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AIRMAILGRAM

ORE, METAL & ENGINEERING CORPORATION

112 MARKET STREET

SAN FRANCISCO, CALIFORNIA

S. W. LIVINGSTON
CONSULTING MINING ENGINEER
HERBERT SALINGER
ORES AND METALS

CABLE ADDRESS
OREMET
ALL STANDARD CODES USED

Nov. 22, 1935.

a 11/25/35

Mr. George M. Colvocoresses,
Luhrs Tower,
Phoenix, Ariz.

Dear Colvo:-

RE LAS GUIJAS

You have probably been wondering why you have not heard from me before this time, but there have been various matters in connection with the ownership of the Southwest Ore Corp. that have had to be settled before the question of sale of this property could be considered. This is now completed and we can go further.

The Southwest Ore Corp. has authorized me to take up this matter with you with the understanding that I present you as my client and they agree to pay me a commission in case of sale so that any negotiations that may be carried out either through me or directly with them will be on a net basis as far as you are concerned, so that you will not have any obligations to in any way look after me or Ore, Metal & Engineering Corp. I feel that in the matter of the sale of a mining property, it is always wise to have the question of commissions etc. definitely fixed in advance. I am sure that this will, of course, be satisfactory to you.

Southwest Ore Corp. wish to be assured that your principals are not one of the following companies:

General Electric Co.
Electro Metallurgical Co.
Molybdenum Corp of America
Ludlum Steel Co.
Lehman Brothers.

Will you therefore advise me by return of mail whether or not your principals are one of these companies.

Examination of the property can be made at any time, but they would prefer that you wait for a few weeks to give the new mine manager a chance to complete various geological maps that he is working on.

As soon as I hear from you, I will send you a letter of introduction stating that you are my client and requesting that you be allowed to make the examination. Kind regards,

Yours sincerely,

Samuel W. Livingston

Samuel W. Livingston.

AIRMAILGRAM

ORE, METAL & ENGINEERING CORPORATION

112 MARKET STREET

SAN FRANCISCO, CALIFORNIA

S. W. LIVINGSTON
CONSULTING MINING ENGINEER
HERBERT SALINGER
ORES AND METALS

Oct. 14, 1935

CABLE ADDRESS
OREMET
ALL STANDARD CODES USED

CONFIDENTIAL

Airmail

Mr. George M. Colvocoresses,
1108 Luhrs Tower,
Phoenix, Arizona

Re: Tungsten

Dear Colvo.

I have your letter of Oct. 11th in answer to mine, and I note what you say therein, and realize that my letter was probably too brief to give you the full picture and that you have drawn conclusions which are erroneous. I am, therefore, giving you herewith the full details of this business so that you will have all of the facts and will be able to know whether or not a deal is probable. At the same time, I must ask you to keep this matter absolutely confidential as I have no authority to deal; nor do I know whether or not the principals will deal, and my own position in the picture is a very delicate one and I would not want under any condition to put myself in a position where it might appear that my actions were not in accord with the wishes of the other parties associated with me in the business. At the same time, I feel that I may be doing them a service, but before being able to make a decision in this connection, it will be necessary for me to have from you your opinion as to whether or not a deal is probable, and before you can give me that opinion, you must know the story as it is.

Osborn, who had been working for us, got a lease on the Las Guijas property from the North American Mines, Inc. with a royalty payment applicable against the purchase price. He took the lease for some Chicago associates, based on an agreement with us to sell the concentrates. His people did not have enough money to put in a plant, and after trying unsuccessfully to work by hand, they turned the lease over to us. Osborn ran the proposition for us and our own plan was based on a "shoestring" proposition whereby we were to spend six or eight thousand dollars for a small plant. In other words, we, and not the North American Mines, Inc., attempted to work this on a "shoestring".

The position of the North American Mines, Inc. was that they had equipped the property, operated it for about eighteen months and produced 4,500 units in the form of concentrates, and then the

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market broke and they were not able to sell their concentrates and they closed down the operation and sold everything off the property. Osborn had a little plant at the same time in Globe where he had a magnetic machine for cleaning the concentrates, and the North American Mines, Inc. sent their concentrates to him and he arranged the sale of the material to the General Electric Co.

The North American Mines, Inc. put in an adit tunnel which they called the 200 foot Level and took over 4,500 units out of two stopes, one above this 200 foot Level and another one on the old 80 foot Level. They also sunk a winze 50 feet below the adit and drifted on it for about 60 feet before they encountered good ore. All this work was done on a vein called the No. 3 Vein, but operations prior to that time, during the war, on the vein called No. 1, the upper workings of the No. 3 and a vein called No. 4 were reputed to have produced 10,000 units.

Osborn's management was hopeless, and Salinger went down there and stayed for some some time, but as you know, Salinger is not a mining man, and he got most of his guidance from Osborn. To make a long story short, they had all kinds of trouble with their second-hand equipment and there was no money made on the operation. At the same time, we solved the geology and found that the ore occurs in shoots more or less like plums in a pudding; sunk the winze another 50 feet, where at present we have a very good stope. We ourselves have produced several thousand units of tungsten so there is no question whatever that the ore is there, and it is there in quantity. There has never been anything wrong with the property at all except inefficient equipment and poor management (excluding the North American Mines, Inc., who ran into the market situation).

Last November I spent a month down there and I realized that the only way that the property could be operated would be to put in a first-class equipment, open the mine up with depth and figure on a larger tonnage than the 15 or 20 tons daily which we had been running on, which while it would give a reduced value, would give a uniform operation with a regular profit. At that time Jeffries, the consulting engineer and one of the principal men of the General Electric, came to see the property, and it ended up in our making a deal which amounted in brief that the General Electric were ready to pay us back all the money we had expended which then amounted to some \$30,000.00, the remainder of the purchase price, which amounted to some \$20,000.00, and a profit. At that time the mine looked its worst, the stopes that we had had all been worked out and the new ones were just beginning to come in, but General Electric's deal was based on a plan to sink to the 500 foot Level and open up on a big scale. Their engineers were satisfied that the ore was there in quantity, but they wanted to be sure about the depth. Since that time we have sunk the shaft an additional 50 feet and as I have said, we have the best showing at that level.

The General Electric also agreed to allow us to take out any ore that we cared to mine until they took over the option, which was supposed to be on Jan. 1st. We wanted to delay until Feb. 1st. as in December we opened up a big stope and we were producing tungsten pretty fast and making a lot of money. In fact, we took out about 1500 units in six weeks out of less than 500 tons.

David Taylor of New York, who was selling our material and who is an old friend of Salinger's, landed in Tucson at that time. Salinger was opposed to the deal with the General Electric, but I had committed myself to it and, therefore, wanted to make it. My principal reason was because I did not want the responsibility of the management on my shoulders. Salinger is not a mining man. We have no organization. He had been down there at that time, for over six months and I felt that I wanted to get my client, who is not a mining man, out of the deal. He would have got his money back with a profit, and I was very anxious that the deal should be made with General Electric. However, when Taylor got there, they were in the middle of the big stope that we had discovered. The vein at one time was eleven feet wide and full of high-grade tungsten. Taylor besieged me with telegrams, urging me not to close with General Electric, and offered to buy a third interest in the property at a much higher proportional price than the General Electric, and as a result of this insistence and Salinger's coldness to the G.E. deal, my associate, who had put up the money, decided to call off the G.E. deal with Taylor.

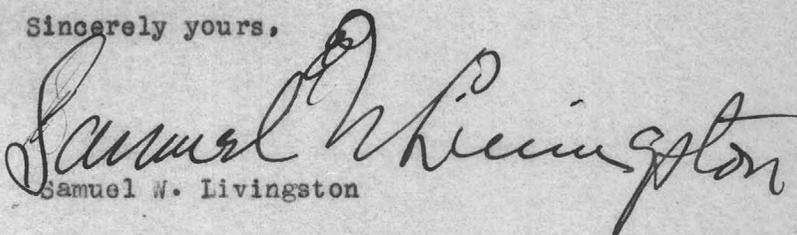
Since that time a great deal of money has been put into the property; in fact, with the purchase price completed (and we are presently negotiating to complete the payment rather than pay the royalties) the proposition is going to stand our people a hundred thousand dollars.

There is considerable friction at the moment between Salinger and Taylor and Taylor, who is not a mining man, is at Tucson right now and has been for several months. They have just had a complete change in the superintendence and put in a man by the name of Carter, who is recommended by Van Fleet, a friend of Taylor's. The mine is looking well on the bottom level, but the plan presently is to rebuild the mill and the facts are that while Taylor and his associates, as well as my own associate, have gone much deeper in this proposition than they anticipated, they feel very strongly that they have a very valuable mine. My own feeling is this:- We own a considerable interest in the proposition, and in view of the unpleasantness of some of the relationships (which fact of course is confidential) I want to get out. I also want to get my client out, also, although he is a rich man and perfectly capable of financing as far as necessary. I have no intimation of whether Taylor and his group would be ready to sell. However, in view of everything that has transpired, I think they would, not that they don't think that the property is valuable, but because of the personal

complications that have arisen. The whole situation is abhorrent to me, and as long as the ownership remains where it is, I will have responsibilities thrust upon me which I don't want to assume. I feel, therefore, that the best thing for everybody's interest would be to sell out. However, it is going to take a hundred thousand dollars or more to make a deal. In view of all of the above, let me have your reactions and your opinion.

Kind regards.

Sincerely yours,


Samuel W. Livingston

SWL/FL

AIRMAILGRAM

ORE, METAL & ENGINEERING CORPORATION

112 MARKET STREET

SAN FRANCISCO, CALIFORNIA

S. W. LIVINGSTON
CONSULTING MINING ENGINEER

HERBERT SALINGER
ORES AND METALS

Oct. 9, 1935

CABLE ADDRESS
OREMET
ALL STANDARD CODES USED

Airmail

Mr. George M. Colvocoresses,
1108 Luhrs Tower,
Phoenix, Arizona

CONFIDENTIAL

Dear Colvocoresses,

In Salinger's absence, I have your letter of Oct. 7th.

The Las Guijas Tungsten Mine is under lease to the Southwest Ore Corporation of which I happen to be president. Osborn originally worked for us and the lease was, therefore, taken in his name. He has nothing whatever to do with the property any more.

There has been spent on the property since we have had it practically \$100,000.00. The mine is a good one and in fact, it is one of the really important hubnerite properties anywhere in America. If your people are seriously interested in acquiring a property of that kind, it may be possible that a deal can be made. This information is confidential between yourself and myself. There is a long story back of it which I cannot tell you here, but to sum it up, I was the one who originally negotiated the business and the matter has gone out of my hands, and my position as president of the company is nominal. I am quite sure that all interested parties would feel that I have the right to negotiate as a free agent. It is quite possible that a deal could be made owing to the internal situations in the company which have nothing whatever to do with the property.

For your information, I made a deal to sell the property to the General Electric Co. last Autumn. My associates went back on the deal and another group bought into the company. General Electric evidently thought well enough of it to go to the owners and buy out their position. Our company has a lease on the property with the royalties applicable against the purchase price, and the company has recently notified General Electric that they are ready to complete the purchase. The property is a good one. The ore occurs in shoots, but there is a very wide distribution over the property, strong veins and good values.

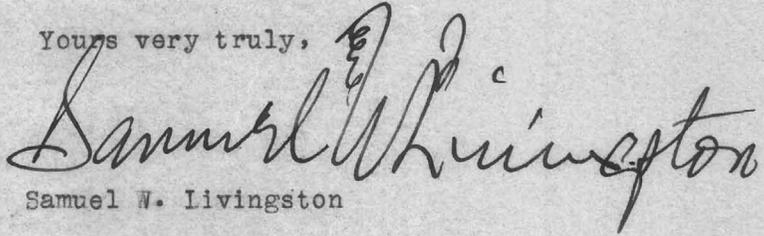
The management has been poor and the property was worked on a shoestring which was a mistake. Eventually the money had to be put in anyway. At the moment operations have been temporarily discontinued as it has been decided to completely revamp the mill.

W. 10/11/35

With the above information, if you think that you would be seriously interested, I am in a particularly advantageous position to negotiate a deal and I could do it without prejudice to the people who are in the proposition. Let me hear from you.

Note what you say about the Humboldt Mine. Will take that matter up with Salinger when he gets back.

Yours very truly,


Samuel W. Livingston

SWL/FL

Best wishes

SOUTHWEST ORE CORPORATION

OWNERS AND OPERATORS
LAS GUIJAS TUNGSTEN MINE

P. O. Box 2349
TUCSON, ARIZONA

Q. 3/13.

March 10, 1936.

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Mr. Georg M. Colvocoresses,
Phoenix, Arizona.

Dear Mr. Colvocoresses:

Referring to our various letters about your trip to Las Guijas, we should be glad to have you come over any time now. We have complete maps of surface and underground geology and some rather nice ore developed and the mill running two shifts. Also if your friends are interested in tungsten, our contract will be completed next week and we should be disposed to consider any new market for concentrates, which will be in the neighborhood of 10 tons per month of a 65% Hubnerite.

Mr. J.O.A. Carper of Denver, father of our superintendent, and my 16 year old son are staying up here now so that I am afraid we cannot offer to put you up over night unless you will use an army cot in my tent and then you will have to bring some blankets. We can give you excellent food however and Nogales is 55 miles and Tucson 60 miles, but the latter pack jam full of tourists.

In coming down, take the road to Nogales 36 miles to Kinsley's Ranch, thence turn right toward Arivaca & Ruby 15 miles to a group of mail boxes on your right, turn right 8 miles on main road to our camp.

I shall look forward to a visit from you.

Sincerely yours

Dana Taylor

President.

Copy
S.E.