICLE V. Protection from Liens and Damages and Payment of Taxes

The second party shall keep the leased property and the whole and every part thereof free and clear of liens for labor done or performed upon said property or materials furnished to it on or for said property, or for the development or operation thereof under this lease and while the same is in force and effect, and will save and keep harmless the first party from all costs, loss or damage which may arise by reason of injury to any persons employed by the lessee in or upon said property or any part thereof, or which may arise by reason of injury to any persons, livestock or other property as the result of any work or operations of the lessee or its possession and occupancy of the property.

The second party will keep posted upon said property such notices of non-liability for labor or materials furnished as may be posted thereon by the lessor pursuant to laws of the State of Arizona.

The second party shall pay all taxes assessed upon said property subsequent to those for the year 1946 and falling due during the term of this lease and while the same is in force and effect, and shall pay all taxes levied or assessed against any and all personal property, machinery and equipment placed upon said property by the second party during the term of this lease. The second

party shall also pay all sales taxes and other taxes of every kind, character and description levied or imposed during the term of this lease upon the ores, minerals, concentrates or products of ores, produced, sold or otherwise disposed of by the lessee, and all taxes levied against the second party as an employer of labor. All taxes are to be promptly paid when due and before delinquent.

The second party shall also carry at all times during the term of this lease Workmen's Compensation, Liability and other insurance required by the laws and mining regulations of the State of Arizona.

During the life of this agreement the second party will perform the assessment work upon the unpatented mining claims hereby leased as may be required by law or in the event that no such work is required will do all things necessary to protect the title of first party to said claims.

ARTICLE VI. Reports and Maps.

The second party shall furnish first party quarterly with copies of the logs of all drill holes sunk on the property and with such sample or assay maps as may be made showing the position of such drill holes and of any new workings with assay values of samples taken on said property, also with copies of all settlement sheets or mint returns for all products marketed as these are received from the purchase of said products.

The duly authorized representative of the first party shall be permitted to enter into and upon said property and the workings of the second party at all reasonable times for the purpose of inspection, and also to examine the books of accounts and records of production and sale of products.

ARTICLE VII. Forfeiture Clause.

The failure of the second party to keep or perform any agreement on its part to be kept and performed, according to the terms and provisions hereof, and especially the failure of the second party to make the payments of the royalty or rental stipulated in Article IV, hereof, shall at the election of the lessor, work a forfeiture

hereof. Provided, however, that in the event of a default on the part of the lessee and the election of the lessor to terminate this lease on account thereof, the lessor shall give to the lessee a written notice of its intention to declare a forfeiture of this lease and to terminate the same on account thereof, specifying the particular default or defaults relied upon by it, and if such default arises from non-payment of rental or royalty the second party shall have thirty (30) days after receipt of said notice in which to make good such default, but in the case of all other types of default, a period of 60 days shall be granted to remedy said default and reinstate this agreement.

In the event of a valid forfeiture, surrender or other termination of this lease and option the second party will surrender to first party peaceable possession of said property and the whole and every part thereof immediately, and all payments theretofore made shall become the property of first party as a rental for the use of the property and as consideration for the privileges hereby granted.

ARTICLE VIII. Force Majeure.

If the second party shall be delayed at any time in keeping or performing any agreement on its part to be kept or performed according to the terms and provisions hereof, except the payment of minimum royalties and taxes, by strikes, lockouts, fire, unusual delay in transportation, orders or regulations of the Government, or any duly constituted instrumentality thereof, unavoidable casualties, or any causes beyond the control of the second party, such delay shall not be deemed a breach of this lease or a default on the part of the second party constituting a cause for forfeiture, but the operations contemplated under this agreement shall be promptly resumed as soon as the cause of prevention no longer exists.

ARTICLE IX. Removal of Equipment, Etc. by Second Party.

The second party shall have, and he is hereby given and granted sixty (60) days after a valid forfeiture, surrender or other termination of this lease and option to remove from said property all

warehouse stocks, merchandise, materials, tools, hoists, compressors, engines, motors, pumps, transformers, electrical accessories, metal or wooden tanks, pipes and connections, mine cars and any and all other machinery and equipment erected or placed in or upon said property by second party together with all ore broken in the stopes or workings, except mine timbers and underground mine tracks and pipe lines in place on the main levels or in the shafts, and permanent improvements attached to the soil.

Provided, but only provided that the second party is not at that time in default in respect to any payments due to first party or in respect to any of the terms of this agreement the non-performance of which might involve the first party in any present or future liability. Otherwise in order to collect such payments or protect itself against such liability the first party shall be entitled to a first and prior lien upon all moveable equipment and other personal property of the second party placed upon the leased property and if necessary may dispose of same for the satisfaction of such claims.

ARTICLE X.

The second party expressly reserves the right to cancel, terminate and surrender this agreement and option and to relinquish all rights, privileges and obligations hereunder at any time during the term hereof after having given to first party thirty (30) days written notice of his intention and fully discharged all obligations previously incurred.

ARTICLE XI.

The second party may assign this Lease Agreement and Option to Purchase or any of the rights acquired hereunder to another party or parties, provided, but only provided that second party has given to first party written notice of his intention to make such assignment 30 days in advance and shall confirm the said notice when such assignment is actually made effective, but thereafter there shall be no further assignments without the written consent of first party first had and obtained.

ARTICLE XII. Interpretation and Notification.

This Lease Agreement and Option to Purchase has been accepted and will be performed by the parties in the State of Arizona and all questions pertaining to its validity, construction or interpretation shall be determined in accordance with the laws of the State of Arizona.

All notices herein provided for may be given by mail at the following addresses, until otherwise changed by written request of the parties hereto, to-wit:

To the first party at 44 North First Avenue
Phoenix, Arizona.

To the second party at

ARTICLE XIII. Inurement Clause.

Time is of the essence of this agreement. The terms, provisions, covenants and agreements herein contained shall extend to, be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the first party and the second party have caused their names to be hereunto subscribed and the corporate seal of the first party has been hereunto affixed and attested by its duly authorized officers, in duplicate counterparts, as of the day and year first above written.

BONANZA AND GOLDEN EAGLE MINING COMPANY

By _____
President

Secretary

First Party

Second Party

Material acknowledgements to be added on final draft.

Office Copy
Corrected 12/1/6

46

AGREEMENT OF LEASE AND OPTION TO PURCHASE

This Agreement of Lease and Option to Purchase, made this _____ day of _____, _____, by and between BONANZA AND GOLDEN EAGLE MINING COMPANY, a corporation organized and existing under and by virtue of the laws of the State of Arizona, with its principal place of business at Phoenix, Maricopa County, Arizona, hereinafter termed the Lessor or first party and Harlan H. Bradt, of New York City, hereinafter termed the Lessee or second party:

WITNESSETH:

ARTICLE I.

That the first party being the lawful owner of the described property, for and in consideration of the sum of One Hundred Dollars (\$100.00) to it in hand paid by the lessee, the receipt whereof is hereby acknowledged, and for and in consideration of the payments to be made by the lessee and of the covenants and agreements hereinafter set forth, does hereby lease, let, demise and option for a period of three months from the date hereof unto the said lessee, his successors and assigns and upon the terms and conditions hereinafter set forth, those certain patented lode mining claims situate, lying and being in the Ellsworth Mining District, Yuma County, Arizona, described as follows:

THE CONSOLIDATED BONANZA MINING CLAIM, consisting of the Gold Mountain, Gold Hill, and Gold Star lode claims, and the Consolidated Bonanza Mill-site, said Consolidated Bonanza Mining Claim being designated in the office of the United States Surveyor General for the Territory of Arizona as Survey No. 1081 "A" and "B"; and in the United States Land Office at Phoenix, Arizona, as Mineral Entry No. 548, the same having been patented by the United States to the Harqua Hala Bonanza and Golden Eagle Mining and Milling Company on April 5th, 1894. Said patent was recorded in the office of the County Recorder of Yuma County, Arizona, on August 14th, 1899, and together with the record thereof is hereby referred to for all particulars therein contained.

Ⓢ Millsite is Survey 1081-B

THE SUMMITT LODE MINING CLAIM, being designated in the office of the United States Surveyor General as Survey No. 1079, and in the United States Land Office at Phoenix, Arizona, as Mineral Entry No. 550, the same having been patented by the United States to the Harqua Hala Bonanza and Golden Eagle Mining and Milling Company, December 4, 1893; said patent was recorded in the office of the County Recorder of Yuma County, Arizona, on August 14, 1899, and together with the record thereof is hereby referred to for all the particulars therein contained.

THE NARROW GAUGE PLACER MINING CLAIM, being designated in the Office of the United States Surveyor General for the Territory of Arizona as Survey No. 1097 and in the United States Land Office at Phoenix, Arizona, as Mineral Entry No. 552, the same having been patented by the United States to the Harqua Hala Bonanza and Golden Eagle Mining and Milling Company, January 17, 1894; said patent was recorded in the office of the County Recorder of Yuma County, Arizona, on August 14, 1899, and together with the record thereof is hereby referred to for all the particulars therein contained.

THE GRAND VIEW LODE MINING CLAIM, designated by the Surveyor General for the Territory of Arizona as Lots 1116 and 1183 Amended; and in the United States Land Office at Phoenix, Arizona, as Mineral Entry No. 569, the same having been patented by the United States to Henry Bratnober, June 9, 1896; said patent was recorded in the office of the County Recorder of Yuma County, Arizona, on August 14, 1899, and together with the record thereof is hereby referred to for all the particulars therein contained.

GOLDEN EAGLE, GOLDEN ARK AND GOLDEN BELT LODE CLAIMS, designated in the office of the United States Surveyor General, for the State of Arizona as Survey No. 1080, and in the United States Land Office, at Phoenix, Arizona, as Mineral Entry No. 549, the same having been patented by the United States to the Harqua Hala Bonanza and Golden Eagle Mining and Milling Company on December 4, 1893. Said patent being recorded in the office of the County Recorder of Yuma County, Arizona, on August 14, 1899, and together with the record thereof is hereby referred to for all particulars therein contained.

Also the unpatented mining claims described as follows:--

THE NORTH POLE MINING CLAIM, located January 1, 1910, the location notice of which is recorded in the Recorder's Office of Yuma County, Arizona, in Book 5 at Page 237, by John B. Martin, situated in a northerly direction from the Harqua Hala Store Building, the Southeastern corner of said claim being about 100 feet in a northerly direction from said Harqua Hala Store Building and said claim being a re-location of the ground formerly covered by the Gladdies Mining Claim.

THE WEDGE MINING CLAIM, located by John B. Martin on March 7, 1908, the location notice of which is recorded in the Recorder's Office of Yuma County, Arizona, in Book "Y" of Mining Claims, at page 342.

Also the well situate upon the Consolidated Bonanza Millsite (Survey #1081-B) hereinbefore described, the pipe-line conducting water from said well to the mines and milling claims hereinbefore described and all water derived from said well.

This agreement shall also cover all other privileges, franchises and easements now owned, held, used or enjoyed by the first party in connection with any of the properties hereinbefore described. Also all tailings and dumps and all buildings, structures and other improvements now situate on the above described claims including such mining, pumping and milling equipment as belongs to first party.

ARTICLE II. Option to Purchase and Term of Lease.

Upon the terms and conditions hereinafter set forth the exclusive option is hereby granted to the second party to purchase the above described property for the sum of three hundred thousand dollars (\$300,000.00) lawful currency of the United States of America and in the event that this option is exercised all payments of rental or royalty previously made by the second party under the terms of this agreement shall be credited against the said purchase price. At the close of the three month's period the second party may surrender this agreement and vacate the property with no further obligation hereunder, but otherwise this lease and option agreement, unless sooner forfeited, cancelled, terminated or surrendered as herein provided shall continue in force and effect for five years from the date hereof or until the payment of the said purchase price has been completed whereupon first party will execute a good and valid deed to the said property in favor of the second party or his assign. The purchase price herein stipulated, less previous payments of rental or royalty, shall be made in three equal installments the first one of which shall be made when the option is exercised and the next two at twelve month intervals.

ARTICLE III. Possession and Control of Property.

The second party shall have and he is hereby given and granted the right to enter into the said property for the purpose of examination and exploration and for sampling and testing the ore as he may desire, and should he desire to continue this agreement beyond the three months period specified in Article I, he shall thereafter enjoy, subject to the terms and conditions hereof, the sole and exclusive possession and control of the said property and the whole and every part thereof, and during the term

of this lease to remain in the sole and exclusive possession and control thereof, and to explore, investigate, measure, sample, examine, test, develop, work, mine, operate, use, manage and control the same, and the water and water rights appurtenant thereto, and to mine, extract and remove from said property the ores and minerals therein and appurtenant and belonging thereto, and to construct mining and treatment plants and treat, mill, ship, sell or otherwise dispose of the products of his operation and retain the full proceeds therefrom less the royalties payable to the lessor as stipulated in Article IV, hereof. The second party hereby expressly agrees that during the first twelve months after the date of this agreement will expend or cause to be expended at least ten thousand (\$10,000.00) for exploration, sampling and development work upon the leased premises.

All work for the development and operation of the property is to be done in a careful and workmanlike manner and conform in all respects to the mining laws and regulations of the United States and the State of Arizona.

ARTICLE IV. Royalties and Rental.

The second party hereby agrees to pay the first party royalties on all ores, minerals, bullion, concentrates and other products mined and removed from said property during the term of this lease as follows:

Five per cent (5%) of the net returns received from the sale of bullion, ores, concentrates or other products for each calendar month when the average of these returns represents a value of \$5.00 or less per ton of ore mined and treated.

Seven and one-half per cent (7½%) for each calendar month when the average value of the ore as above calculated is from \$5.00 to \$10.00 per ton.

Ten per cent (10%) as above for each calendar month when the average value of the ore as above calculated is \$10.00 to \$15.00 per ton.

Fifteen per cent (15%) for each month when the average value of the ore as above calculated is over \$15.00 per ton.

It is however, expressly stipulated and agreed that the minimum royalty or rental payable by second party for the use and occupancy of this property and as a consideration for this option shall be \$100.00 per calendar month beginning six months from the date hereof for the next twelve months, and thereafter a minimum of \$200.00 per month and so in proportion for any part of a calendar month whenever the royalties on shipments do not equal or exceed the sums mentioned in which event the lessee shall pay on or before the 25th day of the following month an amount in addition to regular royalties paid hereunder sufficient to make up the minimum royalty.

ARTICLE V. Protection from Liens and Damages and Payment of Taxes

The second party shall keep the leased property and the whole and every part thereof free and clear of liens for labor done or performed upon said property or materials furnished to it on or for said property, or for the development or operation thereof under this lease and while the same is in force and effect, and will save and keep harmless the first party from all costs, loss or damage which may arise by reason of injury to any persons employed by the lessee in or upon said property or any part thereof, or which may arise by reason of injury to any persons, livestock or other property as the result of any work or operations of the lessee or its possession and occupancy of the property.

The second party will keep posted upon said property such notices of non-liability for labor or materials furnished as may be posted thereon by the lessor pursuant to laws of the State of Arizona.

The second party shall pay all taxes assessed upon said property subsequent to those for the year 1946 and falling due during the term of this lease and while the same is in force and effect, and shall pay all taxes levied or assessed against any and all personal property, machinery and equipment placed upon said property by the second party during the term of this lease. The second

party shall also pay all sales taxes and other taxes of every kind, character and description levied or imposed during the term of this lease upon the ores, minerals, concentrates or products of ores, produced, sold or otherwise disposed of by the lessee, and all taxes levied against the second party as an employer of labor. All taxes are to be promptly paid when due and before delinquent.

The second party shall also carry at all times during the term of this lease Workmen's Compensation, Liability and other insurance required by the laws and mining regulations of the State of Arizona.

During the life of this agreement the second party will perform the assessment work upon the unpatented mining claims hereby leased as may be required by law or in the event that no such work is required will do all things necessary to protect the title of first party to said claims.

ARTICLE VI. Reports and Maps.

The second party shall furnish first party quarterly with copies of the logs of all drill holes sunk on the property and with such sample or assay maps as may be made showing the position of such drill holes and of any new workings with assay values of samples taken on said property, also with copies of all settlement sheets or mint returns for all products marketed as these are received from the ^{Sale} purchase of said products.

The duly authorized representative of the first party shall be permitted to enter into and upon said property and the workings of the second party at all reasonable times for the purpose of inspection, and also to examine the books of accounts and records of production and sale of products.

ARTICLE VII. Forfeiture Clause.

The failure of the second party to keep or perform any agreement on its part to be kept and performed, according to the terms and provisions hereof, and especially the failure of the second party to make the payments of the royalty or rental stipulated in Article IV, hereof, shall at the election of the lessor, work a forfeiture

hereof. Provided, however, that in the event of a default on the part of the lessee and the election of the lessor to terminate this lease on account thereof, the lessor shall give to the lessee a written notice of its intention to declare a forfeiture of this lease and to terminate the same on account thereof, specifying the particular default or defaults relied upon by it, and if such default arises from non-payment of rental or royalty the second party shall have thirty (30) days after receipt of said notice in which to make good such default, but in the case of all other types of default, a period of 60 days shall be granted to remedy said default and reinstate this agreement.

In the event of a valid forfeiture, surrender or other termination of this lease and option the second party will surrender to first party peaceable possession of said property and the whole and every part thereof immediately, and all payments theretofore made shall become the property of first party as a rental for the use of the property and as consideration for the privileges hereby granted.

ARTICLE VIII. Force Majeure.

If the second party shall be delayed at any time in keeping or performing any agreement on its part to be kept or performed according to the terms and provisions hereof, except the payment of minimum royalties and taxes, by strikes, lockouts, fire, unusual delay in transportation, orders or regulations of the Government, or any duly constituted instrumentality thereof, unavoidable casualties, or any causes beyond the control of the second party, such delay shall not be deemed a breach of this lease or a default on the part of the second party constituting a cause for forfeiture, but the operations contemplated under this agreement shall be promptly resumed as soon as the cause of prevention no longer exists.

ARTICLE IX. Removal of Equipment, Etc. by Second Party.

The second party shall have, and he is hereby given and granted sixty (60) days after a valid forfeiture, surrender or other termination of this lease and option to remove from said property all

warehouse stocks, merchandise, materials, tools, hoists, compressors, engines, motors, pumps, transformers, electrical accessories, metal or wooden tanks, pipes and connections, mine cars and any and all other machinery and equipment erected or placed in or upon said property by second party together with all ore broken in the stopes or workings, except mine timbers and underground mine tracks and pipe lines in place on the main levels or in the shafts, and permanent improvements attached to the soil.

Provided, but only provided that the second party is not at that time in default in respect to any payments due to first party or in respect to any of the terms of this agreement the non-performance of which might involve the first party in any present or future liability. Otherwise in order to collect such payments or protect itself against such liability the first party shall be entitled to a first and prior lien upon all moveable equipment and other personal property of the second party placed upon the leased property and if necessary may dispose of same for the satisfaction of such claims.

ARTICLE X.

The second party expressly reserves the right to cancel, terminate and surrender this agreement and option and to relinquish all rights, privileges and obligations hereunder at any time during the term hereof after having given to first party thirty (30) days written notice of his intention and fully discharged all obligations previously incurred.

ARTICLE XI.

The second party may assign this Lease Agreement and Option to Purchase or any of the rights acquired hereunder to another party or parties, provided, but only provided that second party has given to first party written notice of his intention to make such assignment 30 days in advance and shall confirm the said notice when such assignment is actually made effective, but thereafter there shall be no further assignments without the written consent of first party first had and obtained.

ARTICLE XII. Interpretation and Notification.

This Lease Agreement and Option to Purchase has been accepted and will be performed by the parties in the State of Arizona and all questions pertaining to its validity, construction or interpretation shall be determined in accordance with the laws of the State of Arizona.

All notices herein provided for may be given by mail at the following addresses, until otherwise changed by written request of the parties hereto, to-wit:

To the first party at 44 North First Avenue
Phoenix, Arizona.

To the second party at

ARTICLE XIII. Inurement Clause.

Time is of the essence of this agreement. The terms, provisions, covenants and agreements herein contained shall extend to, be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the first party and the second party have caused their names to be hereunto subscribed and the corporate seal of the first party has been hereunto affixed and attested by its duly authorized officers, in duplicate counterparts, as of the day and year first above written.

BONANZA AND GOLDEN EAGLE MINING COMPANY

By _____
President

Secretary

First Party

Second Party

*Notarial acknowledgments to be added
in final draft.*

c
(Almond 1915)

COPY OF REPORT BY E. J. OLSON

The Harqua Hala Bonanza & Golden Eagle properties are located in the Harqua Hala Mountains, Yuma County, Arizona, a distance of from 10 to 12 miles from Salome, the nearest R.R. point on the Santa Fe system.

BONANZA GROUP

The Bonanza group consists of six claims, Gold Mountain, Gold Mill, Gold Star, Grand View, Narrow Gauge and Summit, all of which are patented.

There are two veins on the Bonanza claim that can be easily traced, one known as the Iron Vein, running NE and SW., the other known as the Mill Vein, running N. & S. and crossing each other on top of the hill where a large blow out is apparent and also where the first shaft was sunk. The foot wall of the Iron Vein is porphyritic and the hanging wall quartzite. The mine was first opened by an incline shaft sunk on the Mill Vein only a short distance from its junction with the Iron Vein, but soon got in such condition from the stoping done too close to the shaft that it had to be abandoned and is now caved.

A new incline working shaft was sunk in the hanging wall opposite the junction of the two veins and goes down at an angle of 58 degrees pitching toward the vein. At a depth of 270 feet it has gone through the vein and is now in the foot wall, the shaft and vein pitching toward each other. The mine has been practically stoped out as far down as the 5th level and is in such a condition from caving that no one can make an accurate estimate of how much ore has been taken out or how much may be left. However, I managed to crawl through some of the old stopes, and could see that many tons of ore

have been extracted. In one place, known as the Castle Garden, the old stope shows a width of 80 feet and more and I am safe in saying 100 feet in length. A large amount of ore has been stoped out of a place known as the Dance Hall at a point where the two veins cross or come in contact with each other and at first glance one would say that the large bodies of ore found at this point were deposits and not well defined veins but the Iron Vein especially can be traced on the surface for miles.

I took eleven samples from different places in the different stopes, caves and pillars in the mine and got values as high as \$40.00 per ton and as low as 80¢ per ton. Out of the 11 samples I got an average of \$7.20 per ton.

The ore left in this worked over part of the mine cannot be taken out with profit through the present working shaft. A new shaft will have to be sunk in order to open up this mine. Little timber was used in mining the ore that has been removed. Underhand stoping has been done in taking out what has been mined, hence it did not take long to get deep enough in so large a vein to make the stope dangerous. When they could safely go down no further a new stope was started 30 or 40 feet further down and of course with the same result. Six of these levels have been opened up in this mine in making a depth of 270 feet incline. There is also evidence that the company owning this property before closing down caved in the surface of the mine. This cave shows on the surface for a length of 150 feet. As far as I could get down for water, the formation looks the same and the character of the ore is the same and I could see no evidence of its giving out. The only difference noticeable is that the formation has straightened up and now runs steeper than nearer the surface. It is impossible to see much on the 6th or bottom level as the ground

commenced caving as soon as the water was taken out, rendering it dangerous to make careful examination there.

From the 6th level a winze has been sunk 70 feet deep said to be all in ore but I could not get into this winze as it was full of water. I could see that such a winze was there. I was told that from the bottom of this winze drifts have been run in both directions along the course of the vein. It was claimed that all this work showed ore of the same grade as that mined above, but I saw nothing of it myself nor did I find anyone who had been in this winze.

The samples I took from the old workings may not represent the full value of the ore that has been removed but do represent the value of the ore still in the old workings. I could see little or nothing of the character of the ore in the bottom of the 6th level or lowest level as the floor of this level was covered by the rock that had caved from above. A large stope has been made on this level, at least 20 feet wide but I could not see how long. The stope may have been more than 20 feet wide but owing to its caved condition I could not tell with any certainty its extent.

In going through some old letter books I saw in the office, I found a letter from the Governor of Arizona asking how much had been taken from the mine during the current year. — *? what year* I found the letter press copy of the answer to this letter, which stated that there had been taken from the mine from January 1 to June 10, \$140,000, but I could find no record of the amount of ore milled during this period.

Lessors are scrambling for the best ore in the mine at the present time. From a dump of ore they have lately taken out, containing about twenty tons, I took two grab samples — which gave assays of \$297.50 and \$382.20 per ton.

If the ore continues down to the bottom of the winze and is practically the same in extent and value as that mined above, a profitable mine could easily be opened there, but as to what will be found in this winze I have no personal knowledge.

TAILING DUMP

There is a tailing dump below the mill and from measurements made by me I estimate that it contains 106,000 tons. From 38 samples taken from as many different places I got an average value of \$2.75 per ton.

I also estimate the cost of working same to be about \$1.00 per ton, not including plant. I believe these tailings can be worked at good profit by Cyaniding. On account of the great amount of slimes in these tailings, the agitation process should be used.

GOLDEN EAGLE GROUP

The Golden Eagle group consists of 4 claims: Golden Eagle, Golden Ark, Golden Belt and Occidental. The above claims are patented except the Occidental, which is held by location.

This mine is located about 1 mile from the Bonanza Mine and no doubt is a continuation of the so called Mill Vein; the general formation being the same and vein running north and south. This mine was first opened by a crosscut tunnel 280 feet long crossing the vein at a depth of 185 feet and going through 75 feet of vein matter. } v. l. 85

Practically all the high grade ore is stoped out on this level but there is considerable low grade ore in place yet, that will assay \$5.00 per ton; a shaft was sunk on this level, on the vein, pitching 60 degrees East to a depth of 63 feet to a second level and drifts have been run from the shaft north and south. The drift to the south is 182 feet long.

I estimate the amount of ore in place here between the two levels at 2000 tons, taking the width at the drift only. No crosscut has been run on this level, hence no estimate of ore in sight could be made, except that shown by the drifts.

The drift North does not show up good until a point 47 feet in from shaft is reached but in a winze sunk at that point 10 feet deep I got some very good ore. From two samples in this winze where the ore is 3 feet wide I got values of \$7.80 and \$44.00.

At a point 13 feet above this second level a drift was run in to the north for some distance. I could not measure total length because the drift was filled with broken rock from an upraise made from this intermediate level but in ten feet from shaft good ore is shown 3 feet wide that can be seen for a length of 30 feet. This rock will go \$20.00 per ton. No crosscuts have been made from this drift. Could not see bottom of the mine as there are 40 feet of water in the bottom.

Out of 26 samples taken from the ore shown in all parts of this mine I made an average value of \$10.00 per ton. It is difficult to make a safe sample of this ore as there are many small vugs in the vein, around the walls of which many particles of free gold could be seen. These getting into the sample would show results higher than could be produced in mining the ore. Out of the 26 samples taken 4 of them showed higher than \$20 running from \$20.00 to \$41.00. In making the average I took half of the value shown in these four samples. From a dump of ore at this mine containing about 3000 tons I took 4 samples which showed an average value of \$8.00.

I feel safe in saying that there are 10,000 tons of ore in this mine that will average \$10.00 per ton that could be made ready for the mill in 3 months. Owing to the water in the

bottom of this mine I could not see the conditions there and so do not know whether the same values are found in the bottom. I was told by miners who had worked in the bottom that the vein is practically the same both in extent and value as higher up. I am also informed that all the work below the 1st level has been done by the leasors now working the mine.

The ore stoped out on the first or tunnel level was taken principally from the two walls, about five feet of ore having been mined both on the hanging and foot sides, about 65 feet of low grade material having been left between these two stopes. No crosscuts were made into the hanging wall on the second level. It is not demonstrated, therefore, that this vein of high grade ore exists below the 1st level on the hanging wall but it is only fair to suppose that there is a good grade of ore on the hanging wall in the second level that has not been opened up. However, I have not figures on this possibility in making estimate of ore in mine.

All the ore extracted from this mine has been milled at the Bonanza Mine and in Harrisburg and hauled in wagons, which of necessity make it expensive. Hence only the very best of the ore could be worked at a profit.

SAMPLES FROM TAILING PILE

No. 1 - \$2.00	No. 14 - \$3.30	No. 27 - \$2.30
" 2 - .40	" 15 - 4.10	" 28 - 2.50
" 3 - 1.50	" 16 - 4.10	" 29 - 2.20
" 4 - 2.30	" 17 - 2.20	" 30 - 2.10
" 5 - 2.90	" 18 - 4.80	" 31 - 1.30
" 6 - 2.30	" 19 - 1.40	" 32 - 2.40
" 7 - 1.30	" 20 - 2.00	" 33 - 1.50
" 8 - 5.00	" 21 - 2.80	" 34 - 1.70
" 9 - 7.30	" 22 - 3.40	" 35 - 2.40
" 10 - 4.40	" 23 - 1.90	" 36 - 2.00
" 11 - 6.90	" 24 - 3.50	" 37 - 1.60
" 12 - 2.80	" 25 - 1.50	" 38 - 1.60
" 13 - 2.70	" 26 - 1.40	

SAMPLES FROM GOLDEN EAGLE MINE

No. 1 - \$ 9.35	No. 10 - \$ 4.75	No. 19 - \$ 4.80
" 2 - 21.23	" 11 - 33.80	" 20 - 9.80
" 3 - 17.16	" 12 - 8.25	" 21 - 11.40
" 4 - 4.90	" 13 - 13.00	" 22 - 10.00
" 5 - 8.25	" 14 - 2.20	" 23 - 3.20
" 6 - 4.60	" 15 - 7.00	" 24 - 1.60
" 7 - 20.00	" 16 - 10.50	" 25 - 10.80
" 8 - 7.45	" 17 - 19.20	" 26 - 3.50
" 9 - 7.00	" 18 - 18.60	

SAMPLES FROM THE BONANZA MINE

No. 1 - \$.60	No. 5 - \$1.90	No. 9 - \$39.40
" 2 - .40	" 6 - .30	" 10 - 5.60
" 3 - .50	" 7 - 1.00	" 11 - 21.60

SAMPLES FROM GOLDEN EAGLE DUMP

No. 1 - \$16.60	No. 3 - \$ 4.80
No. 2 - 7.80	" 4 - 6.00

E. J. Olson.

August 6th, 1945

Mr. J. H. Byrd
c/o Byrd Mining Operations
P. O. Box 5226
Tucson, Arizona

Re: Harqua Hala

Dear Mr. Byrd:

Thank you for sending the copy of my letter of July 31st with your signature accepting the terms of same, and also thank you for the check for \$100.00 on account which I had not requested, but which is much appreciated.

I have checked over my file on Harqua Hala and it will require three or four days to properly prepare and transcribe such a report as you desire, but I am getting after this at once and shall hope to have it in your hands, or at least in the mail by the 10th instant. All of my office work was set back last week on account of sickness, or otherwise I should have had the matter further advanced.

Re: Oro Grande

Referring to our telephone conversation concerning this mine, I have quite an extensive file on the property including the reports of a number of engineers. It was examined by one of my engineers from Humboldt in 1917, and I personally made examinations at various times from 1931 to 1935 and last checked up on the situation in 1937 and 1938.

The character of the ore-body which is practically an agglomerate with barren pebbles and gold bearing cemented material is such that it is impossible to take hand samples with any degree of accuracy, but if the little mill is still useable it should be feasible to mine lots of ore from a number of different representative sections in the underground workings, and by milling these to get some idea of the average value of the several hundred thousand tons of low grade ore which have been partially developed above the 300 ft. level and much of which could be cheaply mined and milled with a recovery of upwards of 95% of the gold by amalgamation.

Mr. J. H. Byrd
August 6th, 1945
Page 2

The ore which was milled in 1903, amounting to 8,861 tons, yielding \$8.05 per ton at old price of gold was all taken from two chimneys or pockets which did not appear to me to be representative of the surrounding ore-body that will average much lower in grade, but I believe that there is a fair chance that this low grade material will prove sufficiently rich to permit mining and milling with a small margin of profit and there are possibilities that the ore-body might be extended and eventually prove to contain some two or three million tons.

Much of my information might prove of some value to you in case you decide to proceed with the investigation and development of this property. I have also maps which I think represent approximately the true conditions as far as these have been ascertained.

With personal regards.

Yours very truly,

GMC/b

GEORGE M. COLVOCORESSES
MINING AND METALLURGICAL ENGINEER
1102 LUHRS TOWER
PHOENIX, ARIZONA

Duplicate

Jul 31, 1945

Mr. J.H. Byrd
P.O. Box 5226
Tucson, Arizona

Re: Harqua Hala Mine

Dear Mr. Byrd:

Referring to our conversation of yesterday, during which you requested me to compile for you a report on the Harqua Hala Mine which you now hold under lease and option; said report to be based upon the maps, reports and other data in my files and to contain recommendations for exploring and developing such ore bodies as are now indicated.

I have learned from Mr. Donald Martin that he has no objection to my compliance with your request and therefore I am prepared to undertake this work as soon as I can complete some current obligations.

I shall plan and expect to have the said report in your hands on or about August 10, 1945.

It is understood and agreed that my professional fee for the above is to be the sum of two-hundred and fifty dollars (\$250.00) and in order to confirm this arrangement I enclose a duplicate copy of this letter which I will ask you to sign under the word "Accepted" and return to me.

Trusting that I may be of real service to you in connection with your operations at Harqua Hala, I remain

Accepted:

Yours very truly,

J. H. Byrd
AKW Byrd jr

G. M. Colvocoresses

BYRD MINING OPERATIONS

MAIN OFFICE
TUCSON, ARIZONA
P. O. BOX 5226
TELEPHONE 2032

August 3, 1945

A. J. G.
48

Mr. George M. Colvocoresses,
1102 Luhrs Tower,
Phoenix, Arizona

Dear Mr. Colvocoresses:

I am favored with your letter of July 31st. I inclose accepted proposal, together with a check for \$100.00 on account.

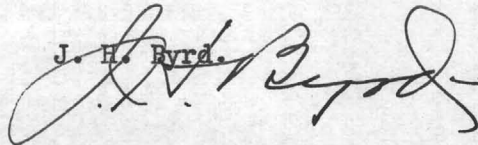
I think we will take over the Oro Grande Mine.

Please write me as soon as possible, repeating what you said on the telephone last night.

I am,

Respectfully yours,

J. H. Byrd.



Ck. incl.
JHB/S

STRATHMORE BOND
PAT. CONFIDENTIAL

Jul 31, 1945

Mr. J.H. Byrd
P.O. Box 5226
Tucson, Arizona

Re: Harque Hala Mine

Dear Mr. Byrd:

Referring to our conversation of yesterday, during which you requested me to compile for you a report on the Harque Hala Mine which you now hold under lease and option; said report to be based upon the maps, reports and other data in my files and to contain recommendations for exploring and developing such ore bodies as are now indicated.

I have learned from Mr. Donald Martin that he has no objection to my compliance with your request and therefore I am prepared to undertake this work as soon as I can complete some current obligations.

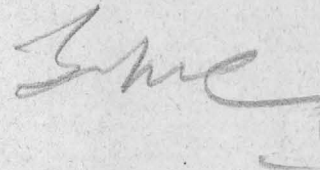
I shall plan and expect to have the said report in your hands on or about August 10, 1945.

It is understood and agreed that my professional fee for the above is to be the sum of two-hundred and fifty dollars (\$250.00) and in order to confirm this arrangement I enclose a duplicate copy of this letter which I will ask you to sign under the word "Accepted" and return to me.

Trusting that I may be of real service to you in connection with your operations at Harque Hala, I remain

Accepted:

Yours very truly,

A handwritten signature in cursive script, appearing to read 'J. H. Byrd', is written in dark ink on the right side of the page.

BYRD MINING OPERATIONS

MAIN OFFICE
TUCSON, ARIZONA
P. O. BOX 5226
TELEPHONE 2032

July 26, 1945

Miss Elizabeth Brandon
1102 Luhrs Tower
Phoenix, Arizona

Dear Miss Brandon:

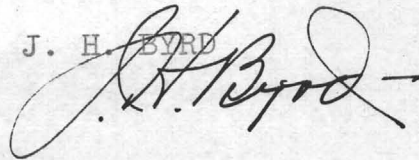
I wish to thank you for your letter of July 24th. I have several matters to attend to at Phoenix but I think they can wait until next week.

Will you therefore kindly advise Mr Colvocorresses that I will probably call at his office either Monday or Tuesday next.

I am,

Respectfully yours,

J. H. BYRD



JHB:R

Handwritten note:
Mr Byrd will go ahead & report & return
of 200. *[unclear]* & send duplicate
letter for conference

BYRD MINING OPERATIONS

MAIN OFFICE
TUCSON, ARIZONA
P. O. BOX 5226
TELEPHONE 2032

July 23, 1945

Mr G. M. Colvocoresses
Luhrs Tower
Phoenix, Arizona

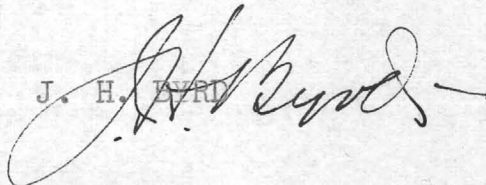
Dear Sir:

We have made a lease and option contract on the Harqua Hala Mine. I hope to be in Phoenix this week and would like to talk with you.

Will you not kindly advise me whether you expect to be in your office this week - *Say Thurs & Fri.*

Yours very truly,

J. H. BYRD



JHB:R

July 24th, 1945

Mr. J. H. Byrd
P. O. Box 5226
Tucson, Arizona

Re: Harqua Hala Mine

Dear Mr. Byrd:

This will acknowledge receipt of your letter of July 23rd in which you mentioned that you expected to be in Phoenix this week and would like to have a conference with Mr. Colvocoresses.

Mr. Colvocoresses left Phoenix early this morning on a mining trip in the northern part of the State, and he does not expect to return to his office until Monday, July 30th. At the present time I understand that he plans to be in his office most of the week beginning July 30th, and perhaps you could arrange to come to Phoenix sometime during that week.

Yours very truly,

Secretary to Mr. Colvocoresses.

C Hayza Halar (Camp July 1915

Acc

(g. 7)

5 Cars on top

0.35

0.34

Car sample from Corrad, 10 cars

0.35

1.0 Car on top. Chute

0.32

7 " " "

1.52

Car sample top #2 Paris

1.36

" " from bridge 4th level

5 Skips from Corrad on 6th level

0.28

North drifts

STANLEY W. B.
Geological Survey

U.S. GEOLOGICAL SURVEY

Flagstaff, Arizona,
May 18, 1939.

U
SUPERVISION-Coconino
Policy
Summer Homes

NOTICE TO ALL SUMMER HOME PERMITTEES

Reference is made to the clause in your special use permit which reads as follows:

"The use of this lot for any commercial purpose or for any purpose other than a residence shall be regarded as a cause for revocation of the permit."

There has been considerable discussion recently as to just what is considered to be "commercial use" and there seems a need to clarify this question by issuing a definite statement of policy covering this point. For your information there follows a statement which will serve to interpret the meaning of the clause referred to:

"Summer home permittees will be required to use their permits primarily for the purpose specified by them, namely, as a private summer home for the use of the owner and his guests. They will not be permitted to retain a summer home which is handled chiefly as a rental property. However, there will be no objection to the occasional rental of a summer home by a permittee, even for an entire season, when he is unable to use the home himself. It is realized that sometimes permittees will not want to spend their vacations at their summer homes. At such times it is felt the permittee should be allowed to accommodate his friends and at the same time to help safeguard his summer home from vandalism while he and his family are away. Such occasional rental of summer homes should not, however, become habitual.

Furthermore, no objection will be made to any permittee making his home available to others without cost.

Summer home permittees will not be allowed to operate overnight rooming houses for transients or to engage in similar service or business which would result in a reduction of business that would normally go to resorts and cabin camps. Permittees will not be permitted to advertise houses, rooms, or beds for rent, either on signs or in the press.

Violation of the above paragraph may be grounds for revocation of the permit."

R. W. HUSSEY,
Forest Supervisor,

BY E. C. GROESBECK, Acting

ECG:MD

NOTICE OF NON-LIABILITY
FOR LABOR AND MATERIALS FURNISHED

NOTICE IS HEREBY GIVEN to all persons that the BONANZA AND GOLDEN EAGLE MINING COMPANY, an Arizona Corporation, is the owner of the patented mining claims known as:-

Consolidated Bonanza Mining Claim, patent survey No. 1081.
Summitt Lode Mining Claim, patent survey No. 1079.
Narrow Gauge Placer Mining Claim, patent survey No. 1097.
Grandview Lode Mining Claim, mineral entry No. 569.

Also the following unpatented lode mining claims:--

North Pole, notice of which is recorded in Book No. 5, Page 237;
Wedge Mining Claim, recorded in Book "Y" at page 342, records of Yuma County, Arizona.

Also the Consolidated Bonanza Millsite and pipe line connecting same with the mining claims above described. All said claims being located in the Ellsworth Mining District, Yuma County, Arizona.

The said claims are now in the possession of J. H. Byrd by virtue of a mining lease made and executed as of June 28th, 1945.

During the term of the said lease the owner, Bonanza and Golden Eagle Mining Company, is not working and does not intend to develop, work or operate the said mining claims or any part thereof, nor to employ any labor or purchase any supplies or materials therefor, nor to accept any liability for the payment of labor so employed or supplies and materials so utilized, nor for any loss or damage which may arise by reason of injury to the person or property of employees or others or because of any act or omission connected with operation of said property; and said owner will not be liable for labor, material and/or merchandise furnished to or performed in the operation or development of the said mine or mining claims, or for injuries to any person or property resulting from said operations, and the said mining claims will not be subject to a lien therefor.

IN WITNESS WHEREOF the said owner has caused copies of this Notice to be executed by its duly authorized officers and to be posted on the leased property and recorded in the Office of the Recorder of Maricopa County, Arizona.

Dated, Phoenix, Arizona, June 28th, 1945.

BONANZA AND GOLDEN EAGLE MINING COMPANY

By _____
President

By _____
Secretary

Harqua Hala
December 10, 1946

Mr. Harlan H. Bradt
C/o Mecca Motel
Wickenburg, Arizona

Dear Mr. Bradt:

Following our telephone conversation I have hurriedly checked over my file on the Harqua Hala and enclose a copy of a report which I made in May 1940 being largely a resume of previous reports by other engineers. I also enclose a claim map on which is shown the location of the orebody around the Glory Hole and old workings as well as the orebody at the Golden Eagle, and I am sending a small print of an old map which shows something of the surface improvements and underground workings. I also send a letter of introduction to Johnson who should be able to show you everything of interest and should you feel that you wish additional information, I will gladly send you same on request, but have no time for anything more at present.

Yours very truly,

GMC:IM

Enclosures

GEORGE M. COLVOCORESSES
MINING AND METALLURGICAL ENGINEER
1102 LUHRS TOWER
PHOENIX, ARIZONA

December 10, 1946

Mr. Johnson
C/o Harqua Hala Mine
Salome, Arizona

Dear Mr. Johnson:

This will introduce Mr. Harlan H. Bradt and Mr. Tom Bains who would like to look over as much of the Harqua Hala surface and underground workings as may be accessible at present.

I have talked to Mr. Donald Martin regarding the visit of these gentlemen and he will be greatly obliged to you for any assistance and information which you may be able to give them.

Yours very truly,

GMC:IM

December 10, 1946

Mr. Johnson
C/o Harqua Hala Mine
Salome, Arizona

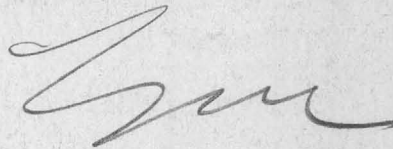
Dear Mr. Johnson:

This will introduce Mr. Harlan H. Bradt and Mr. Tom Bains who would like to look over as much of the Harqua Hala surface and underground workings as may be accessible at present.

I have talked to Mr. Donald Martin regarding the visit of these gentlemen and he will be greatly obliged to you for any assistance and information which you may be able to give them.

Yours very truly,

GMC:IM

A handwritten signature in cursive script, appearing to be "GMC", is written in dark ink.

August 21st, 1939

Mr. E. D. Morton, Manager
Eagle-Picher Mining Company
P. O. Box 1268
Tucson, Arizona

Re: Harqua Hala

Dear Morton:

Yours of the 18th received this morning and I certainly thank you for the check which was so promptly forwarded. I am enclosing receipted account as requested in your letter.

I shall make it a point to accompany you to the Harqua Hala at your convenience unless something very unforeseen makes it impossible for me to do so and so far as I can tell, most any time during the week beginning August 28th would be convenient for me but if by chance I should be called away on some other matter I will promptly advise you to that effect.

Please let me delay the estimate of cost of cleaning out and sampling the old workings for a few days until I have had time to more carefully check over some of the maps which I will try to do very shortly.

Last Saturday Mr. Martin gave me a letter from Captain Hodgson of which I am enclosing a copy herewith and I may say that this letter does not to any extent change my opinion in regard to the Harqua Hala Mine although I have the greatest respect for Captain Hodgson and his experience and ability. It is very evident that his investigation was based upon a report given him by Rhodehamel in which the average of the surface assays was figured at \$4.50 whereas these were included in the assays which I averaged at \$2.33 after throwing out the high assays in which some first class ore had obviously been included. After you have seen the surface conditions at the mine I am sure you will appreciate how extremely difficult it would be to properly sample this surface unless one blasted out trenches or numerous pits which no one has ever done to date.

I looked very carefully through the underground levels of the mine to note evidence of recent thorough sampling and there is such evidence ~~there~~ in the Golden Eagle but almost none in the Bonanza workings. The sampling at the Golden

Mr. E. D. Morton

-2-

August 21st, 1939

Eagle was done by a man named Sedgwick who had a lease on the property some years ago and I could not be sure whether Hodgson had done any additional sampling that would have been noticeable. Information which I was given on the ground was to the effect that Hodgson, with a geologist and two assistants, visited the property on two or three occasions, spent a few hours and took a few samples and I am very much inclined to think that his sampling was much like mine and merely indicative of possibilities. In any case, he does not mention the values which he obtained on the lower levels but it is certain that these must have been much lower than he had expected on account of the representations made by Rhodehamel and his disappointment was natural and perhaps lead him to terminate his investigation more quickly than would otherwise have been the case.

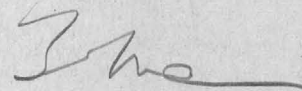
Of course, his advice in respect to a thorough examination is excellent and obvious and you will be able to form a much better picture of the entire situation after having made the personal visit. Meantime, I will soon forward you the preliminary estimate of sampling cost.

I don't think I ever wrote you that I visited the famous Bluebird Cobalt Mine right after you gave me the letter of introduction to Barry but Barry was not on the ground and in fact there was no one there except a couple of Mexican caretakers, representing the promoter, and with strict instructions to allow no one to enter the underground workings. I saw quite enough of the property to enable me to form a definite and very unfavorable opinion and I will tell you more about this when we meet.

I was very sorry to learn that Lerchen had died for I have always heard him highly spoken of although I only knew him very slightly.

Best personal regards.

Yours very truly,



GMC:MF

Enc. 2

P.S. I have just learned that three of the mining claims mentioned in the report and shown on the map, namely, Wedge, North Pole and Tramway, are not patented claims but the assessment work has been kept up to date.

EAGLE-PICHER MINING & SMELTING COMPANY

OFFICE OF
WESTERN OPERATIONS

GENERAL OFFICE
214 WEST THIRD STREET
JOPLIN, MISSOURI

73 NORTH COURT STREET
P. O. BOX 1268

MONTANA MINE
RUBY, ARIZONA

TUCSON, ARIZONA

August 18, 1939

Mr. G.M. Colvocoresses,
1102 Luhrs Tower,
Phoenix, Arizona.

A 8/21 39

Dear Mr. Colvocoresses:

Received your letter and report on the Harqua Hala Mine this morning and have read them with much interest.

What would you think might be the work cost and time of doing the cleaning out, sampling, and estimating that you mention on the top of page 15, and then how much drilling might be required to complete the picture?

I hope to be able to see you and make a trip to Harqua Hala sometime the week of the 28th, if you are free to go then.

I wish to thank you for the Harqua Hala report and enclose check for \$250.00 to cover its preparation. Please send us a bill to be used as a voucher.

Yours sincerely,

Eagle-Picher Mining & Smelting Company.

EDM/oc
Encl.

E. Montore

C O P Y

JOSEPH PARK HODGSON

August 17, 1939

Mr. Donald M. Martin,
Phoenix, Arizona

Dear Mr. Martin:

Answering your letter of the 14th. inst., would state that my associates and myself sampled the underground workings, making general composite samples by levels. Our results were most discouraging, and convinced us that the mine is not worth the installation of an up to date plant. Also, we predict that the values will not increase, but that rather they will diminish with depth below water level. On surface we sampled block "B" which is estimated to contain some 600,000 tons of material. The maps indicated an arithmetical average covering over 190 assays of about \$4.50 per ton. Our total sampling in this block averaged about \$1.30 per ton. This being so we decided to surrender the option.

Our mutual friend, Mr. Colvocoresses, is an engineer of undoubted ability. If he is favorably impressed with the property, I suggest that he examine it thoroughly, both for his satisfaction and yours. He may arrive at a different conclusion than we did. None of us are infallible.

I am sorry that I cannot write you a more optimistic letter concerning your Harqua-Hala property.

Yours very truly,

(Signed) J. P. Hodgson

J. P. Hodgson.

jph-wdm.

January 22, 1947

Mr. Harlan H. Bradt
C/o J. Frederic Taylor
Suite 1500
72 Wall Street
New York, New York

Harlan H. Bradt
Tumco

Dear Mr. Bradt:

I had hoped to see you out this way before the 20th of this month or at least to have some word as to what progress you were making in the East, but I realize that under present conditions it is very hard to accomplish any thing with ordinary speed and no doubt you have met with a good many unexpected delays.

If you can find the opportunity to do so, will you please write me a short line to inform me as to the prospects of your being interested in the Harqua Hala Mine and/or in the Tumco Mine. In both cases there have recently been inquiries from some other parties and I have put them off with a statement that the mines were being considered by eastern interests whosesdecision would probably be made known before the end of this month.

Please, understand that I am not trying to hurry you or your associates in any way whatever but if by chance you have decided that these properties would not be of any interest under present conditions, I should like to feel free to discuss them with others as opportunity occurs.

I hope that you are having a very pleasant and successful sojourn in the East and accomplishing all or at least the greater part of the objects of your trip. Please, give my regards to any other friends whom you may meet, and accept renewed wishes for a happy and prosperous New Year.

Sincerely,

[Handwritten signature]

GMC: IM

REPORT ON HARQUA HALA BONANZA MINE

August 9th, 1945

Mr. J. H. Byrd,
Byrd Mining Operations
P. O. Box 5226
Tucson, Arizona

The following report on the Harqua Hala Bonanza Mine has been prepared from personal examinations of this property, the first of which was made in February, 1917 and several others from 1931 to 1940, also from a careful study of reports by many other engineers dating back to 1892 and from some of which citations will be found in the text.

PROPERTY, LOCATION AND GENERAL CONDITIONS:

The Harqua Hala Bonanza Mine on which you now hold a lease and option by virtue of a contract with the owners consists of the following patented mining claims,- (See Map, Exhibit A)

Consolidated Bonanza comprising the Gold Mountain,
Gold Hill and Gold Star Lode Claims -

Narrow Gauge Placer - Patent Survey # 1081
Patent Survey # 1097

Grand View Lode - Mineral Entry # 567 and

Summitt Lode, which lies some distance northwest of the
other claims of this group - Patent Survey # 1079

Also the following unpatented claims: -

North Pole Lode

Wedge Lode

Several of these claims are in partial conflict with one another and the Narrow Gauge is only a fraction so that the total acreage is about 100.

You have also leased the well and water rights on the Consolidated Bonanza Millsite in Centennial Wash, and pipe line from the well to the mine.

All the above are located in the Ellsworth Mining District, Yuma County, Arizona, some 8 miles south of the town of Salome which is situated 108 miles from Phoenix on paved U. S. Highway No. 70, and on the Parker Cut-Off branch of the Santa Fe Railway. The mine lies along the north east base of Martin Peak at the southwest end of the Harqua Hala range of mountains in Township 4 north, Range 13 west, Gila and Salt River Base and Meridian.

GEOLOGY AND ORE OCCURRENCE:

The basal rock in this vicinity appears to be a coarse-grained pre-Cambrian granite impregnated with iron pyrites over which lies a series of sedimentary rocks including quartzite, limestone, shale and conglomerate with intrusive dikes of porphyry. All of these rocks have been subjected to faulting and folding and shear zones have been formed in which there has been a deposition and ascending solutions of vein material including a little copper in places and gold associated with the iron and with gangue minerals which are mainly quartz, calcite and brecciated wall rock. The ore in the upper levels has been largely oxidized and in places there were zones of secondary enrichment. At a vertical depth of less than 300', the condition appears to change as the wall rock becomes granitic and although some of the sulphide veins found at greater depth have yielded limited quantities of fairly high grade ore, such occurrences, - so far as they have been developed, - appear to be comparatively small and scattered.

It has been suggested by certain geologists that a continuous ore zone might exist between the Bonanza and the Golden Eagle Claims lying one mile to the north-east but on the Golden Eagle Claims the

quartzite in which the principal bodies of the Bonanza ore occur has been largely eroded away, except for the outcrop on the Harqua Hala Northern Claims. I therefore consider this as a possibility which should be left for future consideration and I feel that first investigations should be confined to the Bonanza Claims on which you hold the lease and option.

The value of the primary ore which should exist below the present workings has never been determined but there seems to be no reasonable ground to assume that it will be rich enough to work except in areas where there has been some local enrichment. Therefore, I also believe that for the time being one should only consider the possibilities of mining the upper areas in the vicinity of the Bonanza workings where the shattered quartzite predominates and the values from the veins have impregnated the wall rock.

In this mineralized area, which is characterized by shear zones and more or less parallel fissures with varying dips and strikes and many cross fractures, the country rock is mainly quartzite overlain with limestone while the footwall of the ore zone is an intrusive rock of coarse grained porphyritic texture which various engineers have called "andesite", or "rhyolite", but which locally is simply termed "porphyry".

There are two veins known as the "Iron" and the "Bonanza" and the ore shoots in some places appear to be confined by well defined and almost barren wall rock but the larger and richer deposits seem to be of a replacement type where the mineralized solutions have also impregnated the walls and often followed along fracture planes and slips from one fissure to another at the same

time dissolving out the more soluble constituents of the rock and replacing these with metallic minerals. The value of this low grade material was obviously insufficient to permit mining under old conditions or to attract any particular attention from previous operators and both its tonnage and average value are still problematical and must be determined by further exploration and development.

HISTORY:

The Bonanza Mine, operating at intervals since 1869, is credited with a total production of over two hundred thousand ounces (200,000) of gold worth some seven million dollars (\$7,000,000) at present prices. The average content of silver was about one ounce to each ounce of gold on which basis the value in silver was about 2% of the gold value, although the percentage of silver in the sulphide ores is considerably higher and may increase with depth.

The tonnage of ore mined has not been recorded for some of the very rich ore running better than 5 oz. gold per ton was shipped crude to smelters and a small tonnage was milled at Harrisburg in the early days but the great bulk of the production from the Bonanza Mine and some ore from the Golden Eagle was treated in the Bonanza Mills where the quantity of both amalgamation and cyanide tailings was carefully estimated prior to 1933 at slightly over 127, 000 tons from which it may be inferred that the total production of the Bonanza Mine did not exceed 120,000 tons of ore. Most of this ore mined during the 1890's seems to have carried one oz. of gold per ton and very little of it carried less

than 0.75 oz.

Recent attempts to operate this mine on a small scale have not proved profitable and while some lenses and shoots of \$5.00 and even \$10.00 ore (at present price of gold) were found in the lower workings, yet such occurrences proved to be small and their location was such as to make mining and haulage expensive.

The bulk of the high grade ore in the upper portions of the mine has long since been worked out, and except for the chance of finding new ore shoots, the future value of the property appears to rest upon the possibility that between and around these high grade stopes there still remains a much greater tonnage of comparatively low grade material which might be found to have a sufficient average value to permit cheap mining from an open pit and cheap treatment in a large cyanide mill to be erected at the mine.

ORE OCCURRENCE AND GENERAL MINERALIZATION:

The attached assay map, Exhibit C, while not entirely up to date, shows the general outlines of the underground work in the Bonanza and gives information concerning the width and value of ore in the vein, some of which has been mined since this map was made.

My examinations of the accessible underground workings and of the maps show that most of the old production came from a number of stopes scattered irregularly through the upper 200' of the mineralized zone in which there was probably only one original vein later faulted into the "iron" and "bonanza" veins and broken

up by other faults and folding into several off-shoots and lenses.

The width of the stopes varied from a maximum of 60' to 3' or less and between the various ore shoots the shattered rock is seamed with bands of clay and iron oxide in which according to my samples gold values nearly always seem to occur.

Some engineers have believed that the values in the Bonanza were cut off by one of the larger faults which was noted on the 6th level but I am doubtful on this point.

A short distance to the east of the Bonanza lies the so called "Iron vein" which was probably once a part the Bonanza (see Exhibit B). Here the gold is associated with hematite and ^a considerable quantity of \$25.00 ore (at old price) is said to have been mined but much of those workings were caved prior to 1906 and but little can be seen of them today. There is a record of good values found in this vein from the Quinn Shaft which was sunk vertically for 306' at a point close to the line of the Bonanza Claims and in a winze below the bottom level of this shaft the vein is said to have averaged about \$11.00 (at present gold price) and over a considerable length, also a number of samples taken in the lower levels of the Iron vein workings average around \$10.00. The strike of this vein is generally north-south with dip, - sometimes very flat, to the west and it may converge with the Bonanza vein at depth. The apex of the vein seems to be almost entirely on the Gold Star Claim.

While none of the reports give any complete description of the old workings on the Iron vein or the tonnage and value of the ore which was left in them yet I was reliably informed that there was a large tonnage which would run \$7.00. I was able to observe some good looking vein matter near to the surface and my sample from the dump ran \$4.20.

per ton.

The water in the Bonanza Mine normally stands at a vertical depth of 200' and the flow down to the lowest (9th) level at a vertical depth of 350' is very small, - about 8 gallons per minute. Apparently some of the Bonanza ore shoots were cut off at their bottom by a fault which dips to the north-east at an angle of almost 45 degrees. If this is a normal fault the lower segments should lie in the foot wall and might be found by drilling or drifting to the south-west from the long drift which runs to the Iron vein following the fault plane in the 6th level.

In all the workings the sulphide ores came in with lower gold values but carrying a higher relative percentage of silver and with a substantial amount of copper. Because of general inaccessibility of the shoots and metallurgical difficulties in treating this class of ore very little of it was extracted and I particularly checked the existence of several thousand tons between the 6th and 9th levels, some of it in the porphyry. This is said to average \$12.00 or better per ton although such limited sampling as I have done would indicate a lesser value.

The chances of developing reserves of similar material seem very fair and in connection with any new operations it would undoubtedly pay to continue further exploration to greater depth, and laterally in both directions along the mineralized zone. The report of Tovote should particularly be noted in this respect and I was informed that just prior to the closing down of the last operations in 1937 an entirely new shoot of good ore had been found on the 6th level and was suspected to continue upwards to the 5th level and beyond but this statement I had no opportunity to verify.

Although the search for high-grade ore conducted from 1913 to 1918 by the Yuma-Warrior Co. proved unsuccessful, yet I think that it would be a mistake to conclude that the possibilities of the mine in depth have been exhausted. I believe that the tonnage of good grade sulfide ore which may be found below the water level will prove small in comparison to the remaining oxidized material.

LOW GRADE ORE RESERVES:

The geological conditions surrounding the wider replacement deposits in the upper workings of the mine and the physical aspects of the Bonanza workings naturally suggest the existence of a large mass of low grade ore that might be attractive under present working conditions and at the present price of gold, but a careful study of all available data throws very little light upon the tonnage and average grade.

Since the old production nearly all came from the high grade shoots the reported value of the mill heads has no significance while the one fairly complete assay made which I have found (Exhibit C) - made by G. G. Thompson in about 1914, - records mainly the value of samples taken over narrow widths in or near the pay ore. But I have noted that there were a large number of samples carrying from \$2.00 to \$5.00 per ton (at present price) which came from exploration drifts and crosscuts and are suggestive as to the value of the wall rock between the veins and the old stopes.

Generally speaking, the reports of several engineers, who previously examined this mine, also give little pertinent information. High grade ore was all that interested them or

the parties whom they represented, the exploration and development work was all planned to find such material and samples were usually taken in the drifts and crosscuts only when the visual appearance indicated a point of enrichment. I have, however, culled out some interesting statements among which I mention the following:-

G. E. Mills (later General Manager of the Inspiration Copper Company) in 1892 reported that much low grade material had been broken above the 4th level and sent to the waste dumps with average value around \$5.00 per ton (old price) and that many of his samples in wall rock gave similar values.

F. W. Norton says that the Bonanza cave-in, which put a stop to the work of the English Co. in 1895, involved an area 400' in length, and 60' in width and 150' in depth and the caved material represented 300,000 tons from which 50% could be screened out and would carry around \$6.00 per ton at old price. W. Tovote later refers to 200,000 tons of caved material and stope fills which he figured would average \$4.00 per ton at old price.

G. C. Thompson told me that he had assayed many hundred samples for the Yuma-Warrior Mines Co. from 1913 to 1918 and recalled that most of those taken off the veins ran from \$2.00 to \$6.00 at old price while I was told, but could not verify the statement, that a California engineer after much sampling had estimated that as much as 5,000,000 tons of \$5.00 ore could still be mined.

In 1935 a company headed by Elliott and Stratton took over the Bonanza Mine, their object being for the first time to develop low grade ore and mine this on a large scale. In order

to determine the tonnage and value of such ore, the surface in the vicinity of the outcrop and including the present glory hole was divided into 20' squares and a sample,--supposed to be representative, -- was cut from each square. I was shown by C. G. Thompson some 600 assays from the samples thus obtained and told by him that the total area of 240,000 square feet represented a rectangle with length (east-- west) of 600' and width (north-south) of 400'. I am satisfied that the assaying of these samples was done by Thompson honestly and with reasonable accuracy but the methods of sampling seem to have been open to criticism and therefore the results may be unreliable. Of the 600 assays mentioned some 40 were in the vein and gave results of \$15.00 or better, but casting these out, I averaged the remainder at about \$2.33 and the lowest assays were \$0.70 per ton.

This same company and others who were associated with them also took a great many samples of wall rock in the underground workings of the mine and claimed that the average of these was in excess of \$5.00 per ton but I feel that this statement is of little value as their samplings was not done in a systematic manner. Subsequently a considerable quantity of material was broken down in the vicinity of the glory-hole and together with some of the old caved rock and rock from the waste dump was sent to a test mill in 1937 and the record shows that the average grade of the 6277 tons treated was \$2.36 per ton although much of it was obviously barren wall rock.

Miles Carpenter who acted for a time as engineer for this company and had charge of much of the sampling has given it as his opinion that there is a large tonnage of ore that will average better than \$2.00 per ton while C. G. Thompson who saw

much of the sampling and did the assaying estimates that many hundreds of thousands of tons should carry better than \$3.00 per ton. I should also mention a report that the surface gravel and placer ground lying east of the old mill had been partially sampled and that at least 10,000 tons would average between \$4.00 and \$5.00 at the old price of gold.

In 1917 when I first visited the Bonanza Mine, it occurred to me that some of the low grade ore around the glory hole might pay to work and I took a few samples of which I now have no exact record but recall that they averaged less than \$2.00 per ton (old price) so that I gave the matter no further thought until 1934 when for a time I was interested in the re-treatment of the richer portion of the mill tailings and the price of gold had advanced. At that time the mine was under option to parties who later turned it over to Elliott and Stratton and they were taking a number of samples in various portions of the workings. I had a few samples taken for my own information and these indicated that there were sections away from the ore shoots which would run from \$3.00 to \$6.00 per ton at present price but no attempt was made to do this work in a systematic fashion or to calculate the tonnage which my samples represented.

It was also noted that there were still some ends of the old ore shoots and seams of higher grade material scattered at intervals throughout the mineralized zone and that these as well as any new ore discoveries would tend to sweeten up the average grade obtained in breaking down the entire mass.

I further studied this matter at intervals and on the occasion of two investigations in 1939, I took several large samples from various sections of the wall rock between the old stopes in the upper workings and from the broken ore left in the mine or put on the dumps. The arithmetical average of these samples was \$3.28 per ton and they should have been roughly representative of a very substantial tonnage of the mineralized area away from the vein from which some higher grade material should still be taken and might well serve to sweeten the average to \$4.00 or better.

Fortunately, much of the desired information can be secured by sampling and measuring the ground which is already prospected by the old workings of the mine which are now open or could be reopened at comparatively small expense and from which I would recommend core drilling or short cross-cuts in order to sample the intervening blocks of ore.

In an effort to arrive at some very approximate figures as to the possible tonnage, I have sealed off several maps and sketches which the owners have furnished me but find that some of these are obviously inaccurate while others are so incomplete as to have little value.

From such measurements as I could make on these maps and in the mine itself it would appear that the minimum tonnage which may average better than \$3.00 in the upper levels of the mine (down to a depth of 300') will be in the order of 400,000 but if, as seems likely, there is a continuation of values in the rock between the Bonanza vein and the Iron vein extending to the boundary of the Gold Star Claim then the surface dimensions of the mineralized rectangle would exceed 600' x 400' and assuming

a depth of 300', the possible tonnage approaches a figure of 6,000,000.

Since the conditions indicate that the superficial area of the ore body will tend to decrease with depth and that it will prove to be more or less funnel-shaped, I would reduce the above maximum to say 4,000,000 tons plus whatever ore may be found in other parts of the property.

I do not intend to imply that I have as yet obtained sufficient data to in any way justify the assumption that even the minimum tonnage mentioned will actually assay \$4.00 or \$3.00 per ton, but I feel that there are good indications that such will prove to be the case.

GENERAL CONDITIONS:

The physical conditions of the Bonanza deposit are such as to lend themselves to cheap open-pit or glory hole mining for the recovery of all or a large part of the possible pay ore to a depth of some 300' below the out crops, - no large amount of stripping would be required and the walls of the pit should stand extremely well.

In the pit the broken ore could be loaded on trucks or belts for conveyance to a pocket from which it could be hoisted through a new shaft to the crushing plant and mill which would probably be located near the site of the old stamp mill.

There is still some room for tailings disposal on the flat although additional space would eventually have to be acquired.

MILLING:

Through the use of modern cyanide practice it should be possible to recover at least 90% of the gold and over 80% of the

silver in the oxidized ore which represent nearly all of the material mined from the pit.

To treat the copper bearing sulfide ore from below the water level it might be necessary to provide a special plant using flotation as well as cyanide but the extra milling cost should be more than covered by the value of the copper recovered.

While only exploration and development work was in progress the present buildings, with some repairs, could be made to house a crew of 15 - 20 men and assay office equipment can be installed in the building last used for that purpose. For metallurgical testing work the mill erected by Elliott and Stratton could be reconditioned and adapted for cyanide treatment with the installation of additional equipment, or a crushing plant might be added to the plant recently used by Eagle Picher Co. for treatment of tailings by the Chapman process.

WATER SUPPLY:

On the 5 acre millsite at Harrisburg, owned by the Bonanza and Golden Eagle Mining Company, a well is sunk in Centennial Wash from which ample water was obtained for the old and recent operations and I am told that the pipe line is in good condition.

August Nord, a reliable rancher, informed me that from his well nearby he had continuously pumped for irrigation as much as 400 gallons per minute with only a very slight lowering of the water table and he expressed a positive conviction that the Bonanza well, if properly enlarged, could yield over 1000 gallons per minute at all seasons of the year. Since the Centennial Wash drains an area of some 600 square miles, including McMullen Valley,

the south slopes of the Harcuvar Mountains and the north slopes of the Harquahala Mountains. I believe that his estimate is reasonable and that the existence of an adequate water supply for a mill of 2500 tons capacity may be accepted as a fact subject to a further investigation of other water rights which might be infringed by draining off so large a supply.

POWER:

Previous work was conducted with steam power and subsequently by Diesel engines but recently the U. S. Government has built an electric power line from Parker Dam to Phoenix and I am reliably informed that after the war a contract would be made with the U. S. Reclamation Service to secure future power at Harqua Hala at a price in order of 0.6¢ per kw. hour.

WORKING COSTS & FINANCIAL RETURNS:

While it would be premature to make anything more than a very rough and preliminary estimate of costs, the general conditions affecting this project seem to be favorable and to justify an expectation that Harqua Hala low grade ore, if found to occur as a fairly contiguous body from the surface to a depth of 300' could be worked at a cost comparable to that which has been attained at some similar operations such as the Yellow Aster in California, the Beatty Mine in Canada and various open pit porphyry copper mines where mining and milling is done for less than \$1.50 per ton. Unless unforeseen metallurgical difficulties should reduce the percentage of extraction, the recovery may be safely figured at a minimum of close to 90% of the gold values and I think that the ore could be mined in such a way that this would average close to \$3.00 per ton including the silver.

The total capital investment including preliminary sampling, purchase price of property, installation of mining equipment and erection of a mill, water supply, power lines, etc., will run to a large figure and can probably only be justified if it can be written off by a charge not exceeding 50¢ per ton of ore. Thus with mining, milling and repayment of capital tentatively estimated at \$2.00 per ton it appears that one should be assured of at least two million tons of ore with an average cover value of \$3.00 in order to put this venture in the class of an attractive investment; or a corresponding lesser tonnage of higher grade or larger tonnage of lower grade material.

I believe that there is a reasonable probability that the Harqua Hala Mine will be found to measure up to such standards and the verification of this opinion can be made far more cheaply than in the case of an unworked prospect or many other old mines in which the workings are caved or largely inaccessible.

RECOMMENDATIONS:

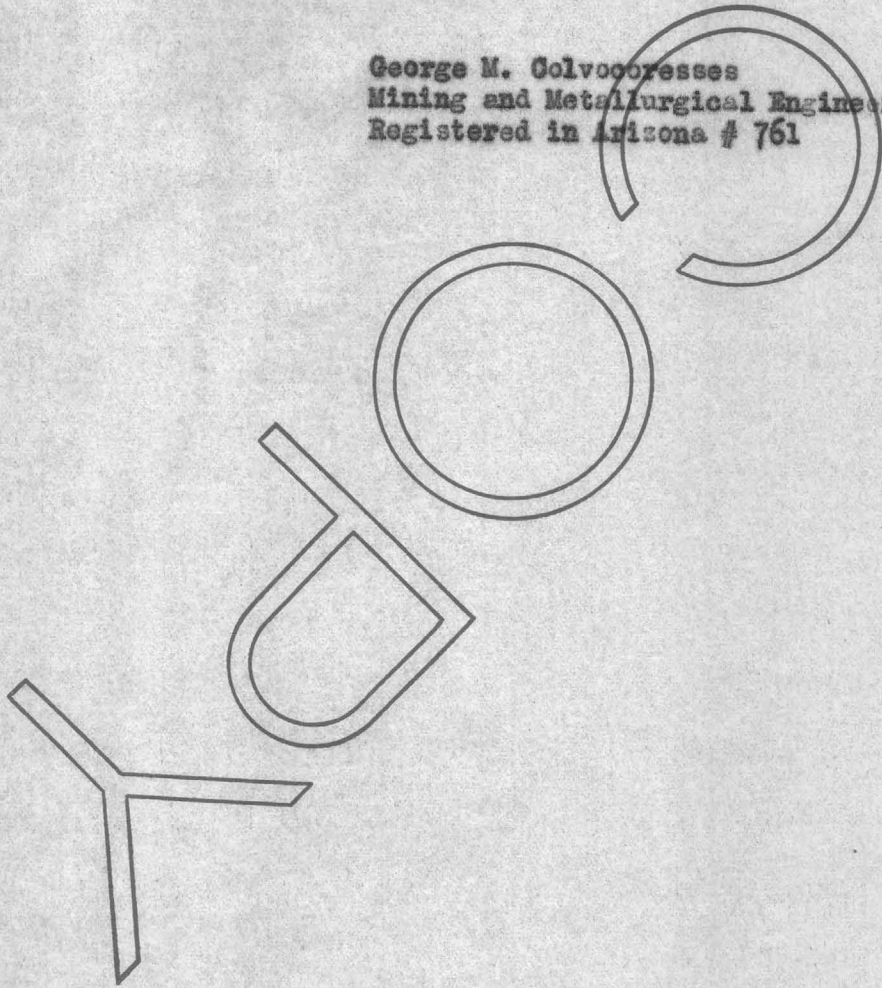
To carry out the program suggested above I would propose that many of the old workings in the upper levels including those on the iron vein should first be partially cleaned out in order that the gob recovered from the stopes and much of the wall rock can be sampled and then at suitable locations short cross-cuts or diamond drill holes should serve to block out and delimit the low grade ore body and permit a sufficiently thorough sampling to enable the average grade to be estimated.

The cost of this work, - the first scientific attempt ever made to develop low grade ore at Harqua Hala, - may be esti-

mated at about \$25,000 and I think that it should serve to answer the question as to whether or not, given reasonably favorable economic conditions, quantity and quality of ore left in this mine will permit it to be profitably worked on a large scale. Personally I believe that such will prove to be the case.

Yours very truly,

George M. Colvocoresses
Mining and Metallurgical Engineer
Registered in Arizona # 761



(A)

Golden Eagle, Golden Ark and Golden Belt Lode Claims, designated in the office of the United States Surveyor General, for the State of Arizona as Survey No. 1080, and in the United States Land Office, at Phoenix, Arizona, as Mineral Entry No. 549, the same having been patented by the United States to the Harqua Hala Bonanza and Golden Eagle Mining and Milling Company on December 4, 1893. Said patent being recorded in the office of the County Recorder of Yuma, County, Arizona, on August 14, 1899, and together with the record thereof is hereby referred to for all particulars therein contained.

University of Arizona

TUCSON

COLLEGE OF MINES
ARIZONA BUREAU OF MINES

November 30, 1945

Mr. G. M. Colvocoresses
1102 Luhrs Tower
Phoenix, Arizona

Dear Mr. Colvocoresses:

In response to your letter of November 29, I am returning to you, enclosed, the following maps which you loaned us through Mr. Morton:

- a) Old blue print of topographic map to accompany report, by Jas. E. Mills, June 8, 1892.
- b) Tracing of topographic map by M. M. Carpenter, 11-24-34.
- c) Small-scale map of workings.

I want to apologize for the delay in returning this material to you. Also we want to thank you very much for loaning it to us.

With regards,

Sincerely yours,

Eldred D. Wilson

Eldred D. Wilson
Geologist

*Sent Brad 12/10/46
B.P.J. Clear map.*

April 3, 1946

Mr. J. H. Byrd
Post Office Box 5226
Tucson, Arizona

RE: Harqua Hala

Dear Mr. Byrd:


I have yours of April 2 with copies of your letters of the same date to Donald Martin and to Harrison Schmitt.

I am certainly much pleased to learn that Schmitt will probably be able to start work at the Harqua Hala during the current month. I hope that he will find an opportunity to call on me in Phoenix and talk over the situation, and I believe that I may be able to suggest methods by which he can secure miners to help with the sampling also parties who would be interested in doing some diamond drilling in case he contemplates anything of that kind.

Personal regards.

Yours very truly,

GMC: IW
cc: Donald M. Martin



BYRD MINING OPERATIONS

MAIN OFFICE
TUCSON, ARIZONA
P. O. BOX 5226
TELEPHONE 2032

April 2, 1946

A. 4/3/46

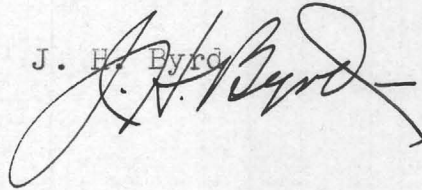
Mr. George M. Colvocoresses
1102 Luhrs Tower
Phoenix, Arizona

Dear Mr. Colvocoresses:

I enclose herewith a copy of a
letter to Donald Martin and, also, a copy
of a letter to Harrison Schmitt.

Yours very truly,

J. H. Byrd



JHB:el

April 2, 1946

Mr. Donald M. Martin
44 N. First Avenue
Phoenix, Arizona

Dear Mr. Martin:

I have a letter from Harrison
Schmitt stating that he thinks he can start
work at the Harqua Hall this month.

Yours very truly,

J. H. Byrd

JHB:el

CC Mr. Colvocoresses

April 2, 1946

Dr. Harrison Schmitt
1923 Yucca Drive
Silver City, New Mexico

Dear Harrison:

Your letter of the 30th. I think it likely that helpers can be found for sampling somewhere near the Marqua Hala. I am writing today to William Johnson who lives on the property and will let you know as soon as I hear from him.

May I suggest that you and/or Dr. O'Neill might find it profitable to talk to George M. Colvocoresses at Phoenix in advance of starting work. I think he is more familiar with the property than anyone else that is available.

I hope you can start this month as you now think probable.

Regards.

Your friend,

J. H. Byrd

JHB:el

March 25, 1946

Harqua Hala

Mr. Donald M. Martin
44 N. First Avenue
Phoenix, Arizona

Dear Mr. Martin:

Herewith check for \$100 for another
month on the Harqua Hala.

I am expecting Harrison Schmitt
over here early in April and hope to get
an idea from him at that time as to when
his company can start to work on the Harqua
Hala.

Regards.

Yours very truly,

J. H. Byrd

JNB:el

CC Mr. Colvocoresses

February 22, 1946

Harqua Hala

Mr. Donald Martin
44 N. First Street
Phoenix, Arizona

Dear Mr. Martin:

Herewith check for \$100. I enclose a card that was waiting for me on my return. This is from Harrison Schmitt, and we may be delayed for a short time because of his absence. I am mailing a copy of this letter to Mr. Colvocoresses. The postcard from Schmitt, dated the twentieth, reads as follows:

I am leaving for New York the 25th and should be back by the 15th of March. Any decision on Harqua Hala will have to be deferred until I get back when I hope to see you in Tucson before the end of March.

Please return the postcard for our files and oblige.

Yours very truly,

J. H. Byrd

JHB:el

Encl. 2

cc Mr. Colvocoresses

*W.D. [unclear] [unclear] by
explained [unclear] to
offered 3/8,
46*

July 22, 1946

Harqua Hala

Mr. Donald M. Martin
44 North First Avenue
Phoenix, Arizona

Dear Mr. Martin:

I am sending you a complete, signed report on the Harqua Hala, by Mr. Colvocoresses, with all maps; i.e.,

- 1 designated "Exhibit A"
- 1 designated "Exhibit B"
- 1 designated "Exhibit C"

the last mentioned being an assay map of the lower levels, made by Chris Thompson. We do not have a duplicate of this material, so what I am doing is leaving it with you indefinitely with the understanding that, if I should ever want it or need it for any reason, you will return it to me. You have also a complete file of other reports. I suggest that if you are not keeping them in a fire-proof safe, it might be desirable to do so. Such reports, for instance, as those of Tovote could never be replaced.

I had a long talk with Harrison Schmitt, and am now able to give you his complete reaction which in no way, as I understand it, reflects on the value of the property, except that he does not feel that the extent of the embasures of ore-bearing material could likely exceed more than 2,000,000 or 3,000,000 tons. In other words, this would represent the ore potentialities. This would not be--from his standpoint--sufficient ore to justify an operation that he said might involve an investment of about \$1,000,000, which would be necessary to save profitable values that might be expected to run between \$2 and \$3 per ton.

I gather that he thinks that it would take between 5,000,000 and 10,000,000 tons to justify such investment, and he cannot see the geological possibility of developing that much ore.

Harrison is not a gold man; nor is he a milling expert, and I am disposed to disagree with his conclusion as to the amount of ore necessary to establish a profitable operation on the "Harqua Hala". I am informed, by a representative of Western-Kanpp Machinery Company, that they built a mill for a company in Nevada with a capacity of between 300 and 350 tons

Mr. Donald M. Martin

July 22, 1946

daily, operating on gold ore similar to "Harqua Hala," cyaniding, etc., where the entire cost, including amortization, was not more than \$1 per ton. Western is a responsible concern, and I have no doubt that, with mining costs around 35 cents per ton, such a cost could be effected.

It was my opinion, at the time that we made the contract with you, that \$25,000 would likely prove up a tonnage that would interest one of the big companies in going in with us and helping us to finance either an operation or further-development looking toward an operation. I had reason to believe at that time that I could secure initial help from the RFC. Shortly afterwards we realized that we were probably much too low in our estimates of the amount required for core drilling. We could then have provided the \$25,000 but that we felt was the limit that we could risk. It was then that we endeavored to secure the assistance of others.

I believe in the property and, unless you or Mr. Colvocoresses do something with it yourselves, I think it altogether possible that I may be able to locate and interest the capital necessary to carry out such a program as Mr. Colvocoresses recommends.

I am mailing a copy of this to Mr. Colvocoresses, so that he may have my final reaction in the premises.

I am in no way disposed to discount his opinion of the property nor his recommendations as to what should be done to develop its possibilities.

I am, with regards,

Yours very truly,

J. W. Byrd

JHB/hc
Enclosures

and all water derived from said well except that it is hereby expressly agreed and provided that there shall be reserved for use of the first party or its assign not more than 25% of the flow of water from said well and through said pipe-line. This reserved water supply if called for by first party or its assign may be drawn from the pipe-line or from a tank or reservoir at the mine in sufficient quantity to serve for the development and operation of any or all of the other mining claims owned by first party in this District and known as the Golden Eagle Group. This water may also be used for domestic purposes of a camp at the Golden Eagle Mine, but not for any other purpose and such water as is requested and used by first party or its assign shall be paid for to second party on the basis of the actual cost of delivery at the point where such delivery is taken.

This agreement shall also cover all other privileges, franchises and easements now owned, held, used or enjoyed by the first party in connection with any of the properties hereinbefore described. Also all tailings and dumps and all buildings, structures and other improvements now situate on the above described claims including such mining, pumping and milling equipment as belongs to first party.

ARTICLE II. Option to Purchase and Term of Lease.

Upon the terms and conditions hereinafter set forth the exclusive option is hereby granted to the second party to purchase the above described property for the sum of ~~two hundred and fifty thousand dollars~~ ^{three hundred thousand} ~~(\$250,000.00)~~ ^{300,000.00} lawful currency of the United States of America and in the event that this option is exercised all payments of rental or royalty previously made by the second party under the terms of this agreement shall be credited against the said purchase price. This lease ^{option} agreement ^{may be cancelled terminated} unless sooner forfeited, cancelled, terminated or surrendered as herein provided shall continue in force and effect ^{for five years from the date hereof or} until the payment of the said purchase price has been completed whereupon first party will execute a good and valid deed to the said property in favor of the second party or his assign. ^{The purchase price herein stipulated, less previous payments of} ^{royalty or rental, shall be made in three equal installments the first on} which

ARTICLE III. Possession and Control of Property.

The second party shall have and he is hereby given and granted the right to enter into and ~~take over immediately the~~ ^{the} ~~sole and exclusive possession and control of~~ said property ^{for the purpose}

of examination & exploration and for ~~testing~~ sampling & testing the ore as he may desire and should he desire to continue this agreement beyond the three months of period specified in Art I he shall thereafter enjoy the ~~sole~~

*Surrender this agreement & vacate the property
Second party may ~~have~~ ^{hold} no further obligation hereunder but otherwise
At the close of the 3 months period by
shall be made when the option is exercised of the best and at 12 months intervals*

and

2

subject to the terms & conditions hereof the sole & exclusive possession & control of the said property

and the whole and every part thereof, and during the term of this lease to remain in the sole and exclusive possession and control thereof, and to explore, investigate, measure, sample, examine, test, develop, work, mine, operate, use, manage and control the same, and the water and water rights appurtenant thereto, and to mine, extract and remove from said property the ores and minerals therein and appurtenant and belonging thereto, and to construct mining and treatment plants and treat, mill, ship, sell or otherwise dispose of the products of his operation and retain the full proceeds therefrom less the royalties payable to the lessor as stipulated in Article IV. hereof. The second party hereby expressly agrees that during the first twelve months ^{after the} ~~following~~ ^{date of this agreement} ~~the lifting of the government restrictions on gold mining he~~ will expend or cause to be expended at least ~~twenty five thousand~~ ^{ten thousand (\$10,000.)} dollars ~~(\$25,000.00)~~ for exploration and ^{Sampling} development work upon the leased premises.

All work for the development and operation of the property is to be done in a careful and workmanlike manner and conform in all respects to the mining laws and regulations of the United States and the State of Arizona.

ARTICLE IV. Royalties and Rental.

The second party hereby agrees to pay the first party royalties on all ores, minerals, bullion, concentrates and other products mined and removed from said property during the term of this lease as follows:

Five per cent (5%) of the net returns received from the sale of bullion, ores, concentrates or other products for each calendar month when the average of these returns represents a value of \$5.00 or less per ton of ore mined and treated.

(B)

for the next twelve months

A ~~minimum of~~ \$100 per calendar month beginning ~~three~~^{six} months from the date hereof and thereafter a minimum of \$200 per month and so in proportion for any part of a calendar month whenever the royalties on shipments do not equal or exceed the sums mention^{ed} in which event the lessee shall pay on or before the 25th day of the following month an amount in addition to regular royalties paid hereunder sufficient to make up the minimum royalty.

Seven and one-half per cent (7½%) for each calendar month when the average value of the ore as above calculated is from \$5.00 to \$10.00 per ton.

Ten per cent (10%) as above for each calendar month when the average value of the ore as above calculated is \$10.00 to \$15.00 per ton.

Fifteen per cent (15%) for each month when the average value of the ore as above calculated is over \$15.00 per ton.

It is however, expressly stipulated and agreed that the minimum royalty or rental payable by second party for the use and occupancy of this property and as a consideration for this option shall be as follows:--

(a) ~~During the interval of time beginning with the date of this agreement and ending 90 days after the Federal Government has removed the present restrictions on equipment and operation of gold mines, the second party shall pay to first party the sum of \$100.00 at the close of each period of 30 days and 90 days after the aforesaid restrictions have been removed second party shall pay to first party the sum of \$3000.00 less all payments already made as above and in accordance with the terms of Article I.~~

(b) Beginning 30 days after the payment of the said \$3000.00 second party shall pay to first party the sum of two hundred dollars (\$200.00) per month during the next six months, and thereafter the sum of six hundred dollars (\$600.00) per month during the life of this agreement and an amount sufficient to make up these minimum payments shall be paid by the second party to the first party or their authorized agent before the tenth of the next succeeding month in each and every case where the amount payable as royalty from the sale of the ores, concentrates, bullion or other products has fallen below the stipulated minimum payments.

a ~~During the first 12 months after date of this agreement~~
~~minimum etc~~

After 12 mo as in p. 2

ARTICLE V. Protection from Liens and Damages and Payment of Taxes.

The second party shall keep the leased property and the whole and every part thereof free and clear of liens for labor done or performed upon said property or materials furnished to it on or for said property, or for the development or operation thereof under this lease and while the same is in force and effect, and will save and keep harmless the first party from all costs, loss or damage which may arise by reason of injury to any persons employed by the lessee in or upon said property or any part thereof, or which may arise by reason of injury to any persons, livestock or other property as the result of any work or operations of the lessee or its possession and occupancy of the property.

The second party will keep posted upon said property such notices of non-liability for labor or materials furnished as may be posted thereon by the lessor pursuant to laws of the State of Arizona.

The second party shall pay all taxes assessed upon said property subsequent to those for the year 194⁶ and falling due during the term of this lease and while the same is in force and effect, and shall pay all taxes levied or assessed against any and all personal property, machinery and equipment placed upon said property by the second party during the term of this lease. The second party shall also pay all sales taxes and other taxes of every kind, character and description levied or imposed during the term of this lease upon the ores, minerals, concentrates or products of ores, produced, sold or otherwise disposed of by the lessee, and all taxes levied against the second party as an employer of labor. All taxes are to be promptly paid when due and before delinquent.

The second party shall also carry at all times during the term of this lease Workmen's Compensation, Liability and other insurance required by the laws and mining regulations of the State of Arizona.

During the life of this agreement the second party will perform the assessment work upon the unpatented mining claims hereby leased as may be required by law or in the event that no such work is required will do all things necessary to protect the title of first party to said claims.

ARTICLE VI. Reports and Maps.

The second party shall furnish first party quarterly with copies of the logs of all drill holes sunk on the property and with such sample or assay maps as may be made showing the position of such drill holes and of any new workings with assay values of samples taken on said property, also with copies of all settlement sheets or mint returns for all products marketed as these are received from the purchase of said products.

The duly authorized representative of the first party shall be permitted to enter into and upon said property and the workings of the second party at all reasonable times for the purpose of inspection, and also to examine the books of accounts and records of production and sale of products.

ARTICLE VII. Forfeiture Clause.

The failure of the second party to keep or perform any agreement on its part to be kept and performed, according to the terms and provisions hereof, and especially the failure of the second party to make the payments of the ~~minimum~~ royalty or rental stipulated in Article IV. hereof, shall at the election

of the lessor, work a forfeiture hereof. Provided, however, that in the event of a default on the part of the lessee and the election of the lessor to terminate this lease on account thereof, the lessor shall give to the lessee a written notice of its intention to declare a forfeiture of this lease and to terminate the same on account thereof, specifying the particular default or defaults relied upon by it, and if such default arises from non-payment of rental or royalty the second party shall have thirty (30) days after receipt of said notice in which to make good such default, but in the case of all other types of default, a period of 60 days shall be granted to remedy said default and reinstate this agreement.

In the event of a valid forfeiture, surrender or other termination of this lease and option the second party will surrender to first party peaceable possession of said property and the whole and every part thereof immediately, and all payments theretofore made shall become the property of first party as a rental for the use of the property and as consideration for the privileges hereby granted.

ARTICLE VIII. Force Majeure.

If the second party shall be delayed at any time in keeping or performing any agreement on its part to be kept or performed according to the terms and provisions hereof, except the payment of minimum royalties and taxes, by strikes, lockouts, fire, unusual delay in transportation, orders or regulations of the Government, or any duly constituted instrumentality thereof, unavoidable casualties, or any causes beyond the control of the second party, such delay shall not be deemed a breach of this lease or a default on the part of the second party constituting a cause for forfeiture, but the operations contemplated under this agreement shall be promptly resumed as soon as the cause of prevention no longer exists.

ARTICLE IX. Removal of Equipment, Etc. by Second Party.

The second party shall have, and he is hereby given and granted ^{Sixty (60)} ~~thirty (30)~~ days after a valid forfeiture, surrender or other termination of this lease and option to remove from said property all warehouse stocks, merchandise, materials, tools, hoists, compressors, engines, motors, pumps, transformers, electrical accessories, metal or wooden tanks, pipes and connections, mine cars and any and all other machinery and equipment erected or placed in or upon said property by second party together with all ore broken in the stopes or workings, except mine timbers and underground mine tracks and pipe lines in place on the main levels or in the shafts, and permanent improvements attached to the soil.

Provided, but only provided that the second party is not at that time in default in respect to any payments due to first party or in respect to any of the terms of this agreement the non-performance of which might involve the first party in any present or future liability. Otherwise in order to collect such payments or protect itself against such liability the first party shall be entitled to a first and prior lien upon all moveable equipment and other personal property of the second party placed upon the leased property and if necessary may dispose of same for the satisfaction of such claims.

ARTICLE X.

The second party expressly reserves the right to cancel, terminate, and surrender this agreement and option and to relinquish all rights, privileges and obligations hereunder at any time during the term hereof after having given to first party thirty (30) days written notice of his intention and fully discharged all obligations previously incurred.

ARTICLE XI.

The second party may assign this Lease Agreement and Option to Purchase or any of the rights acquired hereunder to another party or parties, provided, but only provided that second party has given to first party written notice of his intention to make such assignment 30 days in advance and shall confirm the said notice when such assignment is actually made effective. *But thereafter there shall be*

no further assignments without the ~~last~~ written consent of first party first had & obtained.

ARTICLE XII. Interpretation and Notification.

This Lease Agreement and Option to Purchase has been accepted and will be performed by the parties in the State of Arizona and all questions pertaining to its validity, construction or interpretation shall be determined in accordance with the laws of the State of Arizona.

All notices herein provided for may be given by mail at the following addresses, until otherwise changed by written request of the parties hereto, to-wit:

To the first party at 44 North First Avenue
Phoenix, Arizona.

To the second party at ~~P.O. Box 5226,~~
~~Tucson, Arizona.~~

ARTICLE XIII. Inurement Clause.

Time is of the essence of this agreement. The terms, provisions, covenants and agreements herein contained shall extend to, be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the first party and the second party have caused their names to be hereunto subscribed and the corporate seal of the first party has been hereunto affixed and attested by its duly authorized officers, in duplicate counterparts, as of the day and year first above written.

BONANZA AND GOLDEN EAGLE MINING COMPANY

Signed - By Donald M. Martin
President

Seal

"

Walter J. Martin
Secretary

First Party.

"

J. H. Byrd
Second Party.

STATE OF ARIZONA }
COUNTY OF MARICOPA } ss.

This instrument was acknowledged before me this 29th
Day of June, 1945 by Donald H. Martin
as President, and Walter J. Martin
as Secretary of the Bonanza and Golden Eagle Mining Company,
a corporation, for and on behalf of said corporation.

My commission expires Feb 18th 1948.

Sid.

J. L. Irwin
NOTARY PUBLIC

STATE OF ARIZONA }
COUNTY OF PIMA } ss.

This instrument was acknowledged before me this 27th
day of June, 1945, by J. H. Byrd.

My commission expires Feb 24th 1948.

Sid.

Clayton M. Cash
NOTARY PUBLIC

Original Copy of this Lease & Option recorded at
4-03 P.M. July 3rd 1945 in Book 20 Records
of B & A. at Page 181. Records of Yuma
County, Yuma, Arizona.

WAR PRODUCTION BOARD

PART 3201—MINING

[Preference Rating Order P-56, as Amended
June 30, 1945]

MINES AND SMELTERS

§ 3201.11 *Preference Rating Order P-56*—(a) *Purpose and scope.* This order explains how operators of mines and smelters in the United States and in foreign countries may get the materials and products they need to carry on their operations. The materials covered include not only maintenance, repair, and operating supplies, including controlled materials, but also machinery, other kinds of materials, and equipment.

(b) *Definitions.* (1) "Producer" means a person operating any of the following enterprises, whether in the United States, or any of its territories, or in a foreign country: (i) any plant actually engaged in the extraction by surface, open-pit, or underground methods, or in the beneficiation, concentration, or preparation for shipment of the products of mining activity; (ii) any plant wholly engaged in the processing and burning of refractories; (iii) any plant producing any material listed below by smelting or refining processes, and to whom a serial number has been issued under Preference Rating Order P-73, or is hereafter issued as provided in paragraph (c):

Antimony	Nickel
Cobalt	Platinum
Copper	Tin
Iridium	Tungsten
Lead	Vanadium
Mercury	Zinc
Molybdenum	

(iv) any prospecting enterprise for the discovery, exploration, or development of new or additional mining projects, including the construction of access roads; and (v) mines, concentrating mills, smelters, railroads, power plants, refineries, and appurtenances owned and operated by the companies holding serial numbers under Preference Rating Order P-58 on December 24, 1943

(2) "District" means a mine supply control district of the Foreign Economic Administration.

(3) "Maintenance, repair, and operating supplies" means material used for the following purposes by producers in the conduct of enterprises described above in paragraph (b) (1): (i) minimum upkeep necessary to continue the working condition of essential property or equipment, and (ii) restoration of essential property or equipment to a sound working condition after wear and tear, damage, destruction or failure of parts, or the like have made the property or equipment unfit or unsafe for service; and supplies which are essential to and consumed or worn out in the con-

duct of such enterprises. In addition, except as hereinafter noted, the term "maintenance, repair, and operating supplies" includes minor capital additions normally necessary to the operation of the enterprise, but not exceeding in cost \$500 (excluding purchaser's cost of labor) for any one complete capital addition. The term "one complete capital addition" includes a group of items customarily purchased together and all items which would normally be purchased as part of a single project or plan. No capital addition shall be subdivided for the purpose of coming within this paragraph.

Producers Holding Serial Numbers

(c) (1) *Maintenance, repair, and operating supplies for domestic producers with serial numbers.* Producers located within the United States, its territories and possessions (herein called "domestic" producers), holding serial numbers, which may be obtained in the manner specified in paragraph (f), are hereby assigned a preference rating of AA-1 for the purchase of maintenance, repair, and operating supplies, other than controlled materials. This rating may be applied by the producer by placing on his delivery order the endorsement described in paragraph (g). The producer may obtain controlled materials for maintenance, repair, and operating supplies by endorsing his delivery order with the endorsement described in paragraph (g) and inserting therein the allotment symbol "S-7" and appropriate quarterly abbreviation. An order bearing this endorsement constitutes an authorized controlled material order. No serialized producer shall order for delivery during any calendar quarter, with or without preference ratings, or allotment number, maintenance, repair, or operating supplies in an aggregate amount exceeding 120 percent of his aggregate expenditures for maintenance, repair, and operating supplies during the corresponding calendar quarter of 1943. A producer who has several plants or other operating units which maintain separate records of maintenance, repair, and operating supplies may treat each of them separately for purposes of complying with the provisions of this paragraph (c) (1).

(2) *Maintenance, repair, and operating supplies for foreign producers with serial numbers.* Producers located outside the United States, its territories and possessions and outside of Canada, (herein called "foreign" producers), holding serial numbers, which may be obtained in the manner specified in paragraph (f), may apply for priorities assistance for maintenance, repair, and operating supplies by filing the foreign mine quota application Form WPB-2937

¹ Producers located in Canada, whether or not they hold serial numbers issued under this order, may obtain maintenance, repair, and operating supplies in the United States under Canadian order PO5B.

with the Mining Division, War Production Board, Washington 25, D. C.

(3) *Machinery and equipment.* All producers holding serial numbers, whether domestic, foreign, or Canadian, may apply for priority assistance in obtaining machinery and equipment by filing Form WPB-1319 in accordance with the WPB-1319 instruction pamphlet for items of equipment listed therein. Also, for items of equipment not listed in the instruction pamphlet for which a preference rating is required without authorization on a special form, application should be made on Form WPB-1319. For items of equipment not listed in the WPB-1319 instruction pamphlet, for which orders of the War Production Board require application for specific authorization to be made on a special form, application should be made on such special form. All applications should be filed with the Mining Division, War Production Board, Washington 25, D. C., Ref. P-56, unless otherwise provided in the WPB-1319 instructions. If necessary, Form WPB-1319 or the special form may be accompanied by a letter explaining any unusual circumstances. No application is necessary in the case of minor capital additions as defined in paragraph (b) (3) unless a special form is required by another order of the War Production Board.

Foreign Producers Operating Under Mine Supply Control Districts

(d) *Priorities assistance for certain foreign producers operating under mine supply control districts.* To enable a producer not holding a serial number hereunder and located outside the continental United States and within the jurisdiction of a district to obtain priorities assistance, the following procedure is established:

(1) For maintenance, repair, and operating supplies a district may apply for priorities assistance by filing the foreign mine quota application Form WPB-2937 with the Mining Division, War Production Board, Washington 25, D. C., Ref: P-56. A producer not holding a serial number and located in a district may apply for priorities assistance by submitting to such district his purchase orders for maintenance, repair, or operating supplies, together with such information as may be required by the district. Within the limits of the priorities assistance granted to it pursuant to this paragraph (d) (1), such district may authenticate any such purchase order for maintenance, repair, or operating supplies by indicating the appropriate priorities assistance and countersigning the purchase order as follows:

Approved:

Name of district

Signature of authorized official

(2) For other machinery, materials, and equipment, a producer not holding

WAR PRODUCTION BOARD

PART 3093—GOLD MINING

[Interpretation 1 of Limitation Order L-208,
as Amended]

The question has been raised whether the provisions of paragraph (e) of Order L-208 restricting disposition of machinery and equipment of closed gold mines apply only to those mines which were closed on or after October 8, 1942, by virtue of the issuance of the order on that date.

The first general priority action with respect to mines took place on September 17, 1941, with the issuance of Preference Rating Order P-56, under which serial numbers and preference ratings were issued to producing mines. Serial numbers under P-56 were issued on the basis of the essentiality of such production and were denied to certain mines whose production was not regarded as essential.

The proper interpretation of paragraph (e) of Order L-208 freezing machinery is therefore that these restrictions apply to all non-essential mines (as defined in Order L-208), which were operating on or after September 17, 1941, whether or not they were still operating on October 8, 1942.

(P.D. Reg. 1, as amended, 6 F.R. 6680; W.P.B. Reg. 1, 7 F.R. 561; E.O. 9024, 7 F.R. 329; E.O. 9040, 7 F.R. 527; E.O. 9125, 7 F.R. 2719; sec. 2 (a), Pub. Law 671, 76th Cong., as amended by Pub. Laws 89 and 507, 77th Cong.)

Issued this 8th day of December 1942.

ERNEST KANZLER,
Director General for Operations.

WAR PRODUCTION BOARD

PART 3201—MINING¹

[LIMITATION ORDER L-208 AS AMENDED
AUG. 31, 1943]

GOLD MINING

The fulfillment of requirements for the defense of the United States has created a shortage in the supply of critical materials for defense, for private account and for export which are used in the maintenance and operation of gold mines; and the following order is deemed necessary and appropriate in the public interest and to promote the national defense:

§ 3201.6¹ *Limitation Order L-208—*

(a) *Definitions.* For the purposes of this order

(1) "Nonessential mine" means any mining enterprise in which gold is produced, whether lode or placer, located in the United States, its territories or possessions, unless the operator of such mining enterprise is the holder of a serial number for such enterprise which has been issued under Preference Rating Order P-56.

(2) With respect to any nonessential mine, "effective date" means October 8, 1942, or the date of cancellation by the War Production Board of the serial number for such mining enterprise, whichever is the later.

(3) "Operation" means any and all work in or about a mining enterprise; and includes not only mining but also treatment of ore or placer material from such enterprise. It also includes all prospecting, exploration work, and development work.

(b) *Restrictions upon production.* (1) On and after the effective date, each operator of a nonessential mine shall immediately take all such steps as may be necessary to close down, and shall close down, in the shortest possible time, the operations of such mine.

(2) In no event on or after seven days from the effective date shall any operator of a nonessential mine acquire, consume, or use any material, facility, or equipment to break any new ore or to proceed with any development work or any new operations in or about such mine.

(3) In no event on or after sixty days from the effective date shall any operator of a nonessential mine acquire, con-

sume, or use any material, facility, or equipment to remove any ore or waste from such mine, either above or below ground, or to conduct any other operations in or about such mine, except to the minimum amount necessary to maintain its buildings, machinery, and equipment in repair and its access and development workings safe and accessible.

(4) The provisions of this order shall not apply to any lode mine which produced 1,200 tons or less of commercial ore in the year 1941, provided the rate of production of such mine, after the effective date, shall not exceed 100 tons per month, nor to any placer mine which treated less than 1000 cubic yards of material in the year 1941, provided that the rate of treatment of such placer mine, after the effective date, shall not exceed 100 cubic yards per month.

(5) Nothing contained in this order shall limit or prohibit the use or operation of the mill, machine shop, or other facilities of a nonessential mine in the manufacture of articles to be delivered pursuant to orders bearing a preference rating of A-1-k or higher, or in milling ores for the holder of a serial number under Preference Rating Order P-56.

(6) Nothing contained in this order shall prohibit any owner of a mining claim from performing not more than the minimum assessment work required by the provisions of section 2324 of the Revised Statutes of the United States and by Public No. 542, 77th Congress, 2d Session.

(c) *Restrictions on application of preference ratings.* No person shall apply any preference rating, whether heretofore or hereafter assigned, to acquire any material or equipment for consumption or use in the operation, maintenance, or repair of a nonessential mine, except with the express permission of the War Production Board issued after application made to the Mining Division, War Production Board.

(d) *Assignment of preference ratings.* The War Production Board, upon receiving an application in accordance with paragraph (c) above, may assign such preference ratings as may be required to obtain the minimum amount of material necessary to maintain such nonessential mine on the basis set forth in paragraph (b) (3) above.

(e) *Restrictions on disposition of machinery and equipment.* (1) On or be-

fore October 30, 1943, or within 60 days after the effective date, whichever is later, each operator of a nonessential mine shall file with the Mining Division, War Production Board, Washington, 25, D. C., Reference: L-208, an itemized list of all machinery and equipment of the types listed in Schedule A, which were in use in, or held in connection with, such nonessential mine on such date. Such schedule shall be signed by such operator or an authorized official, giving complete specifications and conditions for each item. This provision, with respect to reporting, applies only to mines for which an itemized list of machinery and equipment has not been filed with the War Production Board as required by this order prior to August 31, 1943. Any operator who so desires may report items which he wishes to sell or rent on WPB Form 2574 in triplicate and transmit to the nearest regional War Production Board office.

(2) On and after August 31, 1943, no person who owns on the effective date machinery or equipment of the types listed in Schedule A, which was in use in, or held in connection with, a nonessential mine on the effective date, shall sell, transfer, or otherwise dispose of any thereof, and no person shall accept delivery thereof, except:

(i) With specific written permission of the War Production Board, issued after request to the Mining Division; or

(ii) To a producer holding a serial number under Orders P-56, P-58, or P-73.

(3) On and after August 31, 1943, any operator who sells, transfers, or otherwise disposes of any item listed in Schedule A to a producer holding a serial number under Orders P-56, P-58, or P-73 shall immediately report such transaction to the Mining Division of the War Production Board, Washington 25, D. C., Reference: L-208, giving the following information:

a. Name of company and mine from which transferred.

b. Identity of items transferred.

¹ Formerly Part 3093, § 3093-1.

c. Name of producer acquiring equipment and serial number of mine for which equipment is acquired.

(f) *Records and reports.* All persons affected by this order shall keep and preserve, for not less than two years, accurate and complete records concerning inventory, acquisition, consumption, and use of materials, and production of ore, and shall execute and file with the War Production Board such reports and questionnaires as said Board shall from time to time prescribe.

(g) *Audit and inspection.* All records required to be kept by this order shall, upon request, be submitted to audit and inspection by duly authorized representatives of the War Production Board.

(h) *Communications.* All reports to be filed, appeals, and other communications concerning this order should be addressed to: War Production Board, Mining Division, Washington 25, D. C., Ref.: L-208.

(i) *Violations.* Any person who willfully violates any provision of this order, or who, in connection with this order, willfully conceals a material fact or furnishes false information to any department or agency of the United States, is guilty of a crime, and upon conviction may be punished by a fine or imprisonment. In addition, any such person may be prohibited from making or obtaining further deliveries of, or from processing or using, material under priority control and may be deprived of priorities assistance.

(j) *Appeal.* Any person affected by this order who considers that compliance therewith would work an exceptional and unreasonable hardship upon him may appeal to the War Production Board, by letter, in triplicate, setting forth the pertinent facts and the reason he considers he is entitled to relief. The War Production Board may thereupon take such action as it deems appropriate.

(k) *Applicability of priorities regulations.* This order and all transactions affected thereby are subject to all applicable provisions of the priorities regulations of the War Production Board, as amended from time to time.

(P.D. Reg. 1, as amended, 6 F.R. 6680; W.P.B. Reg. 1, 7 F.R. 561; E.O. 9024, 7 F.R. 329; E.O. 9040, 7 F.R. 527; E.O. 9125, 7 F.R. 2719; sec. 2 (a), Pub. Law 671, 76th Cong., as amended by Pub. Laws 89 and 507, 77th Cong.)

NOTE: The reporting requirements of paragraph (e) have been approved by the Bureau of the Budget, pursuant to the Federal Reports Act of 1942.

Issued this 31st day of August 1943.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

SCHEDULE A

1. Aerial tramway equipment
2. Agitators
3. Assay and testing laboratory equipment
4. Automatic feeders, ore, reagent
5. Blowers (flotation)
6. Blowers (ventilation)
7. Cable, electrical
8. Cable, steel
9. Cages and skips
10. Chain blocks
11. Churn drills and accessories
12. Classifiers
13. Compressors, vacuum pumps²
14. Concentrating tables
15. Conveyors, belt, chain, or gravity
16. Crushers (stationary types)
17. Draglines¹
18. Dredges (mining)
19. Drill presses
20. Drill steel
21. Drills (diamond)
22. Drills (rock, except portable mounted)
23. Dump, rotary track, other
24. Dust control equipment
25. Electrical equipment, other than electric motors
26. Electric motors
27. Explosive equipment
28. Filters
29. Filter presses
30. Flotation machines
31. Furnaces, oil fuel, electric
32. Generators and motor generator sets

² Release for transfer of compressors, covered by Limitation Order L-100, must be secured in accordance with the provisions of that order, and should be identified as an L-208 case.

33. Granulators, ball mills, etc.
34. Grinders (air and electric)
35. Hack saws, power
36. Head frames
37. Hoists (mine)
38. Hydraulic monitors
39. Jacks (roof)
40. Jigs
41. Lamps, ore exploration
42. Lathes
43. Locomotives (mine)
44. Mucking machines
45. Ore bins (steel)
46. Power tools (portable)
47. Power units (Diesel, gasoline accessories)
48. Presses, hydraulic
49. Pumps (dewatering and supply, larger than 90,000 gallons per hour)¹
50. Pumps (other, deep well, diaphragm, centrifugal, plunger, sand, and vacuum)
51. Rail and track accessories
52. Receivers (air)
53. Rubber hose (air, water)
54. Safety and defense equipment
55. Saws (power (swing) table)
56. Scrapers (slusher type)
57. Scrapers (carrying or hauling, both drawn and self propelled)¹
58. Screens
59. Sheaves and sheave blocks
60. Sharpeners (steel)
61. Shovels, power¹
62. Slusher hoists
63. Storage batteries
64. Tanks (steel and wood)
65. Thickeners
66. Tractors and attachments¹
67. Trailers
68. Transformers
69. Trucks
70. Washing plant (gold placer)
71. Welding machines (electric, gas)
72. Weighing equipment (automatic, other)
73. Winches (tractor mounted)¹
74. Winches, other

¹ Transfer or any change in status of these types of equipment which come under the provisions of Order L-196, Used Construction Equipment, should also be reported on WPB Form 1333 to the Used Construction Equipment Regional Specialist in the War Production Board Regional Office in the region in which such equipment is located, and marked L-208 case.

BYRD MINING OPERATIONS

MAIN OFFICE
TUCSON, ARIZONA
P. O. BOX 5226
TELEPHONE 2032

January 21, 1946

Mr. George M. Colvocoresses
1102 Luhrs Tower
Phoenix, Arizona

Dear Mr. Colvocoresses:

I appreciate your letter of January 18. I have written to Washington for an interpretation and will advise you as soon as I receive the same.

I am hoping to go to Wickenburg this week and shall hope to see you. We have taken a lot of samples from the rubble area at the Harqua Hala which are now being tested at the University, and we have five men out on the property today who will spend a week to do intensive sampling for future tests here at the University.

Kind regards,

Yours truly,

J. H. Byrd



JHB:lc

BYRD MINING OPERATIONS

MAIN OFFICE
TUCSON, ARIZONA
P. O. BOX 5226
TELEPHONE 2032

February 1, 1946

Harqua Hala

Mr. George M. Colvocoresses
1102 Luhrs Tower
Phoenix, Arizona

Dear Mr. Colvocoresses:

I hand you herewith WPB order #L-208 and order P-56; also a letter from Mr. Hayes; also Print #4 which is prepared for the Sub-Committee on the Study and Survey of Small Business. Please note the preface. The last clause, which states my views in the matter of restrictions, you will note is marked.

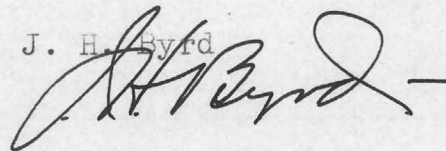
I appreciate your letter of January 30 regarding the Harqua Hala. We have not yet received all of the assays nor a complete report of the engineer and crew that we had do the sampling, but I will send you the result of this work as soon as it is finished.

I wish to thank you for your information about the Burro and the Socorro mines. After writing you last week, I have been much of the time in court and have another lawsuit on February 6 so it looks now as if it might be the week after next before I can get up there to talk with you. In any event, I will come the first day that I can get away. I think it would be all right to discuss all the correspondence with Mr. Martin.

Regards.

Yours very truly,

J. H. Byrd



JHB:lc



CIVILIAN PRODUCTION ADMINISTRATION

WAR PRODUCTION BOARD

WASHINGTON 25, D. C.

January 28, 1946

IN REPLY REFER TO:

Mr. J. H. Byrd
Byrd Mining Operations
P. O. Box 5226
Tucson, Arizona

Dear Mr. Byrd:

Your letter of January 16 addressed to Mr. Landon F. Strobel has been called to my attention for consideration.

We are enclosing copies of L-208 and P-56 which we believe speak for themselves. For your information, L-208 was revoked on June 30, 1945, and P-56 on October 1, 1945.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "F. H. Hayes". The signature is written in a cursive style with a horizontal line above it.

F. H. Hayes, Director
Metals and Minerals Division

Enclosures

WAR PRODUCTION BOARD

WASHINGTON 25, D. C.

January 28, 1946



IN REPLY, REFER TO:

Mr. J. H. Boyd
Ford Mining Operations
P. O. Box 2222
Tucson, Arizona

Dear Mr. Boyd:

Your letter of January 18 addressed to Mr. Gordon F. Strobel has been called to my attention for consideration.

We are enclosing copies of I-208 and I-209 which we believe speak for themselves. For your information, I-208 was revised on June 30, 1945, and I-209 on October 1, 1945.

Sincerely yours,

F. H. Hayes, Director
Metals and Minerals Division

Enclosures

See index

79th Congress }
1st Session }

SENATE SUBCOMMITTEE PRINT No. 4

THE GOLD-MINING INDUSTRY

A GUIDE TO CURRENTLY APPLICABLE PRIORITIES,
WAGE, AND MANPOWER REGULATIONS

STAFF REPORT

OF THE

SUBCOMMITTEE ON MINING AND MINERALS INDUSTRY

TO THE

SPECIAL COMMITTEE TO STUDY AND SURVEY
PROBLEMS OF AMERICAN SMALL BUSINESS

PURSUANT TO

S. Res. 28

(79th Congress)

(Extending S. Res. 298—76th Congress)

A RESOLUTION TO APPOINT A SPECIAL COMMITTEE TO
STUDY AND SURVEY PROBLEMS OF AMERICAN
SMALL BUSINESS ENTERPRISES

AUGUST 7, 1945

Printed for the Use of the Special Committee To Study and
Survey Problems of American Small Business

UNITED STATES

GOVERNMENT PRINTING OFFICE

WASHINGTON : 1945

75961

SPECIAL COMMITTEE TO STUDY PROBLEMS OF AMERICAN
SMALL BUSINESS

JAMES E. MURRAY, Montana, *Chairman*

ALLEN J. ELLENDER, Louisiana
JAMES M. MEAD, New York
TOM STEWART, Tennessee
CLAUDE PEPPER, Florida
BRIEN MCMAHON, Connecticut
GLEN H. TAYLOR, Idaho

ARTHUR CAPPER, Kansas
GEORGE A. WILSON, Iowa
KENNETH S. WHERRY, Nebraska
C. DOUGLAS BUCK, Delaware
THOMAS C. HART, Connecticut

DEWEY ANDERSON, *Executive Secretary*
ALFRED J. VAN TASSEL, *Staff Director*

SUBCOMMITTEE ON MINING AND MINERALS INDUSTRY

JAMES E. MURRAY, Montana, *Chairman*

GLEN H. TAYLOR, Idaho

ARTHUR CAPPER, Kansas

WILLIAM C. BROADGATE, *Technical Consultant*
GEORGE H. SOULE, Jr., *Assistant Technical Consultant*

TITLE II

WAGE AND SALARY STABILIZATION POLICY

1. No increases in wage rates, granted as a result of voluntary agreement, collective bargaining, conciliation, arbitration, or otherwise, and no decreases in wage rates, shall be authorized unless notice of such increases or decreases shall have been filed with the National War Labor Board, and unless the National War Labor Board has approved such increases or decreases.

2. The National War Labor Board shall not approve any increase in the wage rates prevailing on September 15, 1942, unless such increase is necessary to correct maladjustments or inequalities, to eliminate substandards of living, to correct gross inequities, or to aid in the effective prosecution of the war.

3. The National War Labor Board shall not approve a decrease in the wages for any particular work below the highest wages paid therefor between January 1, 1942 and September 15, 1942, unless to correct gross inequities and to aid in the effective prosecution of the war.

4. The National War Labor Board shall, by general regulation, make such exemptions from the provisions of this title in the case of small total wage increases or decreases as it deems necessary for the effective administration of this Order.

5. No increases in salaries now in excess of \$5,000 per year (except in instances in which an individual has been assigned to more difficult or responsible work), shall be granted until otherwise determined by the Director.

6. No decrease shall be made in the salary for any particular work below the highest salary paid therefor between January 1, 1942, and September 15, 1942, unless to correct gross inequities and to aid in the effective prosecution of the war.

TITLE III

ADMINISTRATION OF WAGE AND SALARY POLICY

1. Except as modified by this Order, the National War Labor Board shall continue to perform the powers, functions, and duties conferred upon it by Executive Order No. 9017, and the functions of said Board are hereby extended to cover all industries and all employees. The National War Labor Board shall continue to follow the procedures specified in said Executive Order.

2. The National War Labor Board shall constitute the agency of the Federal Government authorized to carry out the wage policies stated in this Order, or the directives on policy issued by the Director under this Order. The National War Labor Board is further authorized to issue such rules and regulations as may be necessary for the speedy determination of the propriety of any wage increases or decreases in accordance with this Order, and to avail itself of the services and facilities of such State and Federal departments and agencies as, in the discretion of the National War Labor Board, may be of assistance to the Board.

TITLE VI

GENERAL PROVISIONS

1. Nothing in this order shall be construed as affecting the present operation of the Fair Labor Standards Act, the National Labor Relations Act, the Walsh-Healey Act, the Davis-Bacon Act, or the adjustment procedure of the Railway Labor Act.

2. Salaries and wages under this order shall include all forms of direct or indirect remuneration to an employee or officer for work or personal services performed for an employer or corporation, including but not limited to, bonuses, additional compensation, gifts, commissions, fees, and any other remuneration in any form or medium whatsoever, (excluding insurance and pension benefits in a reasonable amount as determined by the Director); but for the purpose of determining wages or salaries for any period prior to September 16, 1942, such additional compensation shall be taken into account only in cases where it has been customarily paid by employers to their employees. "Salaries" as used in this order means remuneration for personal services regularly paid on a weekly, monthly or annual basis.

FRANKLIN D. ROOSEVELT,

THE WHITE HOUSE, October 3, 1942.

CONTENTS

	Page
Preface.....	v
Introduction.....	1
Priorities.....	1
Maintenance, repair, and operating supplies.....	2
Preference rating AA-5.....	2
Controlled materials.....	2
Endorsement.....	2
Minor capital additions.....	2
Dollar-value quota.....	2
Supplies without priorities.....	2
Lumber.....	3
Lumber defined.....	3
Ratings for lumber.....	3
Class I consumers of lumber.....	3
Class II consumers of lumber.....	3
All other consumers.....	3
Timber.....	4
Construction.....	4
Permitted construction.....	4
Houses, etc., not permitted.....	4
Other permitted construction.....	4
Priorities for construction materials.....	4
Machinery and equipment.....	5
No priorities assistance.....	5
Emergencies.....	5
New machinery and equipment obtainable.....	5
Used machinery and equipment.....	6
Gross discrimination by the WPB.....	6
Manpower controls.....	6
Special restrictions not contemplated.....	6
Employment ceilings.....	7
Hiring methods.....	7
Statement of availability procedure.....	7
Priority referral.....	7
Exceptions.....	7
Labor priorities.....	7
Official statement of WMC.....	7
Wage regulations.....	8
Senator Murray's letter to WLB.....	8
WLB statement of May 10, 1945.....	9
Wage structures for gold mines.....	9
Gold mines with less than eight men.....	9
Advance approval not necessary.....	9
Special requirements for unionized mines.....	10
Methods of setting a wage structure.....	10
Circumstances permitting a modified or different structure.....	10
Statements by the Chairman of WLB.....	10
Nonferrous Metals Commission announcement of July 1, 1945.....	11
Postscript.....	12
APPENDIX	
Exhibit A—WPB Order L-335, Lumber and Lumber Products—Certification of orders.....	13
Exhibit B—WPB Order L-335, Dir. 7, Lumber and Lumber Products—Deliveries of certain lumber on uncertified and unrated orders.....	14
Exhibit C—Applicable excerpts from act amending Emergency Price Control Act of 1942.....	14
Exhibit D—Applicable excerpts from Executive Order 9250.....	15

to the extent that he finds necessary to aid in the effective prosecution of the war or to correct gross inequities. * * *

SEC. 2. The President may, from time to time, promulgate such regulations as may be necessary and proper to carry out any of the provisions of this Act; and may exercise any power or authority conferred upon him by this Act through such department, agency, or officer as he shall direct. The President may suspend the provisions of sections 3 (a) and 3 (c), and clause (1) of section 302 (c), of the Emergency Price Control Act of 1942 to the extent that such sections are inconsistent with the provisions of this Act, but he may not under the authority of this Act suspend any other law or part thereof.

* * * * *

SEC. 4. No action shall be taken under authority of this Act with respect to wages or salaries (1) which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the National Labor Relations Act, or (2) for the purpose of reducing the wages or salaries for any particular work below the highest wages or salaries paid therefor between January 1, 1942, and September 15, 1942: *Provided*, That the President may, without regard to the limitation contained in clause (2), adjust wages or salaries to the extent that he finds necessary in any case to correct gross inequities and also aid in the effective prosecution of the war.

SEC. 5. (a) No employer shall pay, and no employee shall receive, wages or salaries in contravention of the regulations promulgated by the President under this Act. The President shall also prescribe the extent to which any wage or salary payment made in contravention of such regulations shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any employer for the purposes of any other law or regulation.

(b) Nothing in this Act shall be construed to prevent the reduction by any private employer of the salary of any of his employees which is at the rate of \$5,000 or more per annum.

(c) The President shall have power by regulation to limit or prohibit the payment of double time except when, because of emergency conditions, an employee is required to work for seven consecutive days in any regularly scheduled work week.

* * * * *

SEC. 10. When used in this Act, the terms "wages" and "salaries" shall include additional compensation, on an annual or other basis, paid to employees by their employers for personal services (excluding insurance and pension benefits in a reasonable amount to be determined by the President); but for the purpose of determining wages or salaries for any period prior to September 16, 1942, such additional compensation shall be taken into account only in cases where it has been customarily paid by employers to their employees.

* * * * *

EXHIBIT D

(Referred to on p. 8, under heading "Wage regulations")

APPLICABLE EXCERPTS FROM EXECUTIVE ORDER 9250

EXECUTIVE ORDER 9250

PROVIDING FOR THE STABILIZING OF THE NATIONAL ECONOMY

By virtue of the authority vested in me by the Constitution and the statutes, and particularly by the Act of October 2, 1942, entitled "An Act to Amend the Emergency Price Control Act of 1942, to Aid in Preventing Inflation, and for Other Purposes", as President of the United States and Commander in Chief of the Army and Navy, and in order to control so far as possible the inflationary tendencies and the vast dislocations attendant thereon which threaten our military effort and our domestic economic structure, and for the more effective prosecution of the war, it is hereby ordered as follows:

* * * * *

EXHIBIT B

(Referred to on p. 3, under heading "All other consumers")

WAR PRODUCTION BOARD

PART 3285—LUMBER AND LUMBER PRODUCTS

[Order L-335, Direction 7, as Amended Apr. 17, 1945]

DELIVERIES OF CERTAIN LUMBER ON UNCERTIFIED AND UNRATED ORDERS

(a) What this direction does. This direction permits the movement of certain low grade lumber and culls and rejects on uncertified orders.

(b) Delivery and receipt of graded or mill run lumber. Any sawmill or any distributor that accumulates #4 or lower grades of Douglas fir, or E grade Douglas fir, #4 or lower grades of Southern yellow pine, #4 or lower grades of Western hemlock, or E grade Western hemlock, #4 or lower grades of Sitka spruce, redwood dunnage, or #3 or lower grades of cypress, and who has not been offered certified orders for such lumber is authorized to deliver that lumber on uncertified and unrated orders to any person.

(c) Delivery of lumber by a distributor who gets it on uncertified orders. A distributor that receives lumber on an uncertified order may in turn deliver that lumber on uncertified and unrated orders provided such delivery does not interfere with the filling of a certified order. This provision does not apply to lumber that a distributor gets on an uncertified order on a "special sale" under Priorities Regulation No. 13. It also does not apply where the distributor has agreed to sell only on certified orders the lumber released from a sawmill under the provisions of paragraph (t) of Order L-335 and where this agreement has been confirmed by letter from the War Production Board.

(d) Deliveries and receipts of culls and rejects. Any lumber supplier may deliver culls and rejects on uncertified and unrated orders, and any lumber distributor or consumer may receive culls and rejects. However, no lumber may be treated as cull and reject under this direction if the supplier charges more than 85 percent of the price allowed him by the Office of Price Administration for the lowest standard grade of the same species.

(e) [Deleted Apr. 17, 1945.]

(f) [Deleted Apr. 17, 1945.]

(g) [Deleted Apr. 17, 1945.]

Issued this 17th day of April 1945.

WAR PRODUCTION BOARD.
By J. JOSEPH WHELAN,
Recording Secretary.

EXHIBIT C

(Referred to on p. 8, under heading "Wage regulations")

APPLICABLE EXCERPTS FROM ACT AMENDING EMERGENCY
PRICE CONTROL ACT OF 1942

[PUBLIC LAW 729—77TH CONGRESS]

[CHAPTER 578—2D SESSION]

AN ACT To amend the Emergency Price Control Act of 1942, to aid in preventing inflation, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to aid in the effective prosecution of the war, the President is authorized and directed, on or before November 1, 1942, to issue a general order stabilizing prices, wages, and salaries, affecting the cost of living; and, except as otherwise provided in this Act, such stabilization shall so far as practicable be on the basis of the levels which existed on September 15, 1942. The President may, except as otherwise provided in this Act, thereafter provide for making adjustments with respect to prices, wages, and salaries,

PREFACE

The gold mines of the Nation, which have been closed since October 8, 1942, were permitted by the War Production Board to resume operations on June 30, 1945. Inquiries from the industry revealed the necessity of determining the status of various Government wartime controls applicable to gold-mining activities. This report is designed to present such information, especially for the guidance of the smaller gold-mine operators.

The need for increased gold mining is shown by the obvious lack of sufficient gold to handle domestic and world trade. A large industrial need also has developed. The Bureau of Mines reports that gold to the value of \$96,864,000 was issued for industrial uses in 1943, and this exceeded the value of production from the mines of the United States and Alaska for the same year by \$49,130,000. The war has developed many special uses for gold.

As the demand for critical and strategic minerals and metals lessens, gold mining must take up the employment slack, maintain the economy of hundreds of western mining communities, and afford opportunities for capital investment.

The revocation of the War Production Board gold-mine-closing order L-208, on June 30, 1945, did not release the industry from all controls but left it encumbered by numerous administrative orders and regulations. The staff of the subcommittee submits herewith a study showing the present status of priorities, wage, and manpower controls applicable to the gold-mining industry in general.

APPENDIX

EXHIBIT A

(Referred to on p. 3, under heading "Class II consumers of lumber")

WAR PRODUCTION BOARD

PART 3285—LUMBER AND LUMBER PRODUCTS

[Order L-335, as Amended Jan. 5, 1945]

Certification of Orders

(q) General provisions. Unless a directive or a direction issued by the War Production Board under this order says that it may be done in some other way, an order for lumber may only be certified by endorsing or attaching one of the following forms of certificates on the purchase order, sales ticket, or other order calling for the delivery of lumber. Certificates must be signed manually or as explained in Priorities Regulation No. 7. However, the standard form of certificate described in that regulation may not be used in place of the certificates required by this order. Orders placed verbally must be confirmed immediately and the confirmation must bear the appropriate certificate. Orders placed by telegraph must bear the appropriate certificate in full or be confirmed by letter bearing the certificate in full. Lumber suppliers who receive certificates must keep them in their files for inspection by government officials. Any consumer who may place a certified (rated or unrated) order for lumber required for construction or for maintenance and repair and who wishes to have the construction work done and the material furnished by another person may authorize such other person to sign the certificate as his duly authorized official.

(1) Certificate that must be used by Class I and Class II consumers on rated orders. Class I and Class II consumers must endorse the following certificate on all their rated orders calling for the delivery or transfer of lumber:

The undersigned consumer certifies to the supplier and to the War Production Board that this lumber, together with all other lumber for which he has requested delivery, does not exceed the amount he has been authorized by the War Production Board to receive under Order L-335, with the provisions of which he is familiar, and that the use of any rating shown on this order is authorized.

Date By Consumer
Duly authorized official

(2) Certificates that must be used by Class I consumers on their unrated orders. Class I consumers who place certified but unrated orders calling for the delivery of lumber must use the following form of certificate:

The undersigned certifies to the supplier and to the War Production Board that he is a Class I consumer and that this lumber, together with all other lumber for which he has requested delivery within the quarter in which delivery of this lumber is requested, does not exceed the amount he has been authorized by the War Production Board to receive under Order L-335, with the provisions of which he is familiar and that this order is unrated.

.....
By Consumer
Duly authorized official

Date

POSTSCRIPT

A supplement to this report may be published following subcommittee hearings at Helena, Mont., August 7 and 8, 1945, and subsequent to official determinations by the National War Labor Board with respect to wage regulations for gold mines.

THE GOLD-MINING INDUSTRY**A GUIDE TO CURRENTLY APPLICABLE PRIORITIES,
WAGE, AND MANPOWER REGULATIONS****INTRODUCTION**

A preliminary draft of each section of this report was submitted to the appropriate Government agency with the request that the facts presented therein be checked for accuracy and that any omissions be noted.

The War Production Board and War Manpower Commission have reviewed and approved the information contained herein which pertains to their respective policies, orders, and regulations.

Although a section on wage regulations for gold mines is included in this report it cannot be used as an accurate guide at this time. The War Labor Board has not yet reconciled the gross discrepancies occurring between the regulations and policies announced May 10, 1945, by the Chairman of the War Labor Board, Washington, D. C., and those announced July 1, 1945, by the Chairman of the Nonferrous Metals Commission of the War Labor Board, Denver, Colo. A definite ruling may be obtained following subcommittee hearings to be held August 7 and 8 at Helena, Mont.

As Government wartime controls of materials, wages, and labor probably will be in a constant state of flux until the termination of the national emergency, gold producers should consult their local Federal agency offices at frequent intervals for information concerning changes that may be made from time to time.

PRIORITIES

Preference Rating Order P-56 was amended June 30, 1945, to bring it in line with the revocation of WPB Limitation Order L-208. This was accomplished by deleting several references which specifically excluded gold mines from the benefits of the order. Technically, Order P-56 now extends to gold producers the same limited priorities assistance, stated or implied, as heretofore given to all other producers not holding mine serial numbers. Actually, applications for priorities assistance for machinery and equipment filed by gold producers will be denied.

According to the WPB Mining Division, most new machinery and equipment items, especially those required by the smaller gold mines, are now obtainable without priorities assistance.

The gradual removal of practically all priorities controls by January 1, 1946, as set forth in Priorities Regulation No. 29 issued on June 30, 1945, by the War Production Board, should further facilitate the acquisition of mining machinery and equipment.

MAINTENANCE, REPAIR, AND OPERATING SUPPLIES

Preference rating AA-5

Order P-56 permits gold producers to assign a preference rating of AA-5 to delivery orders for maintenance, repair, and operating supplies other than controlled materials.

Controlled materials

The so-called controlled materials are semifabricated forms of copper, steel, and aluminum, including such forms as wire, rods, plates, angles, castings, rails, etc.

Gold producers are permitted by Order P-56 to obtain controlled materials for maintenance, repair, and operating supplies by assigning to delivery orders the allotment symbol, S-7, and the appropriate quarterly abbreviation, 3d (or 4th) Q '45.

Endorsement

To avoid confusion it is suggested by the WPB Mining Division that all orders for maintenance, repair, and operating supplies which require priorities be manually endorsed: "Preference rating AA-5; allotment No. S-7, 3d (or 4th) Q '45; order authorized under Preference Rating Order P-56."

Minor capital additions

A further provision of Order P-56 reads:

In addition, except as hereinafter noted, the term "maintenance, repair, and operating supplies" includes minor capital additions normally necessary to the operation of the enterprise but not exceeding in cost \$500 (excluding purchaser's cost of labor) for any one complete capital addition. The term "one complete capital addition" includes a group of items customarily purchased together and all items which would normally be purchased as part of a single project or plan. No capital addition shall be subdivided for the purpose of coming within this paragraph.

Dollar value quota

All producers are limited as to the dollar-value amount of controlled materials that may be ordered for delivery during any calendar quarter. Therefore, it is necessary that each gold producer intending to resume operations during the third or fourth quarters of 1945 secure an appropriate quota for each quarter before using the allotment symbol, S-7, on delivery orders.

As it may be difficult for many producers to determine the dollar value of controlled materials that may be needed, the WPB Mining Division suggests that gold producers apply for controlled-material quotas by letter, in duplicate, to the Mining Division, War Production Board, Washington 25, D. C., Ref.: P-56, and present an estimate of the total dollar value of all maintenance, repair, and operating supplies that will be needed during each of the two quarters. From this over-all estimate the Mining Division will determine and assign a total dollar-value quota for controlled materials alone.

Supplies without priorities

Many, if not most, maintenance, repair, and operating supplies, including controlled materials, may be obtained without priorities. According to Priorities Regulation No. 29, blanket priorities assistance for such supplies will remain in effect only through December 31, 1945, unless previously revoked.

NONFERROUS METALS COMMISSION ANNOUNCEMENT OF JULY 1, 1945

War Labor Board officials report that the regulations announced July 1, 1945, by the Nonferrous Metals Commission, Denver, Colo., represented a unanimous decision by labor, management, and public members of the Commission.

Inasmuch as the National War Labor Board, Washington, D. C., issued, May 10, 1945, official policy and instruction statements applicable to all businesses and industries, and as the announcement of the Nonferrous Metals Commission was not approved by the National War Labor Board, it is acknowledged that the regulations announced by the Commission July 1, 1945, are not official.

There appears to be no legitimate reason for withholding from gold mines the same privileges and treatment extended to all other businesses resuming operations or reconverting to civilian production. It is only fair and equitable that the National War Labor Board clarify the issue and announce that gold-mine operators may establish wage structures in the manner announced and explained by its chairman on May 10, 1945, as revealed in the report presented above.

The regulations promulgated by the Commission are given below.

NONFERROUS METALS COMMISSION

Denver, Colo.

[For release to Sunday papers, July 1, 1945]

NMC-80

Regulations for wages to be paid by companies resuming gold mining on or after July 1, were announced today by J. Glenn Donaldson, Chairman of the Nonferrous Metals Commission of the National War Labor Board.

Companies may use wage-rate schedules legally in effect when gold-mining operations were closed down in 1942 by the War Production Board. The term "legally in effect," Donaldson explained, contemplates that any increases or decreases in wages made between October 2, 1942, the date of wage stabilization, and the date of suspension of operations must have been approved by the War Labor Board.

"Under the Public Debt Act," Donaldson continued, "no job rate shall be lower than the highest rate paid for the same job classification during the period January 1 and September 15, 1942. Any deviation from the legal job rate, whether an increase or decrease, should be made only upon application to, and approval of, the Nonferrous Metals Commission. Such application must be made through and on forms obtained from the nearest wage-and-hour office."

Donaldson said a survey of the gold-mining industry disclosed that some companies still have the right to grant wage increases to meet the rise in living costs. He pointed out: "Such companies, upon application to the Nonferrous Metals Commission, may receive permission to increase wages up to 15 percent above the average of the straight-time rates prevailing on January 1, 1941."

Companies may also apply for adjustments to correct intraplant and interplant inequities. The latter contemplates the use of wage bracket rates set in the various labor market areas for metal-mining companies.

Donaldson emphasized that basic changes in contract or bonus plans should be submitted to the Commission. Although employers of less than nine are exempt from the jurisdiction of the War Labor Board, Donaldson said such exemption does not apply to companies who intend ultimately to employ more than that number. Exempted employers are expected to abide by wage-stabilization principles.

The Nonferrous Metals Commission has jurisdiction over gold-mining companies in the 11 Western States.

mission will determine whether the rates so established conform to the standards outlined below and to the rules of stabilization regarding wage increases and reductions. Any modification of such rates resulting from the review will not be made retroactive except as otherwise agreed by the parties or specified by the applicant. The rates as filed must be paid until and unless a modified schedule is filed under and pursuant to this paragraph.

Special requirements for unionized mines

Where the employees are represented by a union, agreement of the company and the union is required before the * * * wage structure may be made effective * * *. If there is disagreement over any portion of the wage-rates schedule, the parties may agree to install a schedule to facilitate the starting-up process subject to later modification upon such basis as the parties may agree * * *. If the parties are in total disagreement as to the schedule, the dispute shall be handled under the established procedures for other types of disputes.

Methods of setting a wage structure

* * * where civilian production is resumed in plants discontinued in wartime, the wage schedule should be fixed at the prevailing level of wages in the industry or area for comparable occupations.

A gold-mine operator employing nine or more men must make out and file a case in support of the wage structure selected.

Generally, where a gold producer paid the same wages as producers of other minerals or metals (lead, copper, zinc, tungsten, etc.) in the area before the war, a wage structure may be selected which is comparable to those in effect at such mines in the area today. If the wages were not the same before the war, a wage structure which reflects an appropriate relationship may be established.

Circumstances permitting a modified or different structure

In any case in which the application of the foregoing principles would not result in a suitable or appropriate wage structure, a modified or different structure may be agreed to by the parties where the workers are represented by a union or proposed by the employer where the workers are not represented by a union. In such cases advance approval of the board is required before the wage structure may be made effective. Such approval may be sought from the appropriate regional board or industry commission and may be approved only in accordance with the wage stabilization policy in effect at the time.

Statements by the Chairman of WLB

Chairman George W. Taylor, of the National War Labor Board, in a press conference on the Board's conversion statement, issued simultaneously, explained:

There are * * * some plants * * * that have been out of operation entirely because of inability to secure materials which were needed for war purposes. Our job, of course, is to get those plants into operation as quickly as possible, as quickly as is consistent with the prosecution of the war against Japan. In those plants * * * it is necessary to secure a wage schedule * * * to specify the wage rates under which they shall employ people.

So we have set down certain guideposts which in our judgment would bring up new wage schedules in conformance with the Stabilization Act. We have said to those people: "We are counting on you to go ahead in good faith, with discretion and self-restraint, in getting your schedules together quickly and putting them into effect immediately." We don't want a minute's loss of civilian production or a single job lost because there is an inability to determine the wages at which people will work * * *. If it should be found that some part of the schedule that has been placed into effect does not conform with the act, the Board may have to make some adjustments. The adjustments, if made, will not be ordered retroactively * * *. That too is to encourage folks to get into production.

LUMBER

Gold producers may not use the AA-5 MRO rating, assigned by Order P-56, to obtain lumber.

The Lumber and Lumber Products Order L-335, as amended January 5, 1945, provides that "No person who has an AA-5 MRO rating for maintenance, repair, and operating supplies may use it to get lumber."

Lumber defined

For the purposes of Order L-335, "lumber" means "any sawed lumber of any species, size, or grade, including round edge, rough, dressed on one or more sides or edges, dressed and matched, ship-lapped, worked to pattern, or grooved for splines * * *," but does not include round mine timbers, slabs, railway cross ties 9 feet or less in length, mine ties (sawed or hewed), or used lumber.

Ratings for lumber

Applications for preference ratings to obtain lumber may be made by filing Form WPB-2910 with the Mining Division of the War Production Board, Washington 25, D. C., Ref.: P-56. The Mining Division has indicated that AA-5 ratings will be granted.

Class I consumers of lumber

A gold mine operator who expects that he will need to receive 50,000 or more board feet of lumber in a particular quarter for all purposes, except a construction job which has been expressly authorized, must file Form WPB-3640 and obtain an authorization from the War Production Board to receive lumber. A preference rating is not needed where Form WPB-3640 is used.

Form WPB-3640 should be filed with the Mining Division, War Production Board, Washington 25, D. C., Ref.: P-56 and L-335.

Any person granted an authorization to receive lumber on Form WPB-3640 is referred to as a "class I consumer" and must certify (endorse) all purchase orders for the delivery of lumber, whether with or without a preference rating, in the manner described by Order L-335.¹

Class II consumers of lumber

One who receives a preference rating to obtain lumber and who needs less than 50,000 board feet of lumber in a calendar quarter is classified as a "class II consumer" of lumber and must place "certified and rated" orders.

A class II consumer does not file special applications for authority to receive lumber. However, in placing his order he must use a rating received on Form WPB-2910 and endorse the order with the certification shown in Order L-335.¹

All other consumers

Industrial plants, business enterprises, and other persons who need lumber for a purpose for which no rating has been assigned or specific authorization granted are classified as "all other consumers."

Order L-335 provides that these consumers "may place uncertified and unrated orders with lumber distributors and may accept deliveries

¹ The certification forms described in order L-335 are presented in exhibit A.

of lumber to the extent that distributors are permitted by directions to this order to supply lumber for their needs."

Direction 7 to L-335 as amended April 17, 1945,² "permits the movement of certain low-grade lumber and culls and rejects on uncertified orders" and also on unrated orders.

TIMBER

As round mine timber is not classified as lumber under Order L-335, the AA-5 MRO rating assigned by Order P-56 for maintenance, repair, and operating supplies may be used if necessary to obtain timber.

CONSTRUCTION

Permitted construction

Although Construction Order L-41, as amended June 11, 1945, "forbids most kinds of construction by any person who has not received specific authorization from the War Production Board," it is not necessary to secure WPB permission under Order L-41 for construction involving maintenance and repairs on industrial units or the "construction of structures which are to be used directly in the discovery, development, or depletion of mineral deposits; also minor capital additions given priorities assistance under Order P-56 * * *"

Houses, etc., not permitted

Except as indicated below, the above exemptions to Order L-41 do not include mine houses, commissaries, garages, and office buildings.

Permission for the construction of these types of units may be obtained by filing Form WPB-617 with the local War Production Board district office.

Other permitted construction

Order L-41 provides blanket authorization for an annual amount of construction work, including maintenance and repair, which may be done on each unit of housing.

Permitted housing construction includes \$1,000 for a house designed for occupancy by one family, \$2,000 for a residential building designed for occupancy by two families, and so on up to \$5,000 for a residential building designed for occupancy by five families. Every separate house or building used for residential purposes constitutes a separate unit.

An annual amount of \$5,000 for a building used as an office is also permitted.

Priorities for construction materials

If priorities should be needed for construction materials, these (AA-5 rating or additional controlled material allotment) may be obtained by filing Form WPB-2910 with the Mining Division, War Production Board, Washington 25, D. C., Ref.: P-56.

² Direction 7 to L-335 is presented in exhibit B.

My Mining and Minerals Industry Subcommittee has endeavored to obtain and publish this information for the guidance of operators of the smaller gold mines.

On requesting this information from the War Labor Board we were referred to the conversion statement of May 10, 1945, and to the statements which you made during a press conference of the same date. Instructions and policies contained in these statements applicable to businesses "discontinued in wartime," such as gold mines, were assembled into the enclosed report which was read to and approved by responsible officials of the War Labor Board.

Subsequent to the compilation of this material it was discovered that J. Glen Donaldson, Chairman of the Nonferrous Metals Commission of the National War Labor Board, Denver, Colo., had issued "Regulations for wages to be paid by companies resuming gold mining on or after July 1 * * *." This announcement, a copy of which is enclosed, apparently was made without the knowledge of the Washington office of the War Labor Board.

I was pleased with policy and instruction statements which you made on May 10, as the terms of your announcement would enable gold mines and other businesses to establish appropriate wage structures and resume operations with less difficulty.

On the other hand, the rigid regulations announced by Mr. Donaldson, in addition to being too restrictive and an encumbrance to the reopening of the gold mines, are contrary to the spirit and text of your announced policies and instructions.

As it is not believed to be the intention of the War Labor Board to single out the gold mining industry for discriminatory treatment, I should like to have your assurance that gold mine operators may establish wage structures in the manner announced and explained by you on May 10, 1945.

The committee would like to have your comment within the next few days if possible.

Sincerely,

JAMES E. MURRAY,
Chairman, Subcommittee on Mining and Minerals Industry of the Special
Committee To Study Problems of American Small Business.

WLB STATEMENT OF MAY 10, 1945

The report which follows was assembled from announcements made by the War Labor Board, Washington, D. C., May 10, 1945, and was verbally approved by responsible officials of WLB before the announcement of the Nonferrous Metals Commission, Denver, Colo., became known in Washington:

WAGE STRUCTURES FOR GOLD MINES

Gold mines with less than eight men

Gold-mine operators employing eight or less are not subject to the regulations of the War Labor Board. They may pay any wage scale desired without reference to the WLB or the instructions presented below.

The quoted instructions and principles which follow, taken from the National War Labor Board's "Conversion Statement of May 10, 1945," are applicable to operators employing nine or more men.

Advance approval not necessary

Wage structures * * * which are developed in accordance with the guides specified below, may be made effective without the advance approval of the Board, provided that on or before their effective date they are submitted directly to the appropriate regional board or industry commission for post review.⁵ Upon such review the regional board or industry com-

⁵ Any necessary information regarding such submission and appropriate forms may be received from the local offices of the Wage and Hour Division of the Department of Labor. Such submission, as well as those applications referred to in other sections of this statement, may also be filed with the local offices of the Wage and Hour Division of the U. S. Department of Labor.

The text of the memorandum addressed to the WMC regional director is presented below:

Your memorandum of June 21 requested an official announcement from headquarters concerning over-all manpower policy as it might relate to the revocation of L-208 and the resumption of gold mining. No official announcement will be made from headquarters since our program is believed flexible enough to make it unnecessary to take special action or give special publicity with respect to any industry or activity for which an L order has been lifted.

It is our conclusion that gold mining should be treated in a manner identical to the treatment given any activity which is not included in the WMC List of Essential Activities. Whatever program you have with respect to such activities is equally applicable to gold mining. All effective provisions of the employment stabilization program, ceilings, priority referrals, and all other elements of your area programs are expected to be observed by gold-mining operators.

We recognize that the isolated character of the industry may create certain problems which, in turn, might make complete compliance with our regulations difficult, unless minor adjustments are made. Nevertheless, we feel certain that the operators for the most part will extend complete cooperation with our programs, once explained to them.

With respect to the specific question raised * * * as to "what labor will be available," it seems that the only reasonable answer that can be given is that it will consist of that labor which is not qualified or available for priority openings. Obviously the numbers are unpredictable. In other words, neither this agency nor any other agency of government expects the gold-mining operations to be staffed at the expense of more essential production. In view of the many representations made by the gold-mining operators that: (a) the type of labor which gold-mining operations require is not suitable for work in base-metal operations, and (b) that the wage rates are too low to compete with the rates of the base-metal mines, it would seem that, taking such statements at face value, the industry should be perfectly willing to comply with the provisions of the area program and still be able to get together a crew which will permit operations.

WAGE REGULATIONS

The control of wages paid by industry during the national emergency was established by the act of October 2, 1942, entitled "An act to amend the Emergency Price Control Act of 1942, to aid in preventing inflation, and for other purposes". This was followed by Executive Order 9250, "Providing for the Stabilization of the National Economy," issued by the President October 3, 1942, under the authority granted by the act of October 2, 1942. Applicable sections of both the act³ and Executive Order 9250⁴ are included in the appendix.

SENATOR MURRAY'S LETTER TO WLB

On July 14, 1945, Senator James E. Murray, subcommittee chairman transmitted the following letter to the Chairman of the National War Labor Board; a formal reply has not been received nor has any action been taken by the WLB at the date of this printing.

UNITED STATES SENATE,
Washington, D. C., July 14, 1945.

Mr. GEORGE W. TAYLOR,
Chairman, National War Labor Board, Washington, D. C.

DEAR MR. TAYLOR: With the revocation of War Production Board Limitation Order L-208 on June 30, 1945, permitting the reopening of gold mines, we received inquiries requesting information as to the wages that gold mines would be permitted to pay.

³ See appendix, exhibit C, p. 14.

⁴ See appendix, exhibit D, p. 15.

MACHINERY AND EQUIPMENT

No priorities assistance

The War Production Board has ruled that gold producers shall not be granted priorities assistance for the procurement of capital additions. Although Preference Rating Order P-56 provides that producers not holding mine serial numbers "may apply for priorities assistance for machinery or equipment by filing Form WPB-1319 * * *," any such applications filed by gold producers will be denied.

Senator Murray, on July 3, 1945, directed the following inquiry to the War Production Board Vice Chairman for Metals and Minerals:

I note that Order No. P-56 has been amended as of July 1, 1945, to bring it in line with the revocation of Order L-208.

Under subsection (e) (1) producers not holding a mine serial number may apply for machinery or equipment by filing Form WPB-1319. Heretofore it has been the general practice to assign a preference rating of AA-5 to such items required by nonserialized mines.

I judge from the above that gold-mine operators will be accorded the same priorities assistance for capital equipment as other producers not holding serial numbers.

In order to answer inquiries from gold-mining companies intelligently, I should like definite assurance of this fact at your earliest convenience.

The Vice Chairman for Metals and Minerals replied to Senator Murray's inquiry as follows:

In reply to your letter of July 3, 1945, I wish to advise that gold mines formerly under the restrictions of order L-208, which was revoked on June 30, 1945, may purchase capital equipment on an unrated basis. The War Production Board will make every effort to be of assistance to these operators in obtaining capital equipment without a preference rating. In emergencies such as floods, fires, etc., in which men's lives are at stake or the property is liable to serious damage, applications will be considered on an emergency basis and prompt relief will be afforded.

These mines may use a preference rating of AA-5 for delivery of orders for maintenance, repair, and operating supplies (including minor capital additions), and may obtain controlled materials for use as maintenance, repair, and operating supplies by endorsing the "S-7" symbol.

Emergencies

In case of emergencies as described above, applications for priorities assistance "may be made by telegraph or telephone either to the Mining Division, Washington, D. C., or to the nearest regional or district WPB office." The priorities necessary to obtain the materials or equipment required to avert or relieve the emergency will be granted.

New machinery and equipment obtainable

Gold producers may order new mining machinery and equipment and accept delivery without the use of preference ratings.

The WPB Mining Division reports that most items, including rock drills, mine cars, mucking machines, general milling equipment, etc., are now obtainable without priorities assistance. On the other hand, various types and sizes of new compressors, conveyors, motors, generating units, other electrical equipment, engines, etc., are difficult or impossible to obtain without a preference rating.

Used machinery and equipment

Large and increasing quantities of used and rebuilt machinery and equipment of every description appearing on the market should afford a fruitful source of supply, especially for the more critical items.

GROSS DISCRIMINATION BY THE WPB

All producers, with or without mine serial numbers (other than gold producers), generally are granted priorities assistance for capital additions even though the production from the mines or quarries of such producers is not needed for the war effort. In fact, quarries producing tombstones or monuments are granted priorities for capital additions under order P-56.

In view of the above, the refusal of the War Production Board to permit the assignment of low (AA-5) preference ratings to gold producers, where such a rating would be necessary to secure various capital additions essential to the resumption of operations, apparently represents either a complete lack of understanding or deliberate discrimination against the gold-mining industry.

Where the production from particular mines is needed for the war program, the producers are granted high preference ratings. This, coupled with the fact that mining machinery and equipment is reported to be in more abundant supply, is all the more reason why the War Production Board should assign the lower preference ratings to gold producers where necessary for the procurement of capital items not otherwise obtainable and without which the resumption of operations would be stopped or blocked.

MANPOWER CONTROLS

Frank L. McNamee, Acting Chairman of the War Manpower Commission in the absence of Chairman Paul V. McNutt, in a recent letter to Senator Murray, extended the following suggestion:

I want to emphasize * * * that because of the local character of our program, gold-mine operators should be urged to consult with the appropriate War Manpower Commission area or State director for the details of the local program. Only in this way can the operators become fully conversant with the local program and proceed to operate to their best advantage.

SPECIAL RESTRICTIONS NOT CONTEMPLATED

Gold-mine operators within each labor market area will be subject to the same rules and policies of the War Manpower Commission as may be in effect for other enterprises in the area which are not on the WMC list of essential activities. The War Manpower Commission reports that new or special limitations for gold mines are not contemplated, as this is not considered a time to add more restrictions. Manpower controls are being relaxed in many areas at this time, and gold mine operators will thus be subject to hiring restrictions which vary between areas.

It is the expressed intention of the War Manpower Commission to assist gold producers as much as possible without placing activities essential to the war effort at a disadvantage.

EMPLOYMENT CEILINGS

In areas where an employment-ceilings program is in effect, gold-mine operators will be granted ceilings upon their application. Ceilings for less essential activities are set on the basis of the supply of labor available which can be diverted to nonwar uses.

HIRING METHODS*Statement of availability procedure*

In areas where the stabilization program remains in effect, no worker last employed in an essential activity may be hired unless he has a statement of availability issued by his last employer or the United States Employment Service. Workers who have been unemployed during the preceding 60 days, or who have been employed in less essential activities do not require statements of availability in order to be eligible for hire.

Priority referral

In areas where a priority referral program is in effect, workers subject to it may not be hired solely upon presentation of a statement of availability, but must have a referral card from the United States Employment Service. In most areas all men are subject to priority referral, while in other areas only special types of workers are subject.

Exceptions

Veterans of World War II are entirely excluded from hiring restrictions and may be hired without a statement of availability or referral card.

Local plans contain a list of any other exclusions adopted locally, such as the exclusion of workers over 65 years of age and the exemption of activities (including mines) employing less than eight men.

LABOR PRIORITIES

Manpower priorities are established to guide the referral of workers under the priority referral program. Only activities classified as essential are eligible for preferential treatment in referral by the United States Employment Service.

A comparatively few essential firms are assigned manpower priorities. Other essential firms receive second consideration after the priority firms, while referrals are made to less essential firms only when applicants are not qualified for essential openings or have good cause for refusing referral to essential openings. Available mine labor will be asked and expected to accept employment in local base metal mines before they will be considered eligible for referral to gold mines.

OFFICIAL STATEMENT OF WMC

The Mining and Minerals Industry Subcommittee has received the following letter from the War Manpower Commission Chairman, Paul V. McNutt, which establishes the official position of that agency:

In accordance with your telephone request * * *, I am enclosing a copy of the memorandum addressed to our regional director, located in Denver, who will be chiefly affected by the resumption of gold mining. I believe you will find that this memorandum clearly outlines the position of the War Manpower Commission with respect to gold-mining operations.

Tom Hargrave Hula

Nov. 45

CIRCULAR NO. 14
(REVISED)

OF THE

**RECONSTRUCTION
FINANCE CORPORATION**

—
INFORMATION REGARDING MINING LOANS



DECEMBER 1944
WASHINGTON, D. C.

STATUTE

Section 14, Public No. 417, 73d Congress, as amended, Public No. 784, 76th Congress. The Reconstruction Finance Corporation is authorized and empowered to make loans upon sufficient security to recognized and established corporations, individuals, and partnerships engaged in the business of mining, milling, or smelting ores. The Reconstruction Finance Corporation is authorized and empowered also to make loans to corporations, individuals, and partnerships engaged in the development of a quartz ledge, or vein, or other ore body, or placer deposit, containing gold, silver, or tin, or gold and silver, or any strategic or critical mineral which in the opinion of the Reconstruction Finance Corporation would be of value to the United States in time of war, when, in the opinion of the Reconstruction Finance Corporation, there is sufficient reason to believe that, through the use of such loan in the development of a lode, ledge, or vein, or mineral deposit, or placer gravel deposit, there will be developed a sufficient quantity of ore, or placer deposits of a sufficient value to pay a profit upon mining operations: *Provided*, That not to exceed \$20,000 shall be loaned to any corporation, individual, or partnership for such development purposes; except that not in excess of \$40,000 in the aggregate may be loaned to any corporation, individual, or partnership for such purposes, if such corporation, individual, or partnership has expended funds previously obtained from the Reconstruction Finance Corporation for such purposes in such manner as to justify an additional loan for such purposes: *Provided further*, That there shall not be allocated or made available for such development loans a sum in excess of \$10,000,000.

(See Page 3 regarding application forms)

For regulations regarding loans for strategic and critical minerals, see Circular 14 (Revised), dated January 1943.

MINING LOANS

Application Forms

Application forms may be secured from any Loan Agency or Mining Section Field Office, or by writing to Reconstruction Finance Corporation, 811 Vermont Avenue, N.W., Washington 25, D. C. Care should be taken to submit a complete statement of all information required by the application. Applications are not prepared by the Corporation or its representatives, but advice and information will be given upon request. Applications should be filed in duplicate with the nearest Loan Agency or Mining Section Field Office or may be mailed to Reconstruction Finance Corporation, 811 Vermont Avenue, N.W., Washington 25, D. C.

Rate of Interest. The rate of interest will be 4%.

Maturities. Loans will come due in such instalments and at such times as the Corporation in each instance determines.

Existing Indebtedness. If the properties are encumbered, or the applicant has substantial indebtedness, it may be necessary for the applicant to arrange with creditors to defer or subordinate their claims.

Fees, Commissions, etc. Reasonable compensation, approved by the Corporation, for actual and necessary services by attorneys, engineers, appraisers, accountants, etc., in connection with obtaining of a loan, may be paid. Percentage or contingent fees will be disapproved.

Disbursements. Loans will be disbursed in instalments as required to defray the cost of carrying on the project, and all expenditures will be subject to the approval of the Corporation. Applicants are required to agree that approval of an application or even partial disbursement of a loan does not necessarily bind the Corporation to make full disbursement. (With respect to loan commitments on gold properties made prior to the withdrawal or modification of War Production Board order L-208 or such other orders or Government restrictions with respect to priorities on materials and equipment and the availability of manpower, no disbursement will be made until it is certain that such restrictions do not prohibit the carrying out of the purposes for which the commitment

shall have been made. If commitment is made while such restrictions still prohibit the carrying out of the project, the Corporation will reserve the right, when such prohibition is removed and before authorizing disbursement, to reconsider the loan or possibly to re-examine the properties for the purpose of determining whether any substantial change in circumstances or security has developed or taken place.)

Salaries. The applicant may be required to agree not to pay, without approval by the Corporation, any salary or compensation beyond an amount that will be specified in each case.

Dividends, etc. An applicant may be required to agree that, without the consent of the Corporation, applicant will not, if a corporation, pay any dividends, make any distributions to stockholders, or undertake any corporate financing, reorganization, or capital revision; if a partnership, make any distributions to the partners; and if an individual, make any withdrawals. Pledge of the capital stock of corporate applicants may be required.

Titles. Applicant may be required to furnish a policy of title insurance, or a legal opinion based upon an abstract.

GENERAL MINING LOANS

The Corporation is authorized to make loans upon sufficient security to recognized and established corporations, individuals, and partnerships engaged in the business of mining, milling, or smelting ores.

Purposes. Applications will be considered only in connection with the business of mining, milling, or smelting a native compound from which a metal or metals may be commercially extracted at a profit. Loans may be made for the construction, improvement, or repair of mills, smelters, refineries, dredges, etc., purchase of equipment, etc., and to provide working capital. Loans will not be granted to purchase mineral acreage, to prospect, to develop treatment processes, to make ore accessible for examination, where the loan is promotional, nor to pay outstanding indebtedness, except that an incidental portion of the loan may, under certain circumstances, be used to pay taxes on properties necessary to operation.

Amount. Loans will be limited to an amount reasonably required to accomplish the purposes for which they may be authorized.

Security. Security may consist of a mortgage on the mining property, or on property not connected with the mining project. The value of mining property offered as security should be established by blocked-out ore accessible for examination. If the applicant does not own the mining property, a mortgage by

the owner, assignment and modification of leases or options, and subordination of royalties may be required. Assignment of favorable milling, smelting, sales, or transportation contracts also may be required.

Deposit to Cover Cost of Examination. The applicant may be required to make a deposit, in an amount to be determined in each case by the Corporation, to cover the cost of any field work which may be necessary in connection with the examination of the property of the applicant.

DEVELOPMENT MINING LOANS

Eligibility. The Corporation is authorized to make loans to corporations, individuals, and partnerships engaged in development of an ore body, or placer deposit, containing gold or silver or a strategic or critical mineral of value in time of war, when there is sufficient reason to believe that through the use of such loan there will be developed a sufficient quantity of ore, or placer deposit of a sufficient value to pay a profit upon mining operations. Applicant must be owner or lessee of the property or of the right to remove the ore. Loans will not be made to purchase mineral acreage.

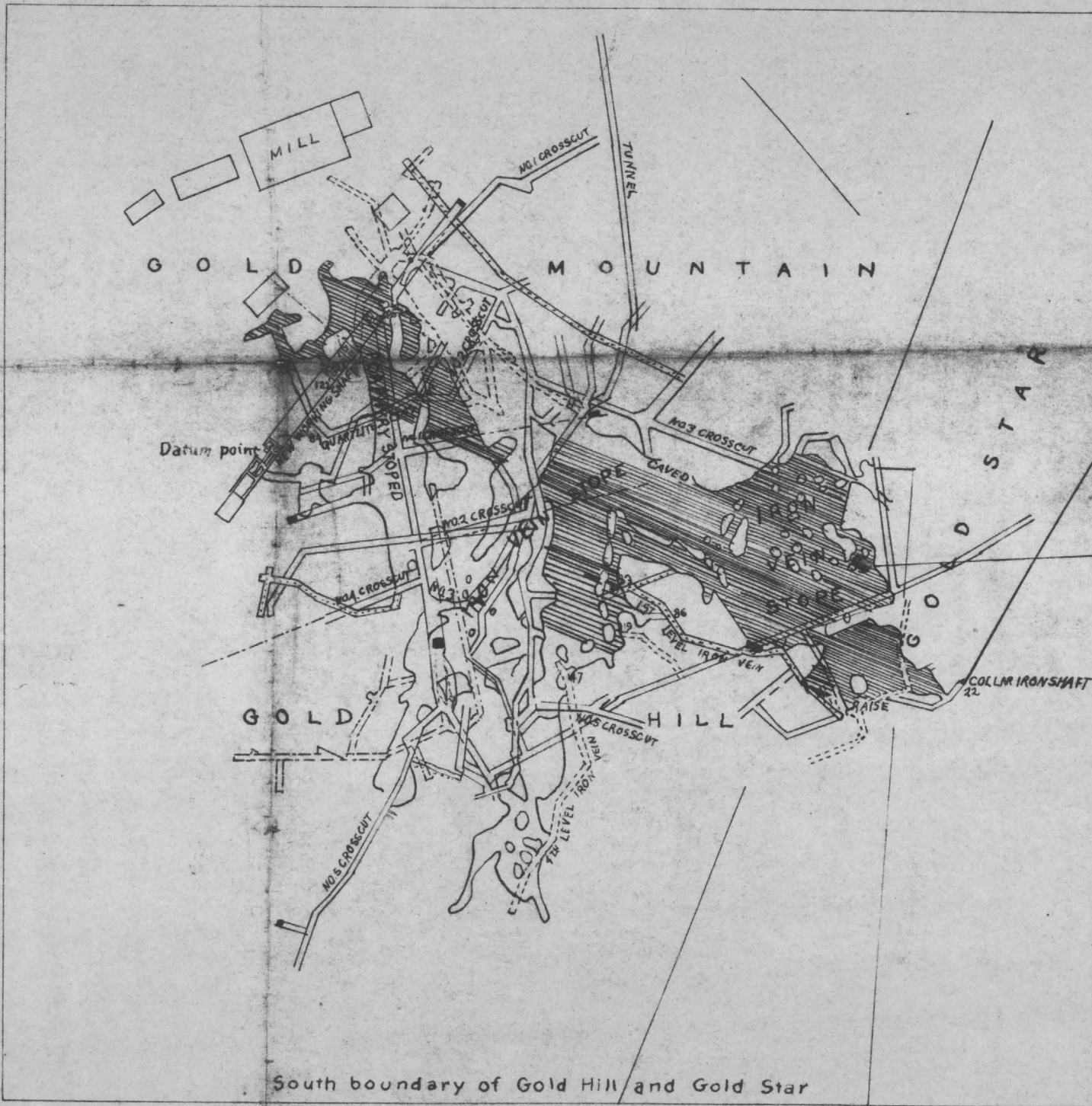
Purposes. These loans are made to develop such ore deposits, and not to develop treatment processes, to construct mills, smelters or refineries, to prospect, to make ore accessible for examination, nor where the loan is promotional.

Application. The application must contain data to show that there are exposures of ore or mineral within the mining property, either on the surface or in the mine, which warrant development, and upon a showing satisfactory to the Corporation, the Corporation will at its own expense examine the property.

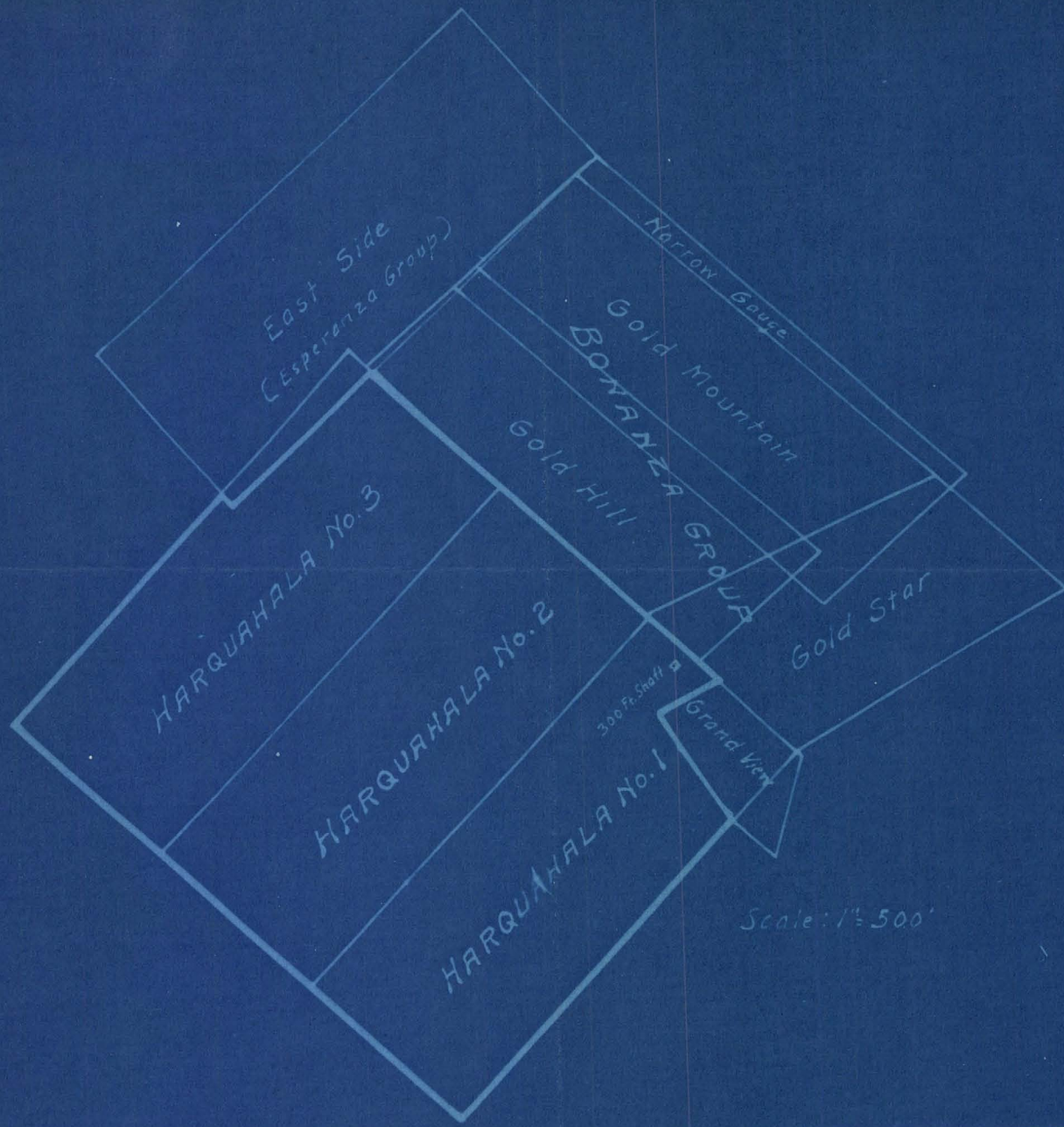
Amount. Loans will be limited originally to amounts (not in excess of \$20,000) reasonably required to pay for the cost of the contemplated development, including purchase of materials and supplies. Additional development loans will be made solely in the discretion of the Corporation. Development loans to any one applicant cannot exceed in the aggregate \$40,000.

Disbursements. Notwithstanding part of a loan may have been disbursed, Reconstruction Finance Corporation may refuse further advances on the loan whenever, in its opinion, the development work is not likely to accomplish the purposes of the loan.

Security. Except that Applicant must give a chattel mortgage on equipment acquired with loan or operation funds, the loan will be payable only out of proceeds of operation, for which a lien must be given. Cash minimum royalties or property payments must be subordinated and modification of leases and options may be required.

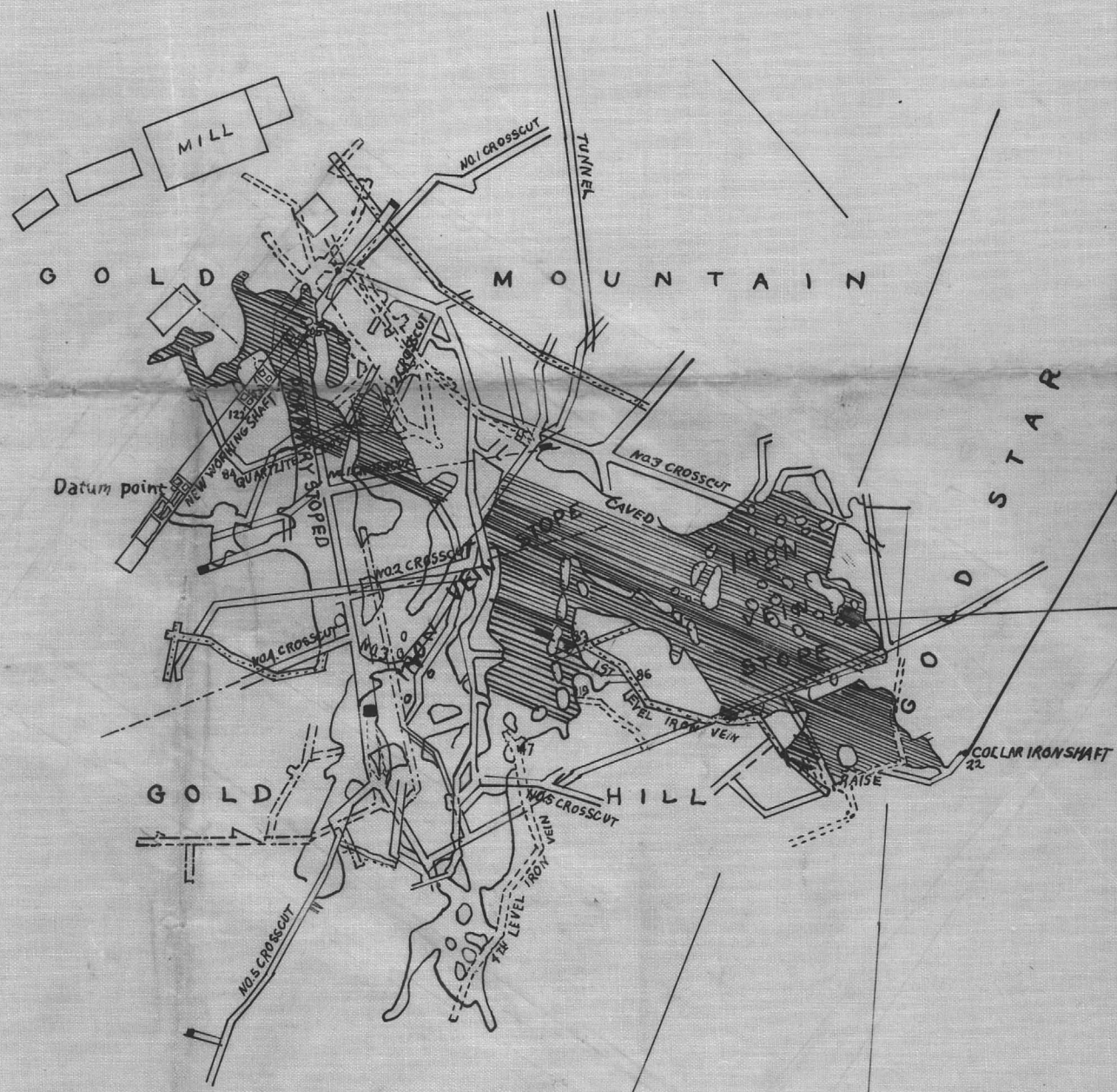


South boundary of Gold Hill and Gold Star



Scale: 1" = 500'





South boundary of Gold Hill and Gold Star

Scale, 1" = 100' (about.)